

xenon
Deutsche

alpha plus

Prospectus for the issue of
Xenon Alpha Plus
redeemable preference shares
by
Deutsche Xenon Limited

ACN 109 425 925

A Passion to Perform.

Deutsche Bank



important information

Deutsche Xenon Limited (ACN 109 425 925) (**Deutsche Xenon**) is offering the Xenon Alpha Plus redeemable preference shares (**Xenon Alpha Plus** or the **Shares**) described in this Prospectus. Deutsche Australia Limited (ABN 37 006 385 593 and AFS Licence Number 238157) (the **Arranger** or **Deutsche Australia**) is offering to arrange for the issue of Xenon Alpha Plus by Deutsche Xenon under this Prospectus. The issue of Xenon Alpha Plus is made pursuant to an agreement between Deutsche Xenon and the Arranger that constitutes an 'intermediary authorisation' for the purposes of section 911A(2)(b) of the Corporations Act.

Note to Investors

The repayment of your principal, payment of any dividend and the performance of Deutsche Xenon, each as described in this Prospectus, are not guaranteed by Deutsche Bank AG (ABN 13 064 165 162) (**Deutsche Bank**), Deutsche Australia, nor by any related parties or associates of Deutsche Bank (the **Deutsche Bank Group**). No member of the Deutsche Bank Group makes any representation or gives any guarantee or assurance as to the performance of Deutsche Xenon, the payment of any dividend on Xenon Alpha Plus, the repayment of amounts invested in Xenon Alpha Plus, or any particular rate of overall return. Xenon Alpha Plus does not represent a deposit or any other type of liability of Deutsche Bank or any member of the Deutsche Bank Group. Xenon Alpha Plus is an investment in shares of Deutsche Xenon and is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Various members of the Deutsche Bank Group have entered into certain arrangements with Deutsche Xenon which are described in this Prospectus.

This Prospectus

This Prospectus is an invitation to apply for Shares in Deutsche Xenon at a price of \$1.00 each, payable in full on application (the **Offer**).

This Prospectus is dated 8 October 2004 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. ASIC takes no responsibility for the contents of this Prospectus nor the merits of the investment to which this Prospectus relates. No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Jurisdiction

The Offer is only open to Australian residents receiving this Prospectus in Australia, including obtaining an electronic version of this Prospectus from Deutsche Xenon's website at www.deutschexenon.db.com/prospectus.html.

No action has been taken to register or qualify Xenon Alpha Plus or the Offer, or otherwise permit a public offering of Xenon Alpha Plus, in any jurisdiction outside Australia. This Prospectus does not constitute an offer to any person to whom, or in any place in which, it would be unlawful to make such an offer. The distribution of this Prospectus in any jurisdiction outside Australia may be restricted by law. Therefore, any person who receives this Prospectus should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. Xenon Alpha Plus have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold

sold in the United States or to or for the account or benefit of, US persons (as defined under the US Securities Act of 1933) unless offered and sold pursuant to an exemption from the registration requirements of the US Securities Act of 1933.

Availability of Prospectus

This Prospectus, without the Application Forms, will be made available during the exposure period by being posted on Deutsche Xenon's website. The exposure period commences on the date of this Prospectus and will be for 7 days from that date, although it may be extended by ASIC by up to a further 7 days. Deutsche Xenon is prohibited from accepting applications during the exposure period. Applications received during the exposure period will not be processed until after the expiry of this period.

Paper copies of this Prospectus including the Application Forms are available free of charge during the Offer Period only by calling your broker, financial planner or licensed securities adviser, or by calling the Information Line on 1800 007 353 (free call). An electronic version of this Prospectus is available on Deutsche Xenon's website at www.deutschexenon.db.com/prospectus.html.

Applying for Xenon Alpha Plus

Applications for Xenon Alpha Plus can be submitted only on an original Application Form accompanying this Prospectus (or on a printed Application Form accompanying the electronic Prospectus on Deutsche Xenon's website). Applications for Xenon Alpha Plus may be made only through your broker, financial planner or licensed securities adviser, who should contact the Arranger to lodge your Application Form. Please refer to Appendix D for details on how to apply for Xenon Alpha Plus.

Defined words

Certain capitalised words used in this Prospectus have defined meanings. A glossary of these terms appears after section 9, commencing on page 86 (**Glossary**). References to AUD, \$ or A\$ are to Australian dollars. References to USD, US\$ or US dollars are to United States dollars.

Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables are based on information available at the date of this Prospectus.

Risks of investing

The terms of Xenon Alpha Plus are described in this Prospectus, which also contains a discussion of the risks associated with investing in Xenon Alpha Plus (outlined in section 6). Potential investors should read the whole of this Prospectus carefully. This Prospectus does not take into account the investment objectives, financial situation and particular needs of each potential investor. It is recommended that before making a decision to apply for Xenon Alpha Plus you consult your broker, financial planner or licensed securities adviser.

No ASX or other listing

No application for the quotation of Xenon Alpha Plus on the Australian Stock Exchange (**ASX**) or any other stock exchange is intended to be made.

Privacy

Please read the privacy statement in section 9.2.7 of this Prospectus. By submitting an Application Form in or accompanying this Prospectus, you consent to the matters outlined in that statement.

Financial Services Guide

In Appendix B of this Prospectus is a Financial Services Guide issued by Deutsche Australia relating to the financial services provided by it in relation to the Offer of Xenon Alpha Plus and the Early Exit Facility.

letter to investors

Dear Investor

It is my pleasure to introduce Deutsche Xenon to you and to invite you to become an investor in Xenon Alpha Plus.

Deutsche Xenon is part of the Deutsche Bank Group which, for some time, has been able to offer international investors opportunities to add alternative investments to their portfolios. Deutsche Xenon has been established for the purpose of giving Australian investors access to a new generation of alternative investment technology in the form of Xenon Alpha Plus redeemable preference shares.

The investment methodology employed by Deutsche Xenon seeks to utilise a combination of fund manager selection criteria and portfolio management processes to give investors in Xenon Alpha Plus exposure to absolute returns (the ability to generate positive returns in falling as well as rising markets) generated by the international hedge fund sector.

Investors in Xenon Alpha Plus may be attracted by the following key features:

- access to returns that are linked to the performance of two funds managed by leading international Fund of Hedge Funds managers, each generally with positive track records over the medium to long term;
- potential for enhanced returns via a leveraged investment – increasing the effect of each dollar invested. This leverage magnifies any gains or losses in the value of the investment;
- the opportunity for diversification of a traditional investment portfolio to include a source of returns that is designed to have low correlation to returns of traditional asset classes; and
- a medium investment term of just under four years.

Xenon Alpha Plus may suit a range of investors. However, it will not suit all investors and you should read this Prospectus, including section 6 'risks', thoroughly and consult your broker, financial planner or licensed securities adviser before deciding whether to invest in Xenon Alpha Plus. You will find Application Forms at the end of this Prospectus.

Yours faithfully



Ian Martin
Executive Director
Deutsche Xenon Limited

contents

important information	
letter to investors	
1. investment summary	4
2. Xenon Alpha Plus – the next step	12
3. how your investment works	16
4. the funds and the fund managers	30
5. terms of offer	40
6. risks	46
7. the issuer	54
8. taxation information	58
9. additional information	64
glossary	86
appendix a – descriptions of hedge fund strategies	92
appendix b – financial services guide	94
appendix c – early exit notice and cancellation notice	96
appendix d – applying for Xenon Alpha Plus	101
application forms	105
corporate directory	113

section 1

investment summary

This section provides key information about Xenon Alpha Plus. It is a summary only. You should read this Prospectus in full.

topic	summary	more information
Name of security	Xenon Alpha Plus.	Section 9.1.2
Type of security	Redeemable preference shares carrying a return linked to the performance of the Alpha Plus Portfolio.	Sections 3 and 9.1.2
Issuer	Deutsche Xenon Limited.	Section 7
Issue Price	Each Share has an issue price of \$1.00.	Section 5.3
Minimum investment	Applications must be for a minimum of \$5,000 (5,000 Shares) and thereafter in multiples of \$1,000 (1,000 Shares).	Section 5.3
Open Date	9.00am (Sydney time), 18 October 2004. ¹	Section 5.1
Close Date	5.00pm (Sydney time), 19 November 2004. ¹	Section 5.1
Issue Date	25 November 2004. ²	Section 5.1
Term and Maturity Date	Xenon Alpha Plus are designed to have a term of just under four years. The Maturity Date is 5 November 2008, subject to early realisation or deferral in certain circumstances as outlined in this Prospectus.	Sections 5.9 and 5.10 – early realisation Section 9.1.3 under 'Timing of Final Payment' – deferral of Maturity Date

¹ These dates are indicative only. See section 5.1.

² If the Close Date is varied, the Issue Date may also vary. See section 5.1.

investment summary

topic	summary	more information
Target return	<p>Xenon Alpha Plus has a target compound average growth rate of 15% to 18% per annum (after all fees and expenses).</p> <p>The target return has been included solely so that Investors may gain an insight into the type of return sought and the commensurate risk of an investment in Xenon Alpha Plus. The target return is not a forecast, projection or prediction, or the result of a simulation of future performance. The target return is not, and should not be seen as, a statement about likely future performance, and there is no guarantee that Xenon Alpha Plus will achieve its target return, as performance is subject to a number of risks.</p>	<p>For additional information on the target return see section 2.2</p> <p>The target return is only a target. Returns are subject to a number of risks – see section 6</p>
Final dividend	<p>Investors will receive a dividend on the Maturity Date equal to any positive performance of the Alpha Plus Portfolio. There will be no interim dividends.</p>	<p>Section 3.10</p>
Redemption or purchase at maturity	<p>Deutsche Xenon will redeem, or arrange for Deutsche Australia to purchase, each Share for \$1.00 on the Maturity Date. This obligation to redeem or purchase is limited in recourse to the net assets of Deutsche Xenon (which will equal the value of the Alpha Plus Portfolio at that time). This means that if, on the Maturity Date, the net assets of Deutsche Xenon are less than \$1.00 per Share, Investors will only receive that lesser amount and will not receive any final dividend.</p>	<p>Section 3.10</p>

topic	summary	more information
Key risks	<p>Xenon Alpha Plus is a leveraged investment. It is subject to certain risks which include:</p> <ul style="list-style-type: none"> ■ poor performance of the Funds in the Alpha Plus Portfolio (including poor performance of funds or investments to which their performance is linked); and ■ the effect leverage has of magnifying any poor performance of those Funds. <p>These risks (or the other risks set out in section 6) could result in Investors receiving back less than their initial investment of \$1.00 per Share.</p> <p>Before investing in Xenon Alpha Plus, prospective investors should read this Prospectus in full, consult their broker, financial planner or licensed securities adviser and consider carefully the risks of investing.</p>	<p>See sections 3.1, 3.2 and 6.1.2 for an explanation of leverage and how it affects you</p> <p>See section 6 for other risks</p>
Use of Offer proceeds	<p>The Offer proceeds will be placed by Deutsche Xenon in a structured deposit with Deutsche Bank (Structured Deposit), under which the return payable to Deutsche Xenon is linked to the performance of the Alpha Plus Portfolio.</p>	<p>Section 3</p>
The Alpha Plus Portfolio	<p>The Alpha Plus Portfolio is a notional portfolio designed to generate returns linked to the performance of the Ivy Fund (the performance of which is based on the performance of the Ivy Rosewood Diversified Fund) and the Silver Creek Fund (Funds). It is notional in the sense that the Offer proceeds are not actually invested in the Funds.</p> <p>The Alpha Plus Portfolio uses leverage to increase Investors' exposure to the Funds. The amount of this leverage and exposure to the Funds is adjusted throughout the Term via the Investment Allocation Mechanism.</p> <p>The performance of the Alpha Plus Portfolio will be calculated in Australian dollars even though the Ivy Fund and the Silver Creek Fund are US dollar funds. Investors' currency exposure will be hedged on a monthly basis. This hedging will not completely remove, but will minimise, the effect of exchange rate fluctuations (whether positive or negative).</p>	<p>Section 3 – Alpha Plus Portfolio</p> <p>Sections 3.1 and 3.2 – Permanent and Additional Leverage</p> <p>Section 3.3 – Investment Allocation Mechanism</p> <p>Section 3.8 – foreign exchange hedging</p>

