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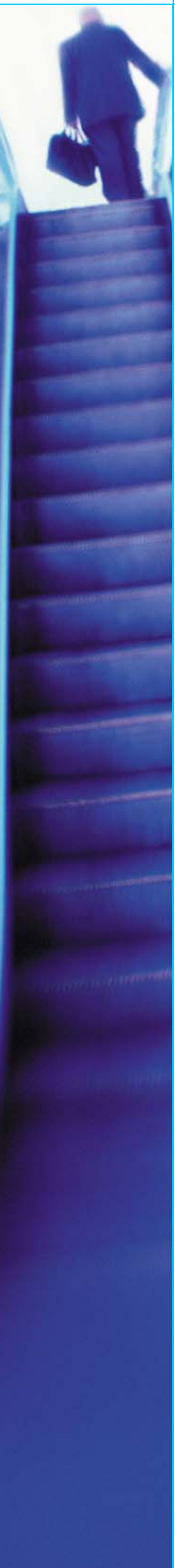


Xenon Alpha Plus2 Quarterly report for period 1 July – 30 September 2008

Xenon Alpha Plus2 are redeemable preference shares carrying a return linked to the performance of the Alpha Plus Portfolio. The shares are issued by Deutsche Xenon Alpha Plus2 Limited. The Alpha Plus Portfolio is designed to generate returns linked to the performance of two funds of hedge funds: the Ivy Rosewood Diversified Fund and the Meridian Diversified Fund.

Performance review

Performance (to 30 September 2008)	Xenon Alpha Plus2	UBS Composite Bond Index	S&P/ASX 200 Accumulation Index	S&P 500 Accumulation in USD
One month	-25.75%	1.32%	-9.85%	-8.91%
Three months	-33.34%	5.33%	-10.44%	-8.37%
Six months	-30.02%	5.76%	-12.04%	-10.87%
Annualised return since inception on 27 May 2005[1]	-4.03%	5.40%	7.97%	1.12 %

(1) Represents the compound average growth rate since inception on 27 May 2005
Source: Deutsche Bank

Percentage change in net asset value[1]

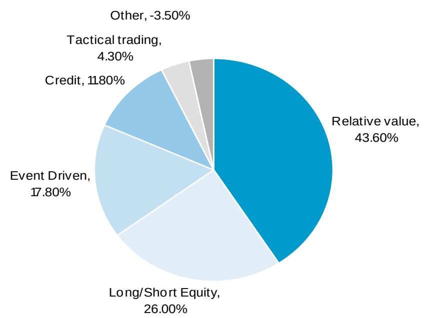
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD[2]
2005						2.1%	3.9%	1.4%	1.4%	-3.7%	2.3%	3.2%	10.8%
2006	6.0%	0.1%	1.9%	3.7%	-4.9%	-1.6%	-1.6%	3.1%	-10%	2.66%	5.37%	3.27%	7.15%
2007	4.99%	0.86%	1.66%	2.85%	5.89%	-0.15%	-0.91%	-5.24%	3.41%	5.18%	-1.27%	-1.07%	16.77%
2008	-7.46%	3.20%	-5.95%	1.90%	4.80%	-1.70%	-6.75%	-3.72%	-25.75%				-37.15%

(1) Represents the percentage change each month in the net asset value of Xenon Alpha Plus2
(2) Represents the year to date percentage change in the net asset value of Xenon Alpha Plus2
Source: Deutsche Bank

Ivy allocation by strategy as at 30 September 2008

	% of fund
Relative value	43.6%
Long/short equity	26.0%
Event driven	17.8%
Credit	11.8%
Tactical trading	4.3%
Other	-3.5%
Total	**100.0%**

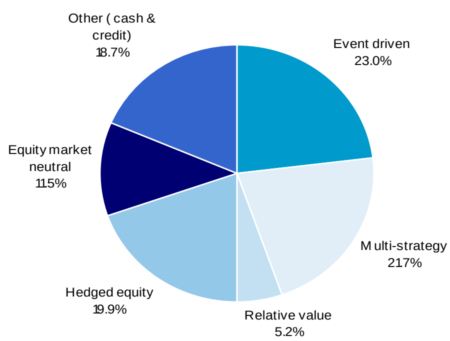
Source: Ivy Asset Management



Meridian allocation by strategy as at 1 October 2008

	% of fund
Multi strategy	21.7%
Hedged equity	19.9%
Equity market neutral	11.5%
Event driven	23.0%
Other (cash & credit)	18.7%
Relative value	5.2%
Total	**100.0%**

