

Xenon Alpha Plus1 are redeemable preference shares carrying a return linked to the performance of the Alpha Plus Portfolio. The shares are issued by Deutsche Xenon 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 Silver Creek Low Vol Strategies.

Performance review

| Performance (to 31 March 2006) | Xenon Alpha Plus1 | UBS Composite Bond Index | S&P/ ASX 200 Accumulation Index | S&P 500 Accumulation Index in USD |
|--|-------------------|--------------------------|---------------------------------|-----------------------------------|
| One month | 1.77% | 0.11% | 4.74% | 1.24% |
| Three months | 8.23% | 0.87% | 9.03% | 4.21% |
| Six months | 16.31% | 2.73% | 12.91% | 6.38% |
| Annualised return since inception on 25 November 2004 ⁽¹⁾ | 18.83% | 5.10% | 27.93% | 9.02% |

(1) Represents the compound average growth rate since inception on 25 November 2004
Source: Deutsche Bank

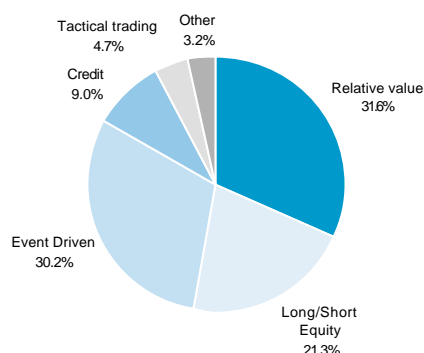
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|--------|-------|--------|--------|--------|-------|-------|-------|-------|--------|-------|-------|--------|
| 2004 | | | | | | | | | | | | 3.44% | 3.44% |
| 2005 | -0.53% | 2.06% | -0.46% | -3.28% | -1.55% | 1.95% | 1.70% | 1.24% | 3.78% | -2.14% | 4.83% | 4.76% | 12.65% |
| 2006 | 5.46% | 0.85% | 1.77% | | | | | | | | | | 8.23% |

Source: Deutsche Bank

Ivy allocation by strategy as at 31 March 2006

| | % of fund |
|-------------------|-----------|
| Relative value | 31.6% |
| Long/short equity | 21.3% |
| Event driven | 30.2% |
| Credit | 9.0% |
| Tactical trading | 4.7% |
| Other | 3.2% |
| Total | 100.0% |

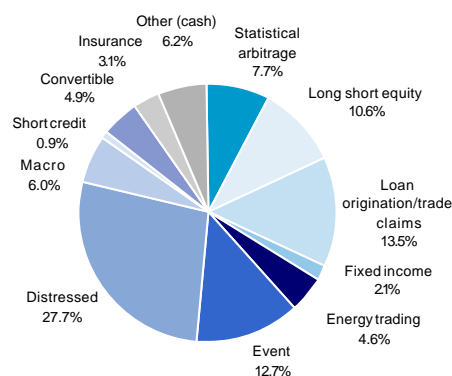
Source: Ivy Asset Management



Silver Creek allocation by strategy as at 31 March 2006

| | % of fund |
|-------------------------------|-----------|
| Statistical arbitrage | 7.66% |
| Long/short equity | 10.55% |
| Loan origination/trade claims | 13.49% |
| Fixed income | 2.09% |
| Energy trading | 4.61% |
| Event | 12.65% |
| Distressed | 27.72% |
| Macro | 6.01% |
| Short credit | 0.94% |
| Convertible | 4.92% |
| Insurance | 3.14% |
| Other (cash) | 6.22% |
| Total | 100.0% |

Source: Silver Creek



Portfolio performance

For the first quarter of 2006, the Xenon Alpha Plus1 Portfolio increased by 8.23%. Combined with its performance since inception, Xenon Alpha Plus1 has recorded an annualised return of 18.83% per annum.

During the quarter the Sliver Creek account contributed 3.63 percentage points to performance and the Ivy account contributed 4.60 percentage points to performance.

As a result of Additional Leverage, the total leverage employed per Xenon Alpha Plus1 share is \$2.72.

Macro review

The first quarter of 2006 was a continuation of the robust returns of the fourth quarter of 2005. Overall the global markets performed well providing hedge fund managers with opportunities in most regions, sectors and strategies. In the US the Federal Reserve raised the federal funding rate to its highest point in nearly five years. In Europe, the European Central Bank confirmed its tightening stance by raising the lending rate by 0.25%. In Japan, the yen was steady against the US dollar (in a range between ¥114 and ¥119).

Over the quarter the UBS Composite Bond Index moved 0.87% higher, the S&P 500 Accumulation Index was 4.21% higher in US dollar terms and the S&P/ASX 200 Accumulation Index was up 9.03% in Australian dollar terms.

In March 2006, the Silver Creek Fund was awarded '*Best Global Multi-Strategy Fund Over US\$500 million*' by InvestHedge. Silver Creek has increased funding to several existing managers but has neither added new or removed existing managers from its portfolio.

Ivy continues its current strategy of adding non-correlated return sources to the Ivy Fund's portfolio and allocating away from strategies with potentially higher levels of equity beta.

Strategy review

Long/short. Global equities performed well throughout the quarter with returns spread across sectors, styles, countries and market capitalisations. Managers saw opportunities outside the United States in markets that were less expensive and which offered higher growth and less efficient markets.

Event driven. In general, the first quarter was profitable for event driven managers as increased M&A deal flow and spread tightening drove performance. M&A activity continued its upward trend with more than US\$922 billion of global volume announced in the first quarter of 2006.

Credit. The global credit markets experienced largely positive yet relatively mild results in the first quarter of 2006 with a general tightening in credit spreads across the below investment grade spectrum.

Relative value. January was reported to be the best month for the relative value market in nearly three years. Drivers of strong performance over the quarter included a rise in convertible bond prices, a tightening of credit spreads and an increase in equity volatility.

Tactical trading. Tactical trading managers were modestly positive for the quarter. Those managers with a bearish view on developed market global bonds generally prospered as rising interest rates caused bond prices to fall.



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