investment summary

topic	summary	more information
<p>The Fund Managers</p>	<p>Ivy Asset Management Corp. (Ivy) and Silver Creek SV, L.L.C. (Silver Creek, and together with Ivy, the Fund Managers) manage the Ivy Fund and the Ivy Rosewood Diversified Fund, and the Silver Creek Fund, respectively. They have been selected because of their historical ability to generate generally consistent returns with relatively low volatility of returns and low correlation to returns of traditional asset classes, such as fixed income and equities.</p> <p>Ivy, manager of the Ivy Fund and the Ivy Rosewood Diversified Fund, has operated for over 20 years and is based in New York, USA. Ivy is focused only on Fund of Hedge Funds activities. As at 30 June 2004, Ivy had more than US\$13 billion under management, making it one of the largest Fund of Hedge Funds managers of its kind.</p> <p>Silver Creek, manager of the Silver Creek Fund, is based in Seattle, Washington, USA. Silver Creek is focused only on Fund of Hedge Funds activities and its principals have been managing Funds of Hedge Funds for over 10 years. As at 30 June 2004, Silver Creek had approximately US\$2.8 billion under management.</p>	<p>Information on the Fund Managers, including management style, target returns and historical performance data is contained in section 4</p>
<p>The Funds</p>	<p>The Alpha Plus Portfolio is linked to the performance of:</p> <ul style="list-style-type: none"> ■ the RDO Access Unit Trust I Class A Units (Ivy Fund), the performance of which is based on the performance of the Ivy Rosewood Diversified Fund, Ltd. Class E Shares (Ivy Rosewood Diversified Fund); and ■ the Silver Creek Low Vol Strategies, Ltd. Class C Series 2 Shares (Silver Creek Fund). <p>The Ivy Rosewood Diversified Fund and the Silver Creek Fund are two international Funds of Hedge Funds.</p>	<p>Section 4</p>

topic	summary	more information
<p>Leveraging Fund returns – Permanent and Additional Leverage</p>	<p>Investors’ exposure to the Alpha Plus Portfolio will include Permanent Leverage (which is notional leverage as explained in section 3.1) of \$2.50 for every \$1.00 invested. This leverage will remain in place until the Maturity Date.</p> <p>The returns generated from a \$1.00 investment in Xenon Alpha Plus will therefore reflect returns (whether positive or negative) on at least \$3.50 of exposure to the Alpha Plus Portfolio. Initially, for every \$1.00 invested, Investors will have:</p> <ul style="list-style-type: none"> ■ \$2.00 of exposure to the Ivy Fund; and ■ \$1.50 of exposure to the Silver Creek Fund. <p>As well as the Permanent Leverage, Investors may have additional exposure to the Alpha Plus Portfolio from Additional Leverage (which is also notional leverage) of up to \$1.75 for every \$1.00 invested. Additional Leverage will be used if a Fund meets predetermined performance targets.</p> <p>Where Additional Leverage is fully used, the returns generated from a \$1.00 investment in Xenon Alpha Plus will reflect returns (whether positive or negative) on \$5.25 of exposure to the Alpha Plus Portfolio.</p> <p>Leverage can significantly increase the amount earned as well as the amount lost (and also comes at a cost in the form of the Funding Charge). However, the liability of Investors is limited to the Issue Price of their Shares. This means that Investors may receive leveraged returns as described above, but can only lose, at most, the Issue Price of \$1.00 per Share.</p>	<p>See sections 3.1, 3.2 and 6.1.2 for an explanation of leverage and how it affects you</p>


investment summary

topic	summary	more information
Investment Allocation Mechanism	<p>The Investment Allocation Mechanism seeks to manage the value of the Alpha Plus Portfolio over time.</p> <p>In certain circumstances:</p> <ul style="list-style-type: none"> ■ if a Fund has performed well,³ the Investment Allocation Mechanism increases exposure to that Fund; and ■ if a Fund has performed poorly,³ the Investment Allocation Mechanism decreases exposure to that Fund. 	Section 3.3
Investor fees and charges	<p>Investors do not pay any application or management fees to Deutsche Xenon.</p> <p>Certain charges will apply where an investment in Xenon Alpha Plus is realised prior to the Maturity Date.</p>	<p>Section 5.4 – no application or management fees</p> <p>Sections 5.9.2 and 9.2.4 – charges on early realisation</p>
Alpha Plus Portfolio fees and charges	<p>The performance of the Alpha Plus Portfolio, which determines Investors' returns, will be reduced by:</p> <ul style="list-style-type: none"> ■ fees charged to the Funds – see sections 4.2.4 and 4.3.4. Deutsche Bank will receive the benefit of some of these fees; and ■ interest charged on the Permanent Leverage and any Additional Leverage (the Funding Charge) – see section 3.1. Deutsche Bank will receive the benefit of the Funding Charge. <p>Investors should note that the Funding Charge on the Permanent Leverage will continue to be deducted until the Maturity Date (regardless of the level of exposure to the Funds).</p>	Section 9.2.4
Valuation	<p>The monthly net asset value of Xenon Alpha Plus will be posted on Deutsche Xenon's website shortly after monthly performance information is available from the Fund Managers. This is expected to be around the 25th of each month.</p>	

topic	summary	more information
Early exit	While Investors should consider an investment in Xenon Alpha Plus as a medium term investment, in certain circumstances (and subject to certain conditions and charges) Investors may be able to realise their investment in Xenon Alpha Plus prior to the Maturity Date.	Sections 5.9 and 9.1.2
Commissions	Deutsche Australia may, out of its own funds, make payments to sales agents, brokers and financial advisers in the form of a referral fee and a trail commission.	Section 9.2.4
Taxation	It is anticipated that individual Australian resident Investors who invest on capital account will incur a tax liability only when their investment in Xenon Alpha Plus is realised or when a taxable dividend is received. Investors should seek their own professional tax advice regarding their individual circumstances.	Section 8
How to apply	<p>You may apply for Xenon Alpha Plus between 18 October 2004 and 19 November 2004. These dates are indicative only. The Arranger may, without notice, close the Offer early, extend the Close Date, or withdraw the Offer, and may accept late applications, either generally or in particular cases.</p> <p>Applications for Xenon Alpha Plus may be made only through your broker, financial planner or licensed securities adviser, who should contact the Arranger to lodge your application.</p>	Sections 5.1 to 5.7 and Appendix D
Further information	Should you have any questions about Xenon Alpha Plus please contact your broker, financial planner or licensed securities adviser or call the Information Line on 1800 007 353 (free call).	

section 2

Xenon Alpha Plus – the next step



Deutsche Xenon offers a step into the next generation of alternative investments by leveraging the returns of two Funds of Hedge Funds, with the objective of achieving enhanced returns with low correlation to traditional asset classes.

Xenon Alpha Plus – the next step

What are hedge funds?

There are many fund types that fall under the umbrella of 'hedge fund'. As such, there are several defining characteristics rather than a specific definition of hedge fund.

Generally, a hedge fund:

- can utilise a variety of investment strategies in a variety of markets and is not constrained by market direction or asset class;
- may use return enhancing tools such as derivatives, options, foreign exchange, margin accounts and borrowings or leverage; and
- provides exposure to the fund manager's skills (known as 'alpha').

The primary aim of most hedge funds is to deliver positive returns in falling as well as rising markets. For this reason, hedge funds may be referred to as 'absolute return' or 'market neutral' funds. In contrast, many traditional managed funds tend to be driven by market direction.

It is estimated that, as at 30 June 2004, there were more than 9,000 active hedge funds in a global US\$1.1 trillion industry.

A Fund of Hedge Funds is an investment vehicle that invests directly into a number of hedge funds which may have a variety of different investment strategies. The benefit of this approach is generally perceived to be diversification, which reduces reliance on any particular hedge fund or investment strategy. Investing in a Fund of Hedge Funds may make it easier to build a diversified investment portfolio to meet a range of risk and return objectives.

The Ivy Rosewood Diversified Fund (to which Investors in Xenon Alpha Plus have exposure through the Ivy Fund) and the Silver Creek Fund are Funds of Hedge Funds. Some of the different strategies of the funds in which they may invest are set out in Appendix A.

2.1 Investment objective

The investment objective for Xenon Alpha Plus is to achieve its target return over a period of just under four years, regardless of movements in traditional markets (such as fixed income and equities markets).

2.2 Target return

Xenon Alpha Plus targets a compound average growth rate over its Term of 15% to 18% per annum.⁴

In determining the target return for Xenon Alpha Plus, Deutsche Xenon has had regard to:

- each Fund Manager’s investment objectives and target returns (see section 4);
- the historical returns and volatilities of each Fund Manager’s Funds of Hedge Funds;⁵
- current interest rates and the current interest rate environment; and
- the effect of leverage and the Funding Charge.

2.3 Investment methodology

The diagram below illustrates the investment methodology behind how Xenon Alpha Plus aims to meet its target return.

Xenon Alpha Plus differs from some other structured hedge fund products, particularly those:

- which offer a form of capital protection;
- have an investment term of more than four years; and
- provide exposure to hedge funds which have displayed historical volatility of returns higher than the historical volatility of returns of the Silver Creek Fund and market neutral funds managed by Ivy.

2.4 Suitability of Xenon Alpha Plus for investors

An investment in Xenon Alpha Plus may suit investors who:

- are looking for a medium term investment of just under four years;
- can forego regular income payments in favour of a lump sum payment at maturity;

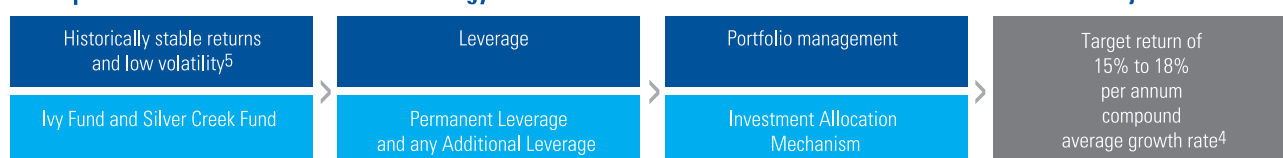
- seek an investment which is targeting a compound average growth rate of 15% to 18% per annum,⁴ and who understand the effect of leverage and are willing to accept its risks; and

- are seeking to diversify a traditional investment portfolio.

Xenon Alpha Plus has been developed as an investment opportunity with features that will appeal to some but not all investors. In particular it is a leveraged investment, and leveraged investments are not suitable for all investors (see sections 3.1, 3.2 and 6.1.2 for an explanation of leverage and how it affects you). Further, there is no capital guarantee, and this may make it an unsuitable investment for investors who cannot afford to lose all their capital.

As a potential investor, you should read the whole of this Prospectus carefully, including the risks associated with investing (see section 6). Before deciding whether to invest, you should consult your broker, financial planner or licensed securities adviser to help you decide if Xenon Alpha Plus is a suitable investment for you.

The Alpha Plus Portfolio investment methodology




⁴ The target return for Xenon Alpha Plus has been included solely so that Investors may gain an insight into the type of return sought and the commensurate risk of an investment in Xenon Alpha Plus. The target return is not a forecast, projection or prediction, or the result of a simulation of future performance. The target return is not, and should not be seen as, a statement about likely future performance, and there is no guarantee that Xenon Alpha Plus will achieve its target return, as performance is subject to a number of risks (see section 6, 'risks').


⁵ Investors should be aware that neither the historical returns achieved by the Funds (including, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund) or Fund Managers, nor the stated return targets of the funds guarantees any particular level of return for the future. Past performance is not a reliable indicator of future performance. Future performance may differ materially from both past returns and the target return rate of the funds.

section 3

how your investment works



Investors should note that the Alpha Plus Portfolio is a notional portfolio – all references to investments in the Funds and to leverage are to notional investments and leverage, not actual investments and leverage.

