

23 December 2008

RE: Xenon Alpha Plus 2 Early Exits

Dear Investor

Earlier this month, we advised that the net asset value for Xenon Alpha Plus2 redeemable preference shares (**Xenon2 RPS**) had declined as a result of challenging global market conditions and suggested you contact your broker, financial planner or licensed securities adviser to discuss any action regarding your investment in Xenon2 RPS.

Given the holiday season is upon us, we appreciate not all investors may have had the opportunity to speak to their broker, financial planner or licensed securities adviser prior to the December 2008 Early Exit Notice Cut-Off Date of 15 December 2008.

As such, Deutsche Xenon Alpha Plus2 Limited (the **Issuer**) is prepared to ensure that the Early Exit Price quoted for January 2009 is not less than that offered in December 2008, ie. A\$0.3039 per Xenon2 RPS. Please note, the Issuer intends this to be a once off offer.

To take advantage of this offer, Early Exit Notices must be received by the Registrar, Link Market Services, by the January 2009 Early Exit Notice Cut-Off Date of 15 January 2009.

We enclose for your convenience, a pro forma Early Exit Notice. These notices can also be found at the Xenon2 RPS website, www.deutschexenon.db.com. Completed notices can be lodged with the Registrar:

- by fax to (02) 9287 0313; or
- by email to managedfunds@linkmarketservices.com.au; or
- by post to PO Box 20043, World Square NSW 2002

Please note that the Early Exit Fee in relation to any early exits of an investment in Xenon2 RPS has been waived for the remainder of the term of Xenon2 RPS.

In addition, the Issuer has recently become aware that the Meridian Fund has an allocation of approximately 6% of its portfolio to the Rye Select Fund, one of the hedge funds overseen by Bernard Madoff (the money manager arrested recently in the United States for alleged fraud).

International media commentary has suggested that funds overseen by Bernard Madoff are likely to suffer significant losses. We have not verified the extent of these losses and are not able to do so, however, any losses may put downward pressure on the performance of Xenon2 RPS.

Yours sincerely



Ian Martin
Director

Capitalised terms noted above have the meaning given to them in the Xenon2 RPS Prospectus dated 9 March 2005.

xenon alpha plus2 – early exit notice

This Early Exit Notice relates to an investment in Xenon Alpha Plus2 (the **Shares**).

Investor number

It is recommended that before making a decision to submit an Early Exit Notice you consult your broker, financial planner or licensed securities adviser.

Early Exit Notices must be submitted to the Registrar no later than 10 Business Days before the last Business Day of the relevant month.

A. Early exit

This Early Exit Notice must be for a minimum of 5,000 Shares (or if less, for an Investor's whole shareholding) and must not result in an Investor's shareholding falling below 5,000 Shares after the exit unless that Investor's shareholding is reduced to zero.

Number of Shares sought to be realised

B. Investor name(s)

Investor 1 or company name

Joint Investor 2 (or account name eg <Super Fund A/C>)

C. Address details

Unit number, street number and street name

Suburb, city or town

State

Postcode

D. Contact details

We may need to contact you or your representative about your Early Exit Notice. Please write details of the person you want us to contact.

Contact name

Daytime phone no. (including area code)

Mobile no.

Email address

E. Payment of early exit amount – direct credit authority

Payment of any early exit amount will be made to you by direct credit into either the Australian resident bank account you previously advised to us, or one which you nominate below. If you do not have an Australian resident bank account, payments will be made to you by cheque and forwarded to the address listed in part C above.

Account name

Bank name

BSB number

–

Account number

Note, this must be a cheque or a savings account.

F. Restrictions on the Early Exit Facility

Investors should note that an early exit from their investment in the Shares via the Early Exit Facility is subject to certain restrictions as set out in the prospectus under which your original investment in the Shares was made. Consequently some or all of the number of Shares an Investor seeks to realise by submitting this Early Exit Notice might not be purchased by Deutsche Australia Limited (ABN 37 006 385 593), and will roll over into the next month to be purchased in priority to any Early Exit Notice received in that subsequent month (unless an Investor subsequently submits a Cancellation Notice no later than three Business Days prior to the Early Exit Date for that subsequent month).

G. Acknowledgements

By signing and returning this Early Exit Notice you agree to the following statements. I/we declare that I/we:

- acknowledge that acceptance of my/our Early Exit Notice is subject to the restrictions on the Early Exit Facility set out in the Terms of Issue of the Shares;
- may only cancel this Early Exit Notice by submitting to the Registrar a Cancellation Notice no later than three Business Days prior to the Early Exit Date; and
- warrant that I/we have valid title to the Shares that are the subject of this Early Exit Notice.

H. Lodgement

Investors may submit a completed Early Exit Notice to the Registrar:

- by fax to (02) 9287 0313; or
- by email to managedfunds@linkmarketservices.com.au; or
- by post to PO Box 20043, World Square NSW 2002.

I. Signature of Investor(s) – this must be completed

Investor 1 (individual)

Joint Investor 2 (individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (delete one)

Director

This Early Exit Notice must be signed. If a joint holding, both Investors must sign. If executed by a company, the form must be executed in accordance with its constitution and applicable law.