Source: Meridian



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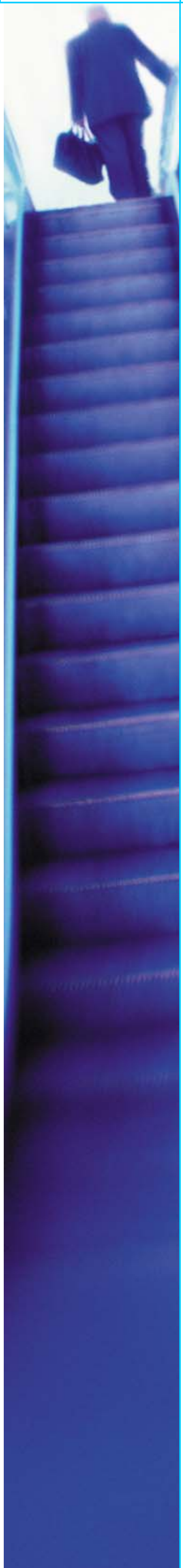


Portfolio performance

In the third quarter of 2008, the Xenon Alpha Plus2 Portfolio decreased by 33.34%. Combined with its performance since inception in May 2005, Xenon Alpha Plus2 has recorded an annualised return of -4.03%.

During the quarter the Meridian account contributed -16.18 percentage points to performance and the Ivy account contributed -17.16 percentage points to performance.

The total leverage employed per Xenon Alpha Plus2 was $3.22 per Share at quarter end.

Macro review

Global financial markets continued to suffer sharp declines in the third quarter, with a number of extraordinary events occurring during the quarter. This period saw the decline of large scale financial institutions, rapid de-leveraging of global financial intermediaries, a spike in short term financing costs, runs on banks, as well as a "crisis of confidence" in markets and regulatory authorities in general. This activity came to a crescendo in September with the failure of Lehman Brothers, the largest bankruptcy in US corporate history.

In response, global regulators rapidly undertook aggressive and largely unprecedented actions to help stem the widespread market panic. Against this backdrop, mainstream hedge fund strategies posted significant downturns, with the majority of the decline coming in September.

Strategy review

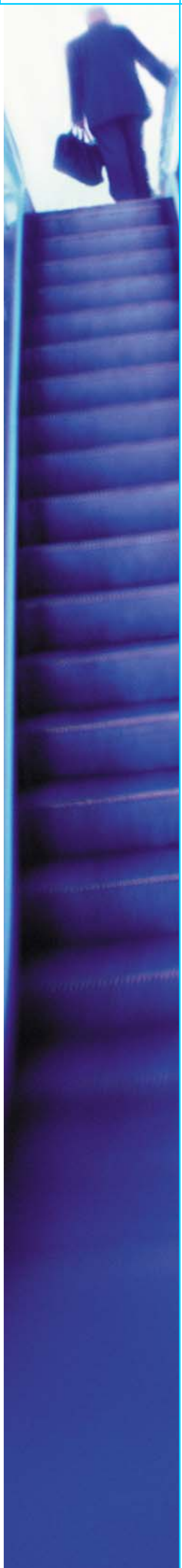
Event Driven. This was an extremely challenging quarter for event driven managers with falling equity markets, frozen credit markets, global deleveraging, government intervention, and investor uncertainty combining to create a difficult environment in which most event driven managers suffered losses.

Credit. Both credit and distressed managers were challenged during the quarter amid broad sell-offs in credit markets. Some managers utilising credit/distressed strategies finished the quarter with losses, as extreme volatility impacted the performance of fundamentally-based net long equity positions in commodity and energy-sensitive sectors. The lack of liquidity and the failure of Lehman Brothers put additional pressure on the price of structured credit products, further deteriorating some managers' performance.

Equity. Hedged equity managers in general generated net losses during one of the most challenging quarters for fundamental hedged equity managers, largely as a result of an indiscriminate sell-off in global equity markets. Performance was driven primarily by losses in long positions in the basic resources, energy, technology, and industrials sectors.

Tactical Trading. Despite relative outperformance versus other hedge fund strategies, the third quarter was still challenging for tactical trading managers. Broad based declines in the prices of virtually every commodity traded were a persistent theme throughout the quarter. By the end of the quarter, equity indices were down significantly across the globe and intra-month volatility reached historic heights across most equity markets.

Relative Value. In relative value strategies, especially convertible arbitrage, many managers were adversely affected by the collapse of pricing relationships and ongoing deleveraging. Significant increases in credit spreads, record high equity volatility levels, the lowest equity market returns in six years, inability to obtain financing and regulatory actions all contributed to a very difficult and in some cases, historically poor quarter for most relative value managers.



Important notice. Whilst this publication relates to the quarter ending 30 September 2008, it may be published some time after that date. However, this publication does not reflect, or take into account, any events or circumstances occurring in the period between the relevant quarter end and the date of publication.

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