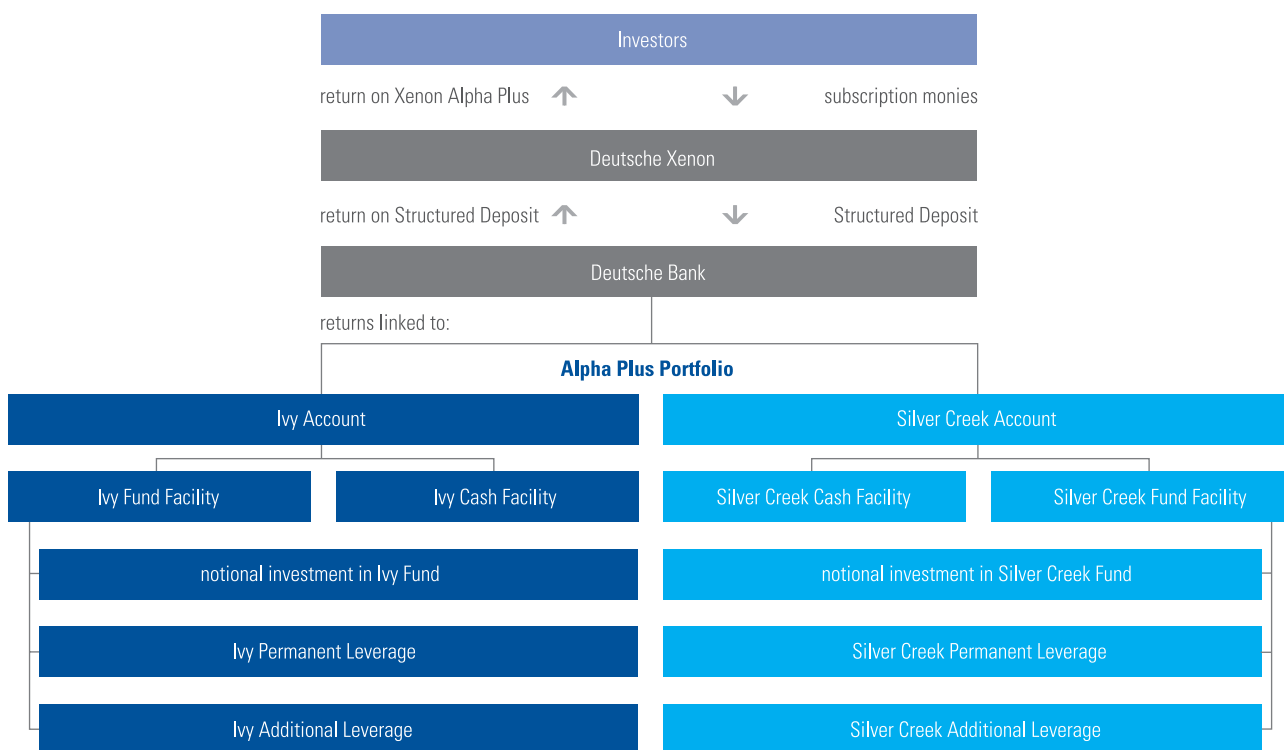


An investment in Xenon Alpha Plus works like this:

- Investors subscribe for Xenon Alpha Plus (being redeemable preference shares issued by Deutsche Xenon);
- Deutsche Xenon will place the full amount it raises from the Offer in the Structured Deposit with Deutsche Bank. Deutsche Xenon will receive a return on the Structured Deposit linked to the performance of the Alpha Plus Portfolio;
- the Alpha Plus Portfolio is a notional portfolio consisting of two Accounts, the Ivy Account and the Silver Creek Account. Each Account comprises two facilities, a Fund Facility (providing leveraged exposure to the relevant Fund) and a Cash Facility (providing exposure to cash in certain circumstances);
- the Alpha Plus Portfolio will be allocated between the Fund Facilities and the Cash Facilities according to the Investment Allocation Mechanism (see section 3.3). Initially, the Alpha Plus Portfolio will be allocated 100% to the Fund Facilities; and
- on the Maturity Date, Investors will receive an amount for their Xenon Alpha Plus equal to the value of the Alpha Plus Portfolio per Share at that time. The value of the Alpha Plus Portfolio will be the sum of the value of the two Accounts at that time.

how your investment works

The diagram below shows how the proceeds of the Offer will be used. This is explained in more detail in the following sections.



3.1 Permanent and Additional Leverage

The Alpha Plus Portfolio includes two types of leverage, Permanent Leverage and Additional Leverage. In each case, the leverage is notional. There is no actual borrowing; rather, the performance of the Alpha Plus Portfolio is calculated as if borrowing of Permanent Leverage and, in some circumstances, Additional Leverage had occurred, and such borrowed money had been invested in the Funds or in cash. The Funding Charge is deducted when calculating the performance of the Alpha Plus Portfolio.

3.1.1 Permanent Leverage

On the Issue Date, the Alpha Plus Portfolio will include Permanent Leverage of \$2.50 for every \$1.00 invested in Xenon Alpha Plus (\$1.50 in the Ivy Fund Facility and \$1.00 in the Silver Creek Fund Facility). Permanent Leverage remains in place until the Maturity Date.

What is leverage?

Leverage is the degree to which an investor is using, or experiences the economic effect of using, borrowed money. A leveraged investment:

- increases economic exposure to the investment, magnifying performance (both positive and negative); and
- comes at an economic cost to the investor, in the form of interest charges on the borrowed money.

3.1.2 Additional Leverage

If the Ivy Fund or the Silver Creek Fund meets certain predetermined performance targets, the Alpha Plus Portfolio will include Additional Leverage of up to \$1.75 for every \$1.00 invested in Xenon Alpha Plus (up to \$1.00 in the Ivy Fund Facility and up to \$0.75 in the Silver Creek Fund Facility). The amount of Additional Leverage will be adjusted periodically via the Investment Allocation Mechanism (see section 3.3).

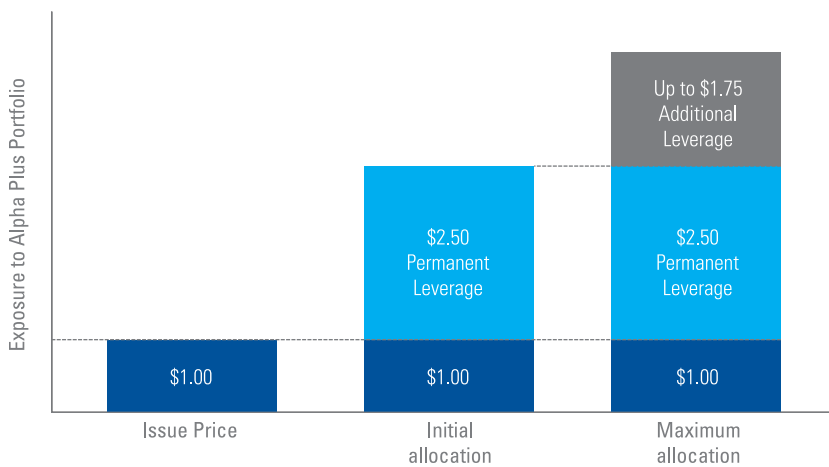
Where the Alpha Plus Portfolio includes the full amount of Additional Leverage, an Investor in Xenon Alpha Plus will have a total exposure of \$5.25 per Share to the Funds for every \$1.00 invested (\$3.00 of exposure to the Ivy Fund⁶ and \$2.25 of exposure to the Silver Creek Fund). The effect of this leverage is to magnify any increase or decrease in the value of the amount invested by an Investor.

Investors' liability, however, is limited to the Issue Price of Xenon Alpha Plus (that is, \$1.00 per Share). This means that for an exposure to the Alpha Plus Portfolio of \$3.50 per Share at the Issue Date (and a potential exposure of up to \$5.25 per Share), an Investor risks no more than their initial investment of \$1.00 per Share (see also sections 3.2 and 6.1.2 for further explanation of how leverage affects you).

⁶ The performance of the Ivy Fund is based on the performance of the Ivy Rosewood Diversified Fund. See section 4.2.

how your investment works

leverage in the Alpha Plus Portfolio (per Share)



Deutsche Bank will receive the benefit of the Funding Charge equal to the three month BBSW plus 2.20% per annum on the Permanent Leverage and the one month BBSW plus 0.80% per annum on any Additional Leverage.⁷

The diagram above shows the amounts of leverage used in the Alpha Plus Portfolio (per Share).

3.2 How leverage may affect Investors' returns

The examples on the following page show how leverage may affect Investors' returns. The examples are illustrative only. They do not represent past or future performance of the Funds, the Alpha Plus Portfolio or Xenon Alpha Plus.

The examples assume:

- Permanent Leverage of \$2.50 is used for every \$1.00 Share (with an associated Funding Charge equal to the three month BBSW plus 2.20% per annum);⁷
- Additional Leverage of up to \$1.75 is used for every \$1.00 Share (with an associated Funding Charge equal to the one month BBSW plus 0.80% per annum);
- a three month BBSW of 5.43% and a one month BBSW of 5.39%;
- payment of the fees charged to the Funds (see sections 4.2.4 and 4.3.4); and
- depending on which example you are looking at, that the value of each Fund increases or decreases by 1% per month, or remains constant.

⁷ Investors should note that the Funding Charge on the Permanent Leverage will continue to be deducted in calculating the return on Xenon Alpha Plus until the Maturity Date regardless of whether the Alpha Plus Portfolio is allocated to Fund Facilities or Cash Facilities.

Example 1: An investment in Xenon Alpha Plus with constant positive or negative monthly Fund returns of 1%

The graph to the right compares a direct investment in the Funds with an investment in Xenon Alpha Plus. It assumes that each Fund records a constant monthly return of 1% or a constant monthly return of -1%.

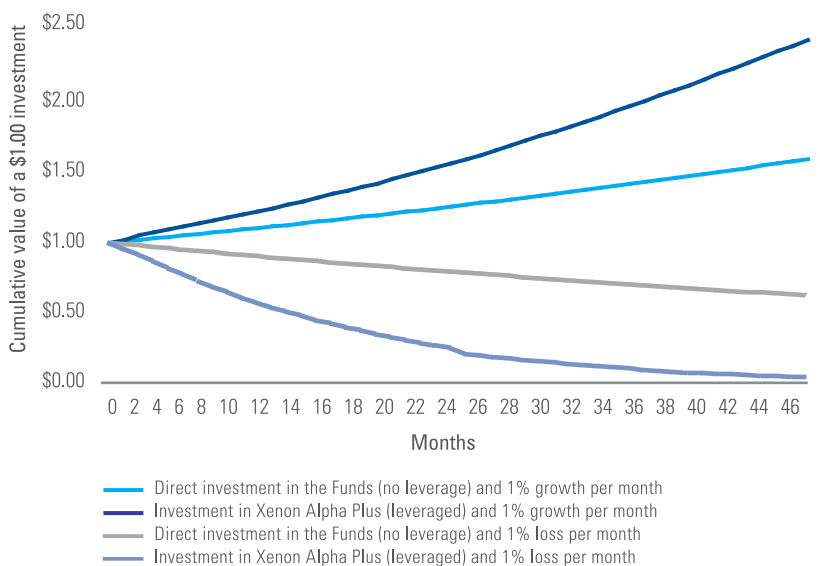
As shown in the graph, if there is consistent positive performance of the Funds, the return on an investment in Xenon Alpha Plus will exceed that of a direct investment in the Funds. Conversely, if there is consistent negative performance of the Funds, losses are greater on an investment in Xenon Alpha Plus.

The example is illustrative only. In practice it is unlikely that the Funds will generate the same return each month.

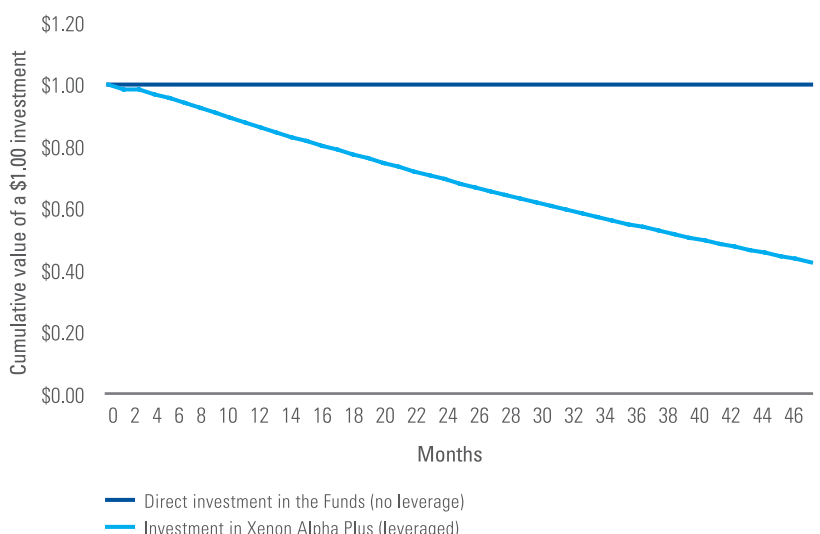
Example 2: An investment in Xenon Alpha Plus with no Fund growth

The graph to the right compares a direct investment in the Funds with an investment in Xenon Alpha Plus assuming no change in the value of the Funds. As shown in this graph, a direct investment in the Funds would allow an investor to receive their initial capital back at maturity. However, had this same investor invested the same amount in Xenon Alpha Plus, they would have incurred a significant loss on their investment. This is because the Funding Charge on the Permanent Leverage will continue to be deducted over the term of the investment and gradually erode the value of the investment.

example 1: assuming constant monthly Fund returns of 1% and -1%



example 2: assuming 0% Fund growth



how your investment works

3.3 Portfolio management – the Investment Allocation Mechanism

The Investment Allocation Mechanism seeks to manage the use of leverage within the Alpha Plus Portfolio. It reallocates exposure between the Fund Facilities and the Cash Facilities in two ways:

- if a Fund has performed well,⁸ the Investment Allocation Mechanism decreases exposure (if any) to the relevant Cash Facility and then uses Additional Leverage (if available) to increase exposure to that Fund; and
- if a Fund has performed poorly,⁸ the Investment Allocation Mechanism decreases exposure to that Fund by reducing Additional Leverage (if any) and then increases exposure to the relevant Cash Facility.

Reallocations between Fund Facilities and Cash Facilities under the Investment Allocation Mechanism will operate:

- separately for the Ivy Account and the Silver Creek Account; and
- monthly, except in certain limited circumstances (see section 9.1.3 under 'Investment Allocation Mechanism').

3.3.1 Initial allocations

Initially:

- \$0.50 of every dollar invested in Xenon Alpha Plus, together with Permanent Leverage of \$1.50 per Share, will be allocated to the Ivy Fund Facility;
- the remaining \$0.50 of every dollar invested, together with Permanent Leverage of \$1.00 per Share, will be allocated to the Silver Creek Fund Facility; and
- there will be a nil balance in each of the Cash Facilities.

This means that, for every \$1.00 contributed by an Investor, that Investor will initially have:

- \$2.00 of exposure to the Ivy Fund;⁸ and
- \$1.50 of exposure to the Silver Creek Fund.

3.4 Reallocations – releveraging or deleveraging

The steps that must be followed on each Adjustment Date⁹ before any adjustment is made to an Account within the Alpha Plus Portfolio are shown in the diagram to the right and are described below.

3.4.1 Investors' NAV

The net asset value of each Account in the Alpha Plus Portfolio (**Investors' NAV**) is calculated by the Investment Allocation Mechanism. This will equal the sum of, on a per Share basis:

- the net asset value of the relevant Fund Facility in Australian dollars (being the value of the relevant Fund Facility less the Permanent Leverage and any Additional Leverage in respect of that Account);¹⁰ and
- the value of the relevant Cash Facility.

3.4.2 Target Allocation

The **Target Allocation** for each Account is calculated by the Investment Allocation Mechanism as being equal to the relevant Leverage Factor (being 4 for the Ivy Account and 3 for the Silver Creek Account) multiplied by the relevant Investors' NAV (as calculated in section 3.4.1 above).



⁹ The 5th Business Day before the end of each calendar month starting with the second calendar month after the Issue Date and ending on the third calendar month before the scheduled Maturity Date of 5 November 2008. In certain circumstances, an Adjustment Date may be deferred. See section 9.1.3 under 'Valuation of Accounts'.

¹⁰ This value will be calculated using the published NAV of the relevant Fund. If a published NAV is not available, Deutsche Bank will estimate the NAV of the relevant Fund based on market data available to it at that time (which may include estimates from the relevant Fund Manager).

how your investment works

3.4.3 Current Allocation

The **Current Allocation** for each Account is calculated by the Investment Allocation Mechanism as being equal to the total value at the relevant time of the Fund Facility for the relevant Fund (on a per Share basis).

3.4.4 Leverage Amount

The **Leverage Amount** is the amount by which an Account may be releveraged or deleveraged and is calculated as (on a per Share basis):

If the Leverage Amount is a number greater than zero, there will be a **Releverage Amount** and releveraging of the relevant Account may occur. If the Leverage Amount is less than zero, there will be a **Deleverage Amount** and deleveraging of the relevant Account may occur.

3.4.5 Releveraging or deleveraging

Releveraging

If there is no Additional Leverage currently being used in an Account, and the Releverage Amount (expressed as a percentage of the Current Allocation) is greater than or equal to 5%, releveraging of that Account will occur (**Releverage Event**). If, however, Additional Leverage is currently being used, releveraging will only occur if this percentage is greater than or equal to 10%.

If releveraging of an Account occurs, there will be a reallocation within the Account and Investors' exposure per Share to the relevant Fund will increase by the Releverage Amount. This will be achieved by reducing exposure to the relevant Cash Facility (if any) and using Additional Leverage (if available) to increase exposure to the relevant Fund. The maximum Additional Leverage available to increase exposure to the Funds is discussed in section 3.1.2.

Leverage Amount =

Target Allocation	less	Current Allocation
-------------------	------	--------------------

Deleveraging

If there is no Additional Leverage currently being used in an Account, and the Deleverage Amount (expressed as a percentage of the Current Allocation) is less than or equal to –5%, deleveraging of that Account will occur (**Deleverage Event**). If, however, Additional Leverage is currently being used, deleveraging will only occur if this percentage is less than or equal to –10%.

If deleveraging of an Account occurs, there will be a reallocation within the Account and Investors' exposure per Share to the relevant Fund will decrease by the Deleverage Amount. This will be achieved by reducing Additional Leverage (if any) currently being used, and then increasing Investors' exposure to the relevant Cash Facility.

3.5 Knockout Event

If a Fund performs poorly¹¹ and, as a result, on any Adjustment Date, the Investors' NAV for the relevant Account falls below the applicable **Knockout Level** (\$0.10 per Share for the Ivy Account and \$0.075 per Share for the Silver Creek Account), a **Knockout Event** occurs.

If a Knockout Event occurs with respect to an Account:

- Investors' exposure to the relevant Fund will be reduced to zero;
- although not exposed to the relevant Fund, Permanent Leverage for that Fund will remain in place until the Maturity Date and the Funding Charge will continue to be deducted from that Account until the Maturity Date;
- the value of the Account will be reduced by the outstanding balance of any Additional Leverage for the relevant Fund; and
- thereafter, any remaining value in the Account (whether positive or negative) will be allocated 100% to the relevant Cash Facility.

3.6 Timing of reallocations

Reallocations due to a Releverage Event, a Deleverage Event or a Knockout Event do not occur immediately. This is because the Alpha Plus Portfolio is designed to mirror the position of actual investors in the Funds.

Consistent with the position of an actual investor who buys or sells shares or units in a Fund on an Adjustment Date, reallocations occur as follows:

- increases in exposure to a Fund take effect at the end of the month in which the relevant Adjustment Date falls; and
- decreases in exposure to a Fund take effect at the end of the next month after the relevant Adjustment Date.

See also sections 6.1.3 and 9.1.3 under 'Investment Allocation Mechanism'.

¹¹ The performance of the Ivy Fund is based on the performance of the Ivy Rosewood Diversified Fund. See section 4.2.

how your investment works

initial allocation of Ivy Account on Issue Date (per Share)



3.7 Examples of how the Investment Allocation Mechanism works

To illustrate how the Investment Allocation Mechanism works, the following examples show the effect of increases and decreases in the value of the Ivy Account on a particular Adjustment Date. The Investment Allocation Mechanism will apply to the Silver Creek Account in the same manner, except that it has a different Leverage Factor.

In an effort to keep things simple, the following examples assume no time delay for reallocations (this is discussed in section 3.6), no foreign exchange gain or loss arises (this is discussed in section 3.8) and there is no Funding Charge (this is discussed in section 3.1).

On the Issue Date, \$0.50 of every dollar invested in Xenon Alpha Plus, together with \$1.50 per Share of Permanent Leverage, will be allocated to the Ivy Fund Facility. This is shown in the diagram to the left.

Example 1: value of Ivy Fund Facility increases by 4%

It is assumed that the value of the Ivy Fund Facility increases by 4% on an Adjustment Date from the starting value of \$2.00 to \$2.08 per Share (and no Additional Leverage is being used).

As Additional Leverage is not currently being used and the Releverage Amount relative to the Current Allocation (expressed as a percentage) is greater than 5%, releveraging of the Ivy Account will occur. As a result, Additional Leverage will be used to increase Investors' exposure to the Ivy Fund (by the Releverage Amount of \$0.24 per Share), bringing Investors' exposure to the Ivy Fund to \$2.32 per Share (being \$2.08 plus the Releverage Amount of \$0.24). This is shown in the calculation and in the diagram below.

	calculation (all on a per Share basis)	result
Investors' NAV	value of Ivy Fund Facility (\$2.08) less the Permanent Leverage (\$1.50)	\$0.58
Target Allocation	Ivy Leverage Factor (4) multiplied by Investors' NAV for the Ivy Account (\$0.58 above)	\$2.32
Current Allocation	value of Ivy Fund Facility	\$2.08
Leverage Amount/ Releverage Amount	Target Allocation (\$2.32 above) less Current Allocation (\$2.08 above)	\$0.24

example 1: value of Ivy Fund Facility increases by 4%



how your investment works

	calculation (all on a per Share basis)	result
Investors' NAV	value of Ivy Fund Facility (\$2.204) less the Permanent Leverage (\$1.50) and Additional Leverage (\$0.24)	\$0.464
Target Allocation	Ivy Leverage Factor (4) multiplied by Investors' NAV for the Ivy Account (\$0.464 above)	\$1.856
Current Allocation	value of Ivy Fund Facility	\$2.204
Leverage Amount/Deleverage Amount	Target Allocation (\$1.856 above) less Current Allocation (\$2.204 above)	\$-0.348

Example 2: value of Ivy Fund Facility then decreases by 5%

It is now assumed that the value of the Ivy Fund Facility decreases by 5% on the next Adjustment Date from its previous value of \$2.32 to \$2.204 per Share (and the Additional Leverage from Example 1 remains in place).

As some Additional Leverage is currently being used and the Deleverage Amount relative to the Current Allocation (expressed as a percentage) would cause a downward adjustment of more than 10%, deleveraging of the Ivy Account will occur. As a result, Investors' exposure to the Ivy Fund will decrease (by the Deleverage

example 2: value of Ivy Fund Facility decreases by 5%



Amount of \$0.348 per Share), reducing the Additional Leverage from \$0.24 to zero and increasing the value of the Ivy Cash Facility (from zero to \$0.108 per Share). Investors' exposure to the Ivy Fund will now be \$1.856 per Share (being \$2.204 less the Deleverage Amount of \$0.348). This is shown in the calculation and in the diagram on the previous page.

3.8 Foreign exchange hedging

Because the Ivy Fund and the Silver Creek Fund are denominated in US dollars and the performance of Xenon Alpha Plus is calculated in Australian dollars, calculations and Cash Facility entries will be made so that, in effect, Investors' currency exposure arising from this currency difference will be hedged on a monthly basis. This is designed to minimise the effect on Investors of exchange rate fluctuations.

The currency hedging calculations employed will not, however, completely eliminate the effect of exchange rate fluctuations (whether positive or negative) on the value of the Alpha Plus Portfolio. Currency hedging aims to limit the effect of such fluctuations to intra-month changes in value of the notional leveraged investments in the Funds between Adjustment Dates.

3.9 Other Account management

In addition to reallocations made under the Investment Allocation Mechanism, reallocations between a Fund Facility and a Cash Facility in an Account may occur to take into account the Funding Charge and any notional settlement payments under foreign exchange hedging transactions. The conditions set out in section 3.4 which apply to reallocations under the Investment Allocation Mechanism do not apply to these reallocations.

3.10 Payments to Investors at maturity

At maturity, Deutsche Bank will pay Deutsche Xenon a return under the Structured Deposit equal to the value of the Alpha Plus Portfolio (if positive) at that time, being the sum of the values (positive or negative) of the Ivy Account and the Silver Creek Account.

The value of either, or both, Accounts may be negative at maturity. If the value of an Account is negative, it will reduce the value of the Alpha Plus Portfolio.

The value of an Account may be negative if, for example, a Knockout Event occurs with respect to that Account. In this case, the Funding Charge on the Permanent Leverage will continue to reduce the value of that Account during the Term because

the Funding Charge will exceed the return from the relevant Cash Facility, which may result in the value of the Account being negative at maturity. If the overall value of the Alpha Plus Portfolio is negative at maturity, then it will be deemed to have a value of zero.

Deutsche Xenon will in turn, on the Maturity Date:

- pay to Investors a final dividend per Share equal to any positive performance of the Alpha Plus Portfolio (being any increase in the value of the Alpha Plus Portfolio as at the Maturity Date above \$1.00 per Share); and
- redeem, or arrange for Deutsche Australia to purchase, each Share for \$1.00. This obligation is limited in recourse to the net assets of Deutsche Xenon remaining after payment of the final dividend (if any) on the Maturity Date.

This means that if on the Maturity Date, the net assets per Share of Deutsche Xenon (equal to the value of the Alpha Plus Portfolio per Share at maturity) are less than \$1.00 per Share, Investors will only receive that lesser amount and will not receive any final dividend. Investors will not have any further claims against Deutsche Xenon, Deutsche Australia or Deutsche Bank in these circumstances.

section 4

the funds and the fund managers

4.1 Selection process

Deutsche Bank has selected the Ivy Fund and the Silver Creek Fund for inclusion in the Alpha Plus Portfolio. When selecting a fund, Deutsche Bank looks at the manager of that fund. In doing so, Deutsche Bank focuses on a number of factors. These include:

- the objectives of the fund manager;
- the fund manager's approach and strategy;
- the fund manager's risk controls;
- the fund manager's experience and background; and
- the fund manager's historical ability to generate positive and stable returns over the medium to long term.

Information about Ivy and Silver Creek is included in this Prospectus to give Investors an insight into their investment experience, strategy, track records, investment processes and their fees.

The information set out in sections 4.2 and 4.3 has been provided by Ivy and Silver Creek respectively.

4.2 Ivy¹²

Ivy is based in New York, USA. As of 30 June 2004, Ivy was ranked 7th largest hedge fund manager globally by InvestHedge, a hedge fund research house. As at 30 June 2004 Ivy had more than US\$13 billion in assets under management. For over 20 years, Ivy has targeted niche styles and sophisticated strategies not typically available to the general investing public. As at 31 August 2004, Ivy had more than 130 full time employees dedicated to its hedge fund business.

¹² This section provides a summary only and does not constitute an offer to sell or a solicitation of any order to buy or sell securities.

the funds and the fund managers

The Ivy Fund is a special purpose feeder trust for non-US investors investing into the Ivy Rosewood Diversified Fund. The notional leveraged investment in the Ivy Fund included in the Alpha Plus Portfolio has materially the same economic effect as a notional leveraged investment in the Ivy Rosewood Diversified Fund.

The Ivy Fund invests substantially all of its assets into the Ivy Rosewood Diversified Fund. The only amounts not invested into the Ivy Rosewood Diversified Fund are:

- amounts required to meet establishment costs and ongoing administrative and other costs of the Ivy Fund, which are not expected to be significant;
- amounts received from the Ivy Rosewood Diversified Fund to satisfy redemptions; and
- amounts required to pay the management and performance fees referred to in section 4.2.4.

The performance of the Ivy Fund is based on the performance of the Ivy Rosewood Diversified Fund.

The use of a special purpose feeder trust such as the Ivy Fund allows investors to negotiate specific arrangements in relation to their investment. This has enabled the Alpha Plus Portfolio to have specific arrangements in relation to liquidity to support the Early Exit Facility (see sections 5.9 and 9.1.4) and the management and performance fees referred to in section 4.2.4.

4.2.1 Ivy's track record

Ivy manages a number of Funds of Hedge Funds. The Ivy Rosewood Diversified Fund (to which Investors in Xenon Alpha Plus have exposure through the Ivy Fund) is Ivy's newest market neutral, low volatility Fund of Hedge Funds. The Ivy Rosewood Diversified Fund commenced trading in February 2004 and, as such, has not yet recorded a full year's trading history.

To demonstrate Ivy's experience, Ivy has provided a composite stream of returns for the funds it manages that represent the historical performance of Ivy's dedicated market neutral, low volatility investment vehicles (**Composite Returns**). Other than as provided below, these funds have investment objectives, policies and strategies similar to the Ivy Rosewood Diversified Fund.

The Composite Returns shown in this section 4.2.1 have been calculated net of all fund fees and expenses, and assuming a management fee of 1.50% per annum and a performance fee equal to 10% of the increase in NAV above a prior high watermark. These management and performance fees have been deducted from the Composite Returns because the Ivy Fund will be charged such fees.

Initially, the composite consisted of only Rosewood Associates. Following the inception of each subsequent fund, returns of that fund are added to the composite according to the relative size of each fund in the composite (measured by assets under management). Past performance is not indicative of future results.

The Composite Returns are hypothetical in that these funds have not traded together in the manner shown in the composite. No representation is being made that the Ivy Rosewood Diversified Fund or any other investment vehicle will, or is likely to, achieve a record similar to that shown. In fact, there may very well be material differences between a hypothetical performance record and the actual record subsequently achieved.

Investors should recognise that there are certain differences between the investment objectives and strategies of the Ivy Rosewood Diversified Fund and the funds used

to generate the Composite Returns. Although all are market neutral and focus on low volatility strategies, the Ivy Rosewood Diversified Fund has a higher return objective as compared to the funds used to create the Composite Returns and has more flexibility to invest in:

- a broader geographic diversity of funds and/or managers;
- strategies such as credit hedging and arbitrage and/or tactical trading strategies; and
- funds which may have limited exposure to the equities markets.

Therefore, the Ivy Rosewood Diversified Fund (and, therefore, the Ivy Fund) may generate different returns and/or experience more volatility than the funds used to create the Composite Returns.

No representation is made that an Investor will, or is likely to, achieve results similar to the Composite Returns. No assurance can be given that the investment objective of the Ivy Rosewood Diversified Fund will be achieved and investment results may vary on a quarterly, annual and/or other periodic basis.

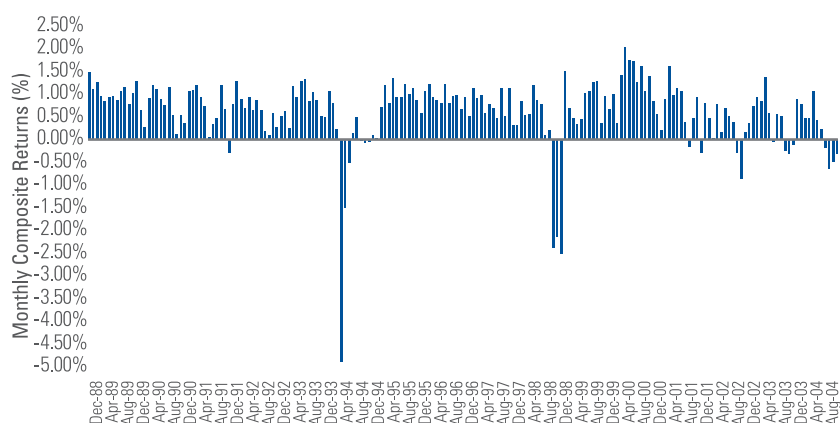
The table to the right above shows each of the five Funds of Hedge Funds included in the composite.

The monthly Composite Returns of these five Funds of Hedge Funds are shown in chart 1.

fund name	inception date
Rosewood Associates	December 1988
The Regency Fund, L.P.	August 1990
Ivy Enhanced Income Fund	August 1996
A market neutral customised portfolio ¹	July 1997
Rosewood Offshore Fund, Ltd	January 2000

¹ The name of the holder of the customised portfolio has been intentionally deleted.

chart 1: Ivy market neutral Funds of Hedge Funds' monthly Composite Returns from December 1988 to August 2004'



¹ Results for March 1994 have been adjusted to reflect recoveries in calendar year 2001 relating to an investment that was written off in March 1994. Excluding the 2001 recoveries, the results for March 1994 would have been -7.03%. Investors should be aware that the historical Composite Returns shown herein do not guarantee any particular level of return for the Ivy Rosewood Diversified Fund in the future. Historical Composite Returns are not a reliable indicator of the future performance of the Ivy Rosewood Diversified Fund. Future performance may differ materially.

the funds and the fund managers

period	Composite Returns (per annum)
Last 1 year	2.79%
Last 3 years	3.62%
Last 5 years	7.23%
Last 10 years	7.52%

The table to the left above shows the annualised historical Composite Returns of these five Funds of Hedge Funds for various periods up to 31 August 2004.

The Ivy Rosewood Diversified Fund currently has a US dollar denominated annual return target of 7% per annum above the London Interbank Offered Rate for one month US dollar loans (**LIBOR**) before deducting fees (see section 4.2.4 for details of applicable fees).¹³ No assurance can be given that the Ivy Rosewood Diversified Fund will achieve this return objective.

month	Ivy Rosewood Diversified Fund (monthly return)
February 2004	0.05%
March 2004	0.17%
April 2004	-0.17%
May 2004	-0.51%
June 2004	0.07%
July 2004	-0.13%
August 2004	0.18%

The table to the left below shows the monthly returns of the Ivy Rosewood Diversified Fund since its inception in February 2004, calculated net of all fund fees and expenses, and assuming a management fee of 1.50% per annum of the Ivy Rosewood Diversified Fund's NAV and a performance fee equal to 10% of the increase in the Ivy Rosewood Diversified Fund's NAV above a prior high watermark. These management and performance fees have been deducted from the returns of the Ivy Rosewood Diversified Fund because the Ivy Fund will be charged such fees.

For information about the target return for Xenon Alpha Plus, see section 2.2.

¹³ The target return is not a forecast, projection or prediction, or the result of a simulation of future performance. The target return is not and should not be seen as a statement about likely future performance and there is no guarantee that the actual performance of the Ivy Rosewood Diversified Fund will achieve its target return as its performance is subject to a number of risks. Instead, the target return has been included solely so that Investors may gain an insight into the type of return sought and the commensurate risk of a notional investment in the Ivy Fund. Investors should be aware that neither the historical returns achieved by Ivy, nor the stated return targets of the Ivy Rosewood Diversified Fund, guarantee any particular level of return for the future. Such data are not reliable indicators of future returns. Past performance is not a reliable indicator of future performance. Future performance may differ materially from both past performance and the target annual return rate.

4.2.2 Ivy’s investment strategy

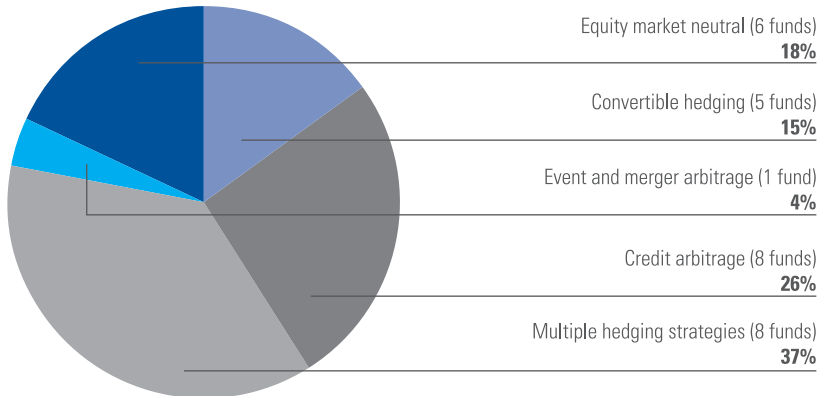
Ivy generally employs investment strategies that are intended to build portfolios that, as a whole, have only limited exposure to equity markets.

Ivy generally focuses on hedge fund strategies that are best aligned with its investment philosophy of providing investors with consistent risk-adjusted performance in varying market conditions, while remaining cognisant of the trade-off between risk and reward.

Ivy generally does not leverage any of its Funds of Hedge Funds. However, the underlying hedge funds in which it invests may employ leverage.

Chart 2 to the right shows a breakdown of the Ivy Rosewood Diversified Fund’s 28 component hedge funds by strategy and assets under management as at 31 August 2004. Investment strategies may be added or removed by Ivy from time to time.

chart 2: Ivy Rosewood Diversified Fund’s component hedge funds by strategy and percentage of assets under management (as at 31 August 2004)



the funds and the fund managers

4.2.3 Ivy's investment process

In selecting hedge funds to invest in through its Funds of Hedge Funds, Ivy:

- researches hedge fund managers that employ various strategies and techniques;
- identifies hedge fund managers that have achieved above average returns through different market cycles, giving greater weight to good performance in 'bear' markets than in 'bull' markets; and
- takes into account consistency of performance.

Based on the above, Ivy:

- identifies potential candidates and engages in further investigation of those potential candidates, including where possible, each candidate's adherence to its stated strategies; and
- also takes into account the candidate's expertise, experience, risk posture, communications and reporting.

This process aims to minimise risk while maximising potential returns in its Funds of Hedge Funds.

The underlying hedge fund managers have complete discretion to purchase and sell securities and other financial instruments, subject to any limitations as adopted by the underlying hedge fund manager or as agreed to between Ivy and the underlying hedge fund manager.

4.2.4 Ivy Fund Fees

The Ivy Fund will be charged a management fee equal to 1.50% per annum of the Ivy Fund's NAV and an annual performance fee equal to 10% of any increase in the Ivy Fund's NAV above a prior high watermark. Of these fees, Deutsche Bank will receive 0.60% per annum of the Ivy Fund's NAV and 3% of any increase in the Ivy Fund's NAV above a prior high watermark. The remainder will be paid to Ivy. These fees will reduce the returns of the Alpha Plus Portfolio.

4.3 Silver Creek¹⁴

Silver Creek's principals have been managing Funds of Hedge Funds for more than 10 years. Silver Creek had approximately US\$2.8 billion in assets under management as at 30 June 2004.

Silver Creek states that it seeks to differentiate itself from other managers of Funds of Hedge Funds by:

- having principals who determine portfolio construction, strategy allocation and manager selection;
- using its contacts in the hedge fund industry and investor networks;
- having access to hedge fund managers who are closed to many investors; and
- having a risk-focused investment philosophy.

Silver Creek is based in Seattle, Washington, USA.

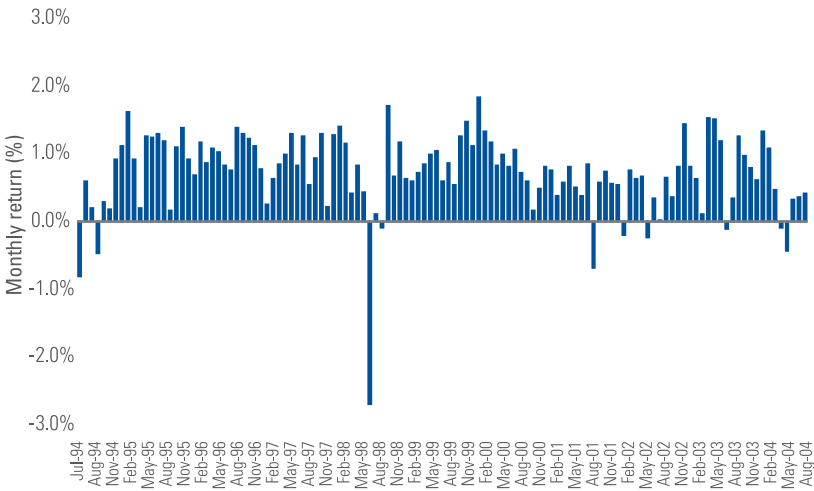
4.3.1 Silver Creek’s track record

Silver Creek manages a number of Funds of Hedge Funds. The Silver Creek Fund is its longest running low volatility Fund of Hedge Funds and has a track record from July 1994. The Silver Creek Fund is a continuation of Dillon/Flaherty Partners, L.P. (DFP), a Fund of Hedge Funds which commenced in 1994 and was managed by Eric E. Dillon and Timothy P. Flaherty (the founders and principals of Silver Creek). Approximately 90% of DFP’s assets were subsequently transferred into the Silver Creek Fund.

Chart 3 shows the monthly returns of the Silver Creek Fund (including its predecessor, DFP) from July 1994 to August 2004.¹⁵

The table to the right shows the annualised historical returns of the Silver Creek Fund (including its predecessor, DFP) for various periods up to 31 August 2004.¹⁵

chart 3: Silver Creek Fund monthly returns from July 1994 to August 2004



period	return (per annum)
Last 1 year	7.42%
Last 3 years	6.97%
Last 5 years	8.51%
Since inception (July 1994)	9.28%

¹⁵ Returns prior to July 2001 represent the historical returns of DFP prior to the transfer of its assets into the Silver Creek Fund. Investors should be aware that the historical returns of the Silver Creek Fund do not guarantee any particular level of return for the future. Such data are not reliable indicators of future returns. Past performance is not a reliable indicator of future performance. Future performance may differ materially.

the funds and the fund managers

historical statistics for the 5 year period ended 31 August 2004

Annualised monthly volatility	2.09%
Sharpe Ratio	2.28%
Largest drawdown	-2.79%
Percentage of winning months	90.98%

'**Annualised monthly volatility**' is a measure of the variation in returns over time calculated by taking the monthly standard deviation of returns and expressing this as an annual average.

'**Sharpe Ratio**' is a calculation used to indicate the amount of return (defined as excess return over the risk free rate) earned per unit of risk (defined as standard deviation of portfolio returns). The higher the Sharpe Ratio, the better the return relative to the amount of investment risk.

'**Largest drawdown**' means the sum of consecutive monthly returns that gives the largest total negative performance over any period.

'**Percentage of winning months**' means the number of positive monthly returns expressed as a percentage of total months of performance.

The table above shows some key historical statistics for the Silver Creek Fund for the five year period up to 31 August 2004.¹⁶

The Silver Creek Fund currently has a target return of 5% to 9% per annum above three month US Government Treasury Bills after deducting fees (see section 4.3.4 for details of applicable fees).¹⁷

For information about the target return for Xenon Alpha Plus, see section 2.2.

4.3.2 Silver Creek's investment strategy

Silver Creek states that it allocates capital among a diversified group of fund managers that use a variety of defensive hedge fund strategies in order to achieve its aim of delivering enhanced returns with monthly volatility in returns that is less than the volatility of more traditional equity or fixed income investment portfolios.

Silver Creek states that the Silver Creek Fund has a line of credit for liquidity purposes and to allow it to take advantage of investment opportunities. This line of credit has historically been for less than 15% of the assets of the Silver Creek Fund at any time (although it may be subject to change over time).

Chart 4 on the following page shows a breakdown of the Silver Creek Fund's 62 component hedge funds by strategy as at 30 June 2004. Investment strategies may be added or removed by Silver Creek from time to time.

4.3.3 Silver Creek's investment process

Silver Creek states that in selecting hedge funds to invest in through its Funds of Hedge Funds it:

- reviews newly identified fund managers sourced primarily from its existing network of fund managers and from its large hedge fund investors. Silver Creek states that, since January 2002, it has interviewed more than 600 hedge fund managers as part of its investment process;

¹⁶ Returns prior to July 2001 represent the historical returns of DFP prior to the transfer of its assets into the Silver Creek Fund. Investors should be aware that the historical returns of the Silver Creek Fund do not guarantee any particular level of return for the future. Such data are not reliable indicators of future returns. Past performance is not a reliable indicator of future performance. Future performance may differ materially.

¹⁷ The target return is not a forecast, projection or prediction, or the result of a simulation of future performance. The target return is not and should not be seen as a statement about likely future performance, and there is no guarantee that the actual performance of the Silver Creek Fund will achieve its target return, as its performance is subject to a number of risks. Instead, the target return has been included solely so that Investors may gain an insight into the type of return sought and the commensurate risk of a notional investment in the Silver Creek Fund. Investors should be aware that neither the historical returns achieved by the Silver Creek Fund nor the stated return targets of the Silver Creek Fund guarantees any particular level of return for the future. Such data are not reliable indicators of future returns. Past performance is not a reliable indicator of future performance. Future performance may differ materially from both past performance and the target annual return rate. US Government Treasury Bills means short term securities issued by the US Government, the rate for which was 1.70% as at 30 September 2004.

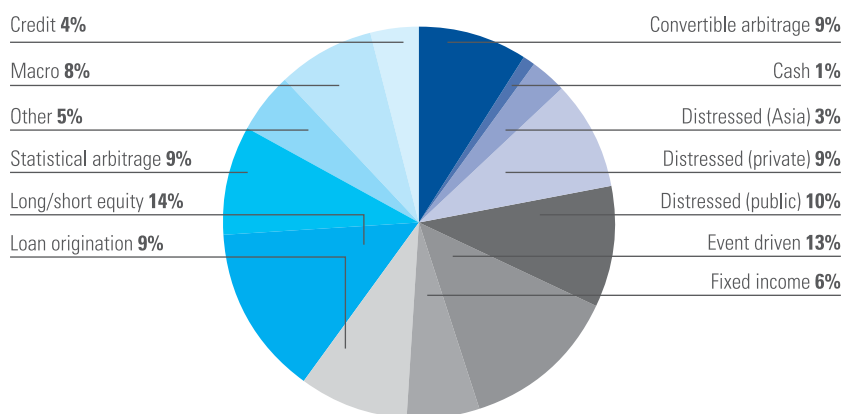
- uses certain criteria including an analysis of a hedge fund manager’s performance during various time periods and market cycles and its reputation, experience, training, investment philosophy and policies; and
- considers a hedge fund manager’s internal controls and ability to provide timely and accurate reporting.

Silver Creek states that it may also allocate capital to hedge fund managers who lack historical track records but who, in the opinion of Silver Creek, offer exceptional potential.

Silver Creek states that it monitors each hedge fund manager included in its Funds of Hedge Funds on an ongoing basis and reviews each hedge fund manager’s investment policies and philosophies regularly. Silver Creek states that it may appoint hedge fund managers to, or remove them from, its Funds of Hedge Funds at its discretion.

In so doing, Silver Creek states that it may take into account changes in a hedge fund’s allocation to a particular strategy, indications that a particular hedge fund’s contribution to portfolio returns has decreased, the addition of a new strategy by a hedge fund, or a significant change in the size of a hedge fund.

chart 4: Silver Creek Fund’s component hedge funds by strategy (as at 30 June 2004)



4.3.4 Silver Creek Fund Fees

Silver Creek charges a management fee equal to 1.30% per annum on the Silver Creek Fund’s NAV and a performance fee equal to 5% of the annual increase in the Silver Creek Fund’s NAV. These fees will reduce the returns of the Alpha Plus Portfolio.

Deutsche Bank will receive a fee rebate from Silver Creek equal to 0.25% per annum of the Silver Creek Fund’s NAV. The returns of the Alpha Plus Portfolio will not take this rebate into account.

4.4 Ability to replace Funds in the Alpha Plus Portfolio

The Alpha Plus Portfolio is linked to the performance of the Ivy Fund and the Silver Creek Fund. However, under the terms of the Structured Deposit, Deutsche Bank may, in certain circumstances, replace the Funds with other funds managed by the same Fund Managers (or their affiliates), or with investments in commercial paper, but only if it reasonably determines that it is in the best interests of Deutsche Xenon to do so (see section 9.1.3 under ‘Suspension Events’ for circumstances in which this may happen).

section 5

terms of offer

5.1 Offer Period

The Offer is scheduled to open at 9.00am (Sydney time) on 18 October 2004 and is expected to close at 5.00pm (Sydney time) on 19 November 2004. Shares are expected to be issued on 25 November 2004.

Deutsche Xenon or the Arranger may, without notice, close the Offer early, extend the Close Date or withdraw the Offer, and may accept late applications, either generally or in particular cases.

If the Close Date is varied, the Issue Date may also vary.

5.2 Applying for Xenon Alpha Plus

The Offer is only open to Australian residents receiving this Prospectus in Australia, including obtaining an electronic version of this Prospectus from Deutsche Xenon's website.

Applications may be made only on an Application Form attached to, or accompanying, this Prospectus (including an electronic version of this Prospectus). Investors should refer to Appendix D for information on how to apply for Xenon Alpha Plus.

Applications for Xenon Alpha Plus may be made only through your broker, financial planner or licensed securities adviser, who should contact the Arranger to lodge your application.

terms of offer

5.3 Minimum application size

Applications must be for a minimum of 5,000 Shares (\$5,000) and thereafter in multiples of 1,000 Shares (\$1,000).

The Issue Price is \$1.00 per Share.

Application money is payable in full with a completed Application Form for an investment in Xenon Alpha Plus.

5.4 Application and management fees

No application or management fees are payable by Investors in Xenon Alpha Plus.

5.5 Acceptance of applications and refunds

There is no maximum or minimum issue size. The Offer proceeds will be used in the same way regardless of the amount raised by the Offer, and the amount so raised will not affect Investors' returns (because of the way the Alpha Plus Portfolio is designed and because Deutsche Xenon's ongoing administrative expenses are to be met by Deutsche Australia).

Allocation of Shares will be at the discretion of the Arranger.

Applications may be subject to scaling back. If you are allotted fewer than the number of Shares for which you applied, you will receive a refund of your excess application money as soon as practicable after the Close Date. No interest will be paid to applicants on any application money, whether refunded or not, and any interest earned on the application money account will be paid to Deutsche Australia.

Deutsche Xenon and the Arranger have the right at any time to withdraw the Offer. If the Offer is withdrawn, no Shares will be issued and all application money will be refunded without interest, and any interest earned on the application money account will be paid to Deutsche Australia.

5.6 Holding statements

Following the issue of Shares to successful applicants, Investors will be issued an initial statement of holding that sets out the number of Shares which have been allocated to them in the Offer. These statements will be dispatched to successful applicants as soon as practicable after the Issue Date.

Investors will also be sent a revised statement of holding that sets out the remaining number of Shares (if any) held by them following any early realisation of their Shares (see sections 5.9 and 5.10 concerning circumstances where this could occur).

5.7 Enquiries

Potential investors with questions on investing in Xenon Alpha Plus, how to complete an Application Form or how to obtain additional copies of this Prospectus or other documents available for inspection should call:

- their broker, financial planner or licensed securities adviser; or
- the Information Line on 1800 007 353 (free call).

5.8 Transfers of Xenon Alpha Plus restricted

Unless the prior agreement of Deutsche Xenon is obtained (which may be granted or withheld at Deutsche Xenon's absolute discretion), you are not permitted to sell or transfer your Shares. However, this does not prevent an early exit under the Early Exit Facility.

Deutsche Xenon must register a transfer of Shares to or by a person who is entitled to do so, as a result of the death or bankruptcy of an Investor, in accordance with all applicable laws on provision of such evidence of entitlement as Deutsche Xenon may require.

5.9 Early Exit Facility

Xenon Alpha Plus has been designed as a medium term investment of just under four years. However, for Investors who want to realise their investment before maturity, Deutsche Xenon has arranged for Deutsche Australia to provide an early exit facility for a maximum number of Shares equal to 5% per month of the total number of Shares originally issued (**Early Exit Facility**).

To exit early:

- An Investor must complete and sign an Early Exit Notice. The Early Exit Notice must be for a minimum of 5,000 Shares (or, if less, for the Investor's whole shareholding) and must not result in an Investor's shareholding falling below 5,000 Shares after the exit unless it reduces the Investor's shareholding to zero.
- To exit at an **Early Exit Date** (the last Business Day of each month during the Early Exit Period), the Investor must submit the Early Exit Notice to the Registrar no later than the Business Day which is 10 Business Days before the relevant Early Exit Date (**Cut-Off Date**).

- On or about 3 Business Days after the Cut-Off Date, Deutsche Xenon will post on its website the price for that month at which Deutsche Australia is prepared to buy Shares under the Early Exit Facility (the **Early Exit Price** – see section 5.9.2).
- An Investor may only cancel an Early Exit Notice by completing and signing a Cancellation Notice and submitting it to the Registrar at least 3 Business Days before the relevant Early Exit Date.

An Early Exit Notice and Cancellation Notice are set out in Appendix C. Alternatively, Investors may download a copy from the Deutsche Xenon website at www.deutschexenon.db.com or contact the Registrar to obtain a copy.

5.9.1 Restrictions on Early Exit Facility

The Early Exit Facility only requires Deutsche Australia to purchase a maximum number of Shares per month equal to 5% of the Shares originally issued. Deutsche Australia may, in its absolute discretion, elect to purchase more than 5% in any given month.

terms of offer

If the total number of Shares sought to be realised by Investors in a month exceeds 5% of the total number of Shares originally issued, then Deutsche Australia will:

- **first** – purchase on a pro rata basis any Shares tendered in a previous month that have not been purchased and for which a valid Cancellation Notice has not been submitted; and
- **second** – to the extent that the 5% maximum has not been reached, purchase, on a pro rata basis, Shares from each Investor that has submitted a valid Early Exit Notice in the current month and has not submitted a valid Cancellation Notice in respect of the Shares to be purchased.

Any Shares tendered in a particular month that are not purchased by Deutsche Australia in that month will be purchased by Deutsche Australia in subsequent months in priority to any Shares tendered in those subsequent months.

If an Investor's Shares that are tendered in a particular month are not purchased by Deutsche Australia in that month, the Investor may later withdraw their Early Exit Notice for those Shares by submitting a Cancellation Notice at least 3 Business Days before the next Early Exit Date.

5.9.2. Costs associated with an early exit

The Early Exit Price offered by Deutsche Australia in any month will not be the net asset value of Xenon Alpha Plus, but rather will be a lesser amount reflecting any administrative costs of Deutsche Australia or Deutsche Bank, any costs associated with unwinding any related hedge positions (see section 9.2.4 for further details) and an early exit fee (**Early Exit Fee**).

The Early Exit Fee is a sliding fee equal to \$0.04 for each Share purchased by Deutsche Australia under the Early Exit Facility pursuant to a notice given during the first year, \$0.03 for each Share purchased pursuant to a notice given during the second year, \$0.02 for each Share purchased pursuant to a notice given during the third year and \$0.01 for each Share purchased pursuant to a notice given during the fourth year, of the Term. There can be no assurance that the Early Exit Price will be at any particular level or that it will enable Investors to exit their investment at a price that is acceptable to them.

Deutsche Xenon will arrange for Investors to be paid their Early Exit Price as soon as practicable, but in any event no later than 5 Business Days after the relevant Early Exit Date.

5.10 Compulsory early purchase

In addition to the Early Exit Facility, in certain circumstances, Deutsche Xenon may redeem, or require Deutsche Australia to purchase, all or some Shares compulsorily. These circumstances are described in section 9.1.2 under 'Early Purchase or Redemption required by Deutsche Xenon'.

If this happens, each relevant Investor will receive an amount that the Directors reasonably believe is the proportion of the realisable value of the net assets of Deutsche Xenon that equals the proportion that the aggregate number of Shares to be compulsorily purchased bears to the total number of outstanding Shares (less any administrative costs of Deutsche Australia or Deutsche Bank, any costs associated with unwinding any related hedge positions (see section 9.2.4 for further details) and the Early Exit Fee).

Any compulsory early purchase required by Deutsche Xenon will be separate from any early exit under the Early Exit Facility and will not count towards the 5% monthly limit under the Early Exit Facility.

5.11 Commissions, stamp duty and GST

No commission or Australian stamp duty will be payable by applicants on Xenon Alpha Plus. Under current stamp duty laws, no Australian stamp duty is payable on permitted transfers of Xenon Alpha Plus or under the Early Exit Facility.


Deutsche Xenon has agreed that the Arranger may make payments of certain commissions out of its own funds to brokers, financial planners and licensed securities advisers in relation to applications for Xenon Alpha Plus (see section 9.2.4). Members of the Deutsche Bank Group may receive some of these commissions.

Brokers, financial planners and licensed securities advisers may agree with Investors to waive part or all of their upfront commission. In this case, any amount waived will be credited to the relevant Investor as additional Shares (and the Investor's Application Form will be treated as extending to these).

Payment of any dividend and repayment of principal on Shares are not currently subject to GST.

section 6

risks



You should be aware that there are risks associated with investing in Xenon Alpha Plus. In particular you should consider carefully each of the following risks, as well as the other information in this Prospectus. There may also be other risks particular to you that are not detailed in this Prospectus.

Some of the following risks apply generally to any investment, while others are specific to Xenon Alpha Plus.

You should read the whole of this Prospectus carefully, including the following discussion of risks associated with investing in Xenon Alpha Plus. This Prospectus does not take into account the investment objectives, financial situation and particular needs of each potential investor. It is recommended that before making a decision to apply for Xenon Alpha Plus, you consult your broker, financial planner or licensed securities adviser.

6.1 Risks associated with Deutsche Xenon and Xenon Alpha Plus

6.1.1 Capital and final dividend are not guaranteed

Investors should note that an investment in Xenon Alpha Plus is not capital guaranteed. All of an Investor's \$1.00 per Share capital investment is at risk. If the Alpha Plus Portfolio loses value, Investors may not recover all or any of their investment on the Maturity Date or on an early exit. There is also no guarantee that there will be an amount to distribute by way of final dividend.

6.1.2 Leveraged investment

Leverage will be used as part of the Alpha Plus Portfolio. As well as magnifying positive returns, leverage can also magnify losses. For example, if an investor invested \$1.00 in an asset and the value of the asset fell by 5%, the asset would be worth \$0.95. If an investor had \$1.00, borrowed \$2.50, and invested a total of \$3.50 in an asset and the value of the asset fell by 5%, then the asset would be worth \$3.32. If the investor sold the asset at this point, the investor would receive \$3.32 but would have to repay the borrowing of \$2.50. This would leave the investor with \$0.82. This represents a loss of 17.5% on the original \$1.00 of the investor's money even though the value of the asset only fell by 5%.

risks

The leverage used increased the investor's loss. A similar effect could result from investing in Xenon Alpha Plus as returns to Investors are calculated as if the \$1.00 per Share originally invested is leveraged by the Permanent Leverage and, where applicable, the Additional Leverage.

In addition, although it is not commonly used, the Ivy Rosewood Diversified Fund and the Silver Creek Fund have the ability to leverage their investments, and some of the underlying hedge funds in which they invest may also be leveraged. As the Alpha Plus Portfolio is exposed to the performance of the Ivy Rosewood Diversified Fund (to which Investors in Xenon Alpha Plus have exposure through the Ivy Fund) and the Silver Creek Fund, there is the potential for a leveraged investment to be exposed to one or more other leveraged investments. This has the potential to increase the quantum of gains or losses experienced by Investors.

Regardless of the level of leverage used, the liability of an Investor is limited to the Issue Price of the Shares (which is \$1.00 per Share).

6.1.3 Investment Allocation Mechanism

The Investment Allocation Mechanism will determine the amount of any Additional Leverage to be used and the allocation of the Alpha Plus Portfolio between Fund Facilities and Cash Facilities. An Investor therefore may not be fully exposed to the Ivy Fund and the Silver Creek Fund (via each Fund Facility) at all times during the Term. If the Ivy Fund (the performance of which is based on the performance of the Ivy Rosewood Diversified Fund) or the Silver Creek Fund was to perform poorly, a Knockout Event may occur in relation to that Fund, in which case the relevant Account within the Alpha Plus Portfolio will become fully allocated to its Cash Facility, following which no further exposure to the relevant Fund will be possible. Even in the event that both Accounts within the Alpha Plus Portfolio become fully allocated to the Cash Facilities, Investors may still lose their entire initial investment, for example, because the Funding Charge on the Permanent Leverage will outweigh any return from Cash Facilities.

Also, the value of either, or both, Accounts in the Alpha Plus Portfolio may be negative on the Maturity Date. Therefore, if one Fund performs poorly and results in a negative value for the relevant Account on the Maturity Date, that negative value will act as a reduction on any positive value in the other Account and reduce the overall value of the Alpha Plus Portfolio and of Xenon Alpha Plus.

Investors also bear risks associated with the fact that reallocations do not occur immediately under the Investment Allocation Mechanism. The net asset value of each Account in the Alpha Plus Portfolio may fluctuate between Adjustment Dates and the dates on which any reallocation of the Alpha Plus Portfolio takes effect in accordance with the Investment Allocation Mechanism. Increases or decreases in exposure to a Fund as part of a reallocation take effect some time after the relevant Adjustment Date and are based on the net asset value of the relevant Account on that later date (and not on the net asset value as of the relevant Adjustment Date). Investors should be aware that the net asset value of the Fund may fluctuate considerably during this time. Any such fluctuations are included in the calculation of the value of the Alpha Plus Portfolio.

6.1.4 Cost of Permanent Leverage

The Permanent Leverage will be fully used at all times regardless of the extent to which the Alpha Plus Portfolio is allocated to Fund Facilities or Cash Facilities. It is therefore possible for an Investor to have no exposure to a Fund because an Account is fully allocated to a Cash Facility and still incur the Funding Charge. In addition, even if the Alpha Plus Portfolio is fully allocated to Fund Facilities, there is a risk that the Funding Charge could outweigh the returns of the Funds. The Funding Charge associated with the Permanent Leverage will commence on the Issue Date and continue until the Maturity Date.

6.1.5 Liquidity

An investment in Xenon Alpha Plus is designed as a medium term investment of just under four years. Shares are only transferable with the prior agreement of Deutsche Xenon (which may be granted or withheld at its absolute discretion). Deutsche Australia will provide an Early Exit Facility, but this will be limited each month to a number of Shares equal to 5% of the Shares originally issued. There is a risk, therefore, that it may not be possible for an Investor to sell their Shares quickly should they need to do so or even be able to sell any of

their Shares in any one month. In addition, the Early Exit Price, being the price at which Deutsche Australia is willing to purchase Shares, will be less than the net asset value of the Shares. The Early Exit Price is determined by Deutsche Australia and takes into account administrative costs of Deutsche Australia and Deutsche Bank, any costs associated with unwinding any related hedge positions (see section 9.2.4 for further details) and the Early Exit Fee. There can be no assurance that the Early Exit Price will be at any particular level that will allow Investors to exit their investment in Xenon Alpha Plus at a price that is acceptable to them.

6.1.6 Exchange rate fluctuations

The currency hedging calculations used in Xenon Alpha Plus will not completely remove the risk that AUD/USD exchange rate fluctuations may have a negative impact on the returns of Investors. Of course, such fluctuations may also have a positive impact.

6.1.7 No voting or management power

Investors have no right or power to take part in Deutsche Xenon's management. The Board of Deutsche Xenon will be elected by Deutsche Xenon's ordinary shareholder, Deutsche Australia. The Board will be

responsible for the appointment and supervision of Deutsche Xenon's management. Accordingly, no person should invest in Xenon Alpha Plus unless that person is willing to entrust all decisions regarding the management of Deutsche Xenon to persons elected by Deutsche Australia. Deutsche Australia, as holder of the ordinary shares, is able to pass shareholder resolutions (including resolutions to approve buy-backs as referred to in section 9.1.2).

6.1.8 Reliance on third parties

In making calculations under the Alpha Plus Portfolio and as part of the Investment Allocation Mechanism, Deutsche Australia and Deutsche Bank will be relying on the Fund Managers and certain other third parties to provide information on the Ivy Fund, the Ivy Rosewood Diversified Fund and the Silver Creek Fund, such as valuations of these funds and descriptions of their investment strategies and processes. Deutsche Australia and Deutsche Bank will act in good faith based on the information provided to them in calculating the monthly NAV of Xenon Alpha Plus. The calculations made and the monthly NAV posted on Deutsche Xenon's website shall be final and binding on Investors except in the case of manifest error.

risks

Deutsche Australia and Deutsche Bank may have little or no means of independently verifying information received in respect of the Ivy Fund, the Ivy Rosewood Diversified Fund and the Silver Creek Fund, and may make determinations and calculations in connection with Xenon Alpha Plus based on incomplete information.

6.1.9 No other assets available

Deutsche Xenon will have no assets available to meet its liabilities in respect of Xenon Alpha Plus other than its contractual rights against Deutsche Bank under the Structured Deposit. The Structured Deposit is a limited recourse deposit, and the total payment by Deutsche Bank to Deutsche Xenon under it may result in Xenon Alpha Plus having a NAV per Share of less than \$1.00 on the Maturity Date. In this case, as Investors cannot recover from Deutsche Xenon more than the NAV per Share, there will be no further funds available to repay Investors and Investors will have no further claim on Deutsche Xenon under the Terms of Issue of Xenon Alpha Plus, or against Deutsche Australia or Deutsche Bank. In addition, Investors should be aware that Deutsche Bank operates in Australia as a branch of a foreign

bank. As a result, the Structured Deposit is not subject to, and Deutsche Xenon as depositor of the Structured Deposit with Deutsche Bank does not have the benefit of, the depositor protection provisions of Part II, Division 2 of the Banking Act 1959 (Cth).

6.1.10 Risk of compulsory early purchase

In addition to the Early Exit Facility available to Investors, in certain circumstances Deutsche Xenon may redeem (to the extent permitted by law), or may require Deutsche Australia to purchase, some or all of the Shares compulsorily. These circumstances are described in section 9.1.2 under 'Early Purchase or Redemption required by Deutsche Xenon'. Therefore, there is a risk that if one of these circumstances arises, each relevant Investor's Shares will be realised prior to the Maturity Date. If this happens, each relevant Investor will not be able to benefit from any gains in the value of Xenon Alpha Plus for the remainder of the Term. There can be no assurance that the price of any such early realisation will be a price that is acceptable to the relevant Investor, and it may be less than \$1.00 per Share. The price for any

such realisation will be the net asset value of Xenon Alpha Plus, but that net asset value will reflect any administrative costs of Deutsche Australia or Deutsche Bank, costs associated with unwinding any related hedge positions (see section 9.2.4 for further details) and the Early Exit Fee.

6.1.11 Withholding tax

Deutsche Bank may enter into certain arrangements to hedge its exposure under the Structured Deposit. These arrangements may involve multi-jurisdictional transactions and arrangements that could expose members of the Deutsche Bank Group to withholding tax. Under the terms of the Structured Deposit, if any withholding tax is imposed in connection with these arrangements, then payments by Deutsche Bank to Deutsche Xenon under the Structured Deposit will be reduced by the amount of such tax (and this means that an Investor's returns on Xenon Alpha Plus will be similarly reduced). Accordingly, Investors ultimately bear this risk. At the date of this Prospectus, there is no withholding tax associated with any of the contemplated arrangements.

6.2 Risks associated with the Fund Managers

6.2.1 Fund performance

The performance of Xenon Alpha Plus will depend largely on the performance achieved by the Ivy Fund (which is based on the performance of Ivy Rosewood Diversified Fund) and the Silver Creek Fund. There is a risk that these Funds may perform poorly. A decline in a Fund's value will reduce the NAV per Share by an amount which is greater than the percentage decline in the value of the Fund. This is because of the use of Permanent Leverage and any Additional Leverage in the Alpha Plus Portfolio.

A decline in a Fund's value large enough to trigger a Knockout Event for the relevant Fund will result in exposure to that Fund being reduced to zero, a reduction in the value of the relevant Account by any remaining Additional Leverage and any remaining value in the Account being allocated 100% to the relevant Cash Facility. Thereafter, Investors will be unable to benefit from any future increases in the value of that Fund. In addition, if Fund returns stagnate over time, the value of Investors' initial capital in Xenon Alpha Plus will be eroded by the effect of the Funding Charge.¹⁸

The past performance of Funds of Hedge Funds managed by the Fund Managers should not be construed as an indication of the future performance of the Ivy Rosewood Diversified Fund (on which the performance of the Ivy Fund is based) and the Silver Creek Fund. Future performance may differ materially from both past performance and the target annual return rate of the funds. There can be no assurance that the funds or the Fund Managers will achieve their respective investment objectives. Investors should not base their decision to invest upon the past performance of Funds of Hedge Funds managed by the Fund Managers.

Investors should also note that, as returns on Xenon Alpha Plus are linked to the performance of the Funds:

- the layering of fees, charges and performance based compensation resulting from the Fund of Hedge Funds structure may result in higher aggregate costs than if Investors directly invested in the underlying funds comprised in the Ivy Rosewood Diversified Fund and the Silver Creek Fund;
- the Ivy Rosewood Diversified Fund or the Silver Creek Fund may issue additional classes of shares or units in the future which may have different features to the shares and units in those funds to which the Alpha Plus Portfolio has exposure.

Differences between classes may adversely affect Investors. For example, if the NAV of the Ivy Rosewood Diversified Fund or the Silver Creek Fund falls, investors in particular classes may be permitted to realise their investment more or less frequently than others and certain classes may suffer greater losses. Fees payable to service providers in respect of a fund may also differ from class to class. As a result of these and other differences, all investors in the fund may not experience the same returns on their investment; and

- the Ivy Rosewood Diversified Fund and the Silver Creek Fund may employ strategies, or invest in markets or instruments, that are not described in this Prospectus and/or do not exist as at the date of this Prospectus. Deutsche Xenon and Deutsche Bank will not have any ability to select strategies or investments for the Ivy Rosewood Diversified Fund and the Silver Creek Fund or the funds in which they invest.

¹⁸ Investors should note that the Funding Charge on the Permanent Leverage will continue to be deducted in calculating the return on Xenon Alpha Plus until the Maturity Date regardless of whether the Alpha Plus Portfolio is allocated to Fund Facilities or Cash Facilities.

risks

6.2.2 Fund volatility

The performance of Xenon Alpha Plus will also depend on the volatility of the relevant share or unit price of the Funds. While the Funds have been selected due to, among other things, the targeted low volatility of returns (compared with equities markets), there is a risk that these targets are not achieved. The Ivy Rosewood Diversified Fund (on which the performance of the Ivy Fund is based) may be more volatile than the funds used to generate the Composite Returns shown in section 4.2. Periods of increased volatility of returns of the Ivy Rosewood Diversified Fund or the Silver Creek Fund may have a negative impact on Investors' returns even where the relevant fund ultimately generates a positive return over the Term. This is because volatility in the relevant share or unit price of the fund may result in frequent reallocations between relevant Fund Facilities and Cash Facilities under the Investment Allocation Mechanism which may, in turn, erode the value of Xenon Alpha Plus.

6.2.3 Estimated net asset values

Valuations of assets of the Funds (including, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund), may involve uncertainties and require the application of business judgment. Valuations of assets are generally based on the NAV of underlying hedge fund investments, without independent verification by the Fund Managers. These valuations may be based on unaudited financial records and, in some cases, may be only a preliminary calculation of the NAV. Any estimated NAV of Xenon Alpha Plus required for the purposes of determining an Early Exit Price or making calculations under the Investment Allocation Mechanism will be made in good faith by Deutsche Australia or Deutsche Bank. No retrospective adjustments will be made to an Early Exit Price or to the Investment Allocation Mechanism if such estimates later prove to be incorrect.

6.2.4 Changes in the Funds

If a Suspension Event (see section 9.1.3 under 'Suspension Events') occurs with respect to a Fund (including, in the case of the Ivy Fund, in respect of the Ivy Rosewood Diversified Fund), Deutsche Bank may suspend the allocations to that Fund within the Alpha Plus Portfolio and either select a replacement fund (which must be managed by the same Fund Manager or an affiliate) in which to make an allocation or allocate 100% of that Account to commercial paper rated A-1 or above by Standard & Poor's Rating Services or P-1 or above by Moody's Investors Service, Inc. A Suspension Event can occur in respect of a Fund (including, in the case of the Ivy Fund, in respect of the Ivy Rosewood Diversified Fund) for various reasons, including but not limited to, a material deviation from, or change in, its stated investment strategy, a change in the denomination of the currency of the shares or units in the fund, a breach of risk threshold limits or the dissolution or winding up of the administrator of the fund or the Fund Manager. There is a risk therefore that the composition of the Funds included in the Alpha Plus

Portfolio may change over the Term and that any replacement fund or replacement investments may perform poorly. If a Suspension Event occurs in respect of a Fund, changes in allocations will be made only if Deutsche Bank reasonably determines them to be in the best interests of Deutsche Xenon.

6.2.5 Regulatory and compliance risk

The Funds are not based in Australia and are not regulated under Australian law. They are regulated under US or other laws. There is a risk that US and other laws and their regulatory environments may change adversely. In addition, there is a risk that regulatory supervision of, and internal compliance within, a fund may not be performed to an appropriate standard. None of Deutsche Bank, Deutsche Xenon or any other member of the Deutsche Bank Group may be able to take steps to limit or prevent the adverse effects of changes in law or regulatory environment or inadequate regulatory supervision or internal compliance, including by changing the Funds to which the Alpha Plus Portfolio is allocated.

6.3 General risks

6.3.1 General market

Investors' returns may be adversely affected by market conditions, including but not limited to volatility in various investment markets, interest rates, foreign exchange rates, economic variables, political events, war, terrorism, natural events and changes in law which may occur globally or at a country, industry or asset class specific level.

6.3.2 Interest rate movements

The Funding Charge is based on a margin over BBSW (which is an Australian dollar floating rate). There is a risk that upward movements in interest rates will increase the Funding Charge. If the returns of the Funds do not increase proportionally with any such increase in the Funding Charge, this will have a negative impact on Investors' returns. In addition, the target return of Xenon Alpha Plus is based in part on current interest rates and the current interest rate environment. While a downward movement in interest rates would decrease the Funding Charge, there is a risk that downward movements in interest rates could adversely impact the returns of Xenon Alpha Plus.

6.3.3 Taxation

The returns from an investment in Xenon Alpha Plus may be influenced by changes in taxation laws (or their interpretation) in Australia or overseas. In addition, returns to Investors on Xenon Alpha Plus will be adversely affected if tax or other liabilities of Deutsche Xenon absorb its assets.

6.4 Risks associated with Deutsche Bank and Deutsche Australia

Investors are exposed to Deutsche Bank and Deutsche Australia credit risk in that if either becomes insolvent or otherwise unable to make payments in connection with their roles as, in the case of Deutsche Bank, Structured Deposit provider, or, in the case of Deutsche Australia, Early Exit Facility provider and provider of the purchase facility at maturity, then payments may not be made to Investors.

No member of the Deutsche Bank Group makes any representation or gives any guarantee or assurance as to the performance of Deutsche Xenon, the payment of any dividend on Xenon Alpha Plus, the repayment of amounts invested in Xenon Alpha Plus, or any particular rate of overall return on Xenon Alpha Plus.

Further information on Deutsche Bank and Deutsche Australia is set out in section 7.5.

section 7

the issuer

7.1 Who is Deutsche Xenon?

Deutsche Xenon Limited (ACN 109 425 925) is the issuer of Xenon Alpha Plus and is an Australian limited liability company incorporated under the Corporations Act.

Deutsche Xenon is a member of the Deutsche Bank Group, one of the world's largest financial services groups.

Deutsche Xenon has no other business and Xenon Alpha Plus will be the only investment opportunity offered by Deutsche Xenon.

The 'Deutsche Xenon' and 'Xenon Alpha Plus' marks are intended to be registered as trade marks in the name of Deutsche Bank and licensed at no cost to Deutsche Xenon.

7.2 The Board

The Directors on the Board of Deutsche Xenon are:

7.2.1 John Cincotta

John Cincotta was appointed Chief Operating Officer of the Deutsche Bank Group, Australia and New Zealand, in August 2002. He is a member of the Group Management and Executive Committees and chairs the Group Operating Committee. He first joined Deutsche Bank in 1993 as Head of Management Accounting. In 1995 he transferred to the Global Markets Division during its start up phase to take the role of Financial Controller. In 1998 he became the Chief Operating Officer of Global Markets. Prior to joining Deutsche Bank, John worked for Chase Manhattan Bank for more

than 6 years, starting as a graduate and holding various roles which included Business Area Controller for its Financial Markets Division and Head of Financial Accounting and Tax. John holds a Bachelor of Business with an accounting major from the University of Western Sydney.

7.2.2 Mark Grolman

Mark Grolman is a Managing Director and General Counsel, Asia Pacific Region (including Japan) of the Deutsche Bank Group and is based in Sydney. He is also General Counsel for Australia and New Zealand. Before joining Deutsche Bank in 1993, he was a partner in the international law firm, Coudert Brothers. In addition to managing Deutsche Bank's Legal Department

in Sydney and co-ordinating the resources of the Department regionally, Mark's legal work is focused primarily in the areas of corporate banking, project finance, futures and commodities and debt and equity capital markets. Mark is also a member of the Group Management and Operating Committees of Deutsche Bank in Australia, the Supervisory Committee of Deutsche Bank for New Zealand, the Asia Pacific Regional Governance Board of Deutsche Bank and various other committees of Deutsche Bank in Australia and New Zealand. Mark is a solicitor admitted in New South Wales and federally and holds the degrees of Bachelor of Arts and Bachelor of Laws from the University of New South Wales.

the issuer

7.2.3 Kevin Kosovich

Kevin Kosovich is currently the Head of Integrated Credit Trading for Deutsche Bank in Australia and New Zealand. With more than 15 years' experience in the Australian financial