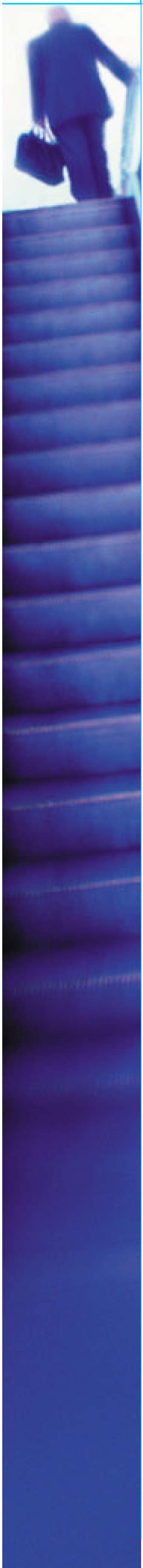
Xenon Alpha Plus2

March 2006 quarterly report



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 31 March 2006)	Xenon Alpha Plus2	UBS Composite Bond Index	S&P/ ASX 200 Accumulation Index	S&P 500 Accumulation in USD
One month	1.94%	0.11%	4.74%	1.24%
Three months	8.17%	0.87%	9.03%	4.21%
Six months	9.97%	2.73%	12.91%	6.38%
Annualised return since inception on 27 May 2005[1]	23.96%	5.09%	36.24%	11.60%

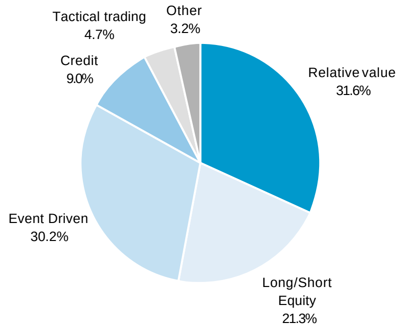
(1) Represents the compound average growth rate since inception on 27 May 2005
Source: Deutsche Bank

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005						2.10%	3.88%	1.37%	1.39%	-3.67%	2.31%	3.16%	10.82%
2006	6.00%	0.10%	1.94%										8.17%

Source: Deutsche Bank

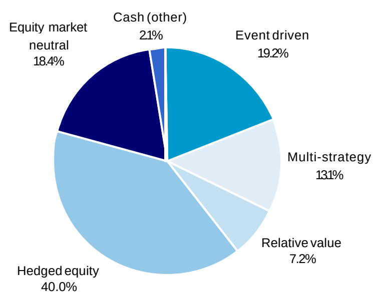
Ivy allocation by strategy as at 31 March 2006	% of fund
Relative value	31.6%
Long/short equity	21.3%
Event driven	30.2%
Credit	9.0%
Tactical trading	4.7%
Other	3.2%
Total	100.0%

Source: Ivy Asset Management



Meridian allocation by strategy as at 31 March 2006	% of fund
Event driven	19.2%
Multi strategy	13.1%
Relative value	7.2%
Equity market neutral	18.4%
Hedged equity	40.0%
Other (cash)	2.1%
Total	100.0%

Source: Meridian



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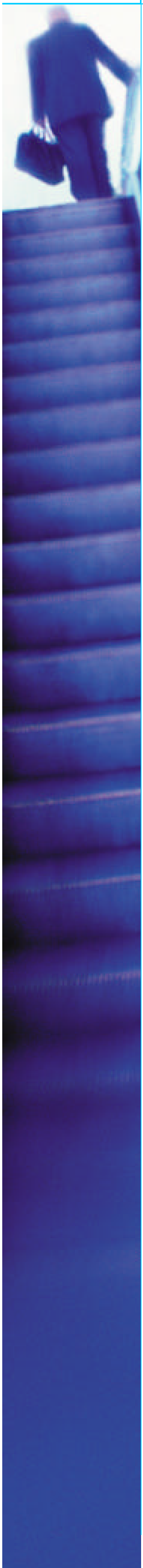


Portfolio performance

For the first quarter of 2006, the Xenon Alpha Plus2 Portfolio increased by 8.17%. Combined with its performance since inception in May 2005, Xenon Alpha Plus2 has recorded an annualised return of 23.96% per annum.

Since inception of Xenon Alpha Plus2, the Meridian account has contributed 7.96 percentage points to total performance and the Ivy account has contributed 11.91 percentage points to total performance.

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.

Over the quarter, Meridian continued to gradually increase allocations to existing managers it believes are opportunistic. One new manager (focusing on hedged equity) was added to the portfolio during the quarter and one existing manager closed out due to it ceasing to meet Meridian's return objectives.

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

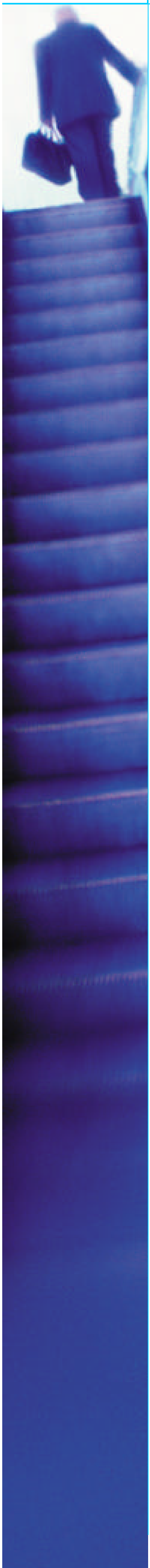
Long/short. Global equities performed well throughout the quarter with returns spread across sectors, styles, countries and market capitalisations. Managers saw opportunities outside the United States in markets that were less expensive and which offered higher growth and less efficient markets.

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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