

Due to market and liquidity conditions that have caused certain underlying hedge fund investments to suspend redemptions, impose lock-ups or otherwise limit redemptions, the directors of the Lighthouse Diversified Fund ("LDF") have determined that effective 31 December 2008, the LDF will create a special purpose vehicle ("SPV") which will hold the LDF's interests in certain designated, less liquid investments on behalf of redeeming shareholders.

LHP have determined to create the SPV and change its withdrawal payment policy, to protect the LHP DF portfolio becoming increasingly illiquid as a result of client redemptions necessitating a liquidation of the portfolios most liquid assets. Further, having to liquidate the portfolios most liquid assets would alter the composition of the portfolio, potentially meaning the portfolio is no longer adequately diversified among intended investments. Additionally, continued redemptions may result in the liquidation of the less liquid assets under a distressed scenario, meaning the portfolio will not achieve full value for the portfolios underlying assets. With this in mind the introduction of the SPV will ensure all investors are treated equally and their investment value is maximised.

As a result of the liquidity pressures in the market and LDF's change to its withdrawal payment policy, effective as at 6.00 pm (AEDT), 22 December 2008, HFA Asset Management (HFAAM) has temporarily suspended withdrawals from three of its funds which have the LDF as their underlying investment: the HFA Diversified Investments Fund, the HFA Octane Fund and the HFA Octane Fund Series 2 ("the HFA Funds"). New and additional investments will also not be accepted into the HFA Diversified Investments Fund while the suspension of withdrawals remains in place.

This decision has been made by HFAAM to ensure that remaining investors in the HFA Funds are not disadvantaged by continuing to allow withdrawals. Should the HFA Funds continue to allow withdrawals at this time, the result would be that remaining investors would hold an increasing proportion of less liquid assets in the relevant HFA Fund portfolios. By taking this action HFAAM is ensuring there is no impact to the investments in the funds and that the funds investment value is maximised over time.

HFAAM will continue to calculate the indicative net asset value ('NAV') of these HFA Funds at each month end and will publish these NAVs on the website at <http://www.hfainvestments.com.au> While the suspension is in place, investors will not be able to transact against these NAVs. Performance reports will also continue to be published on the website to provide investors with information regarding the ongoing performance of their investments.

The temporary suspension of withdrawals in the HFA Funds is a necessary response to the recent deterioration of global investment markets and in particular the liquidity of global capital markets, and has been undertaken to protect the interests of all investors in the funds. HFA's five key Fund of Hedge Fund competitors in Australia have already announced similar measures over the past 2 weeks.

This temporary suspension will be lifted when liquidity conditions improve and HFAAM and Lighthouse are confident that any subsequent withdrawals will not disadvantage remaining investors in the funds. HFAAM and Lighthouse will continue to update investors in the relevant funds with developments as these become available.

We apologise for any inconvenience this suspension of redemptions may cause unit holders however the board of HFAAM believes this course of action is in the best interest of unit holders. At this stage, HFAAM and LHP do not believe that the temporary suspension of the HFA Funds above will affect any other HFA or LHP Funds,

however they will continue to closely monitor the global markets, underlying investments and managers.

Regards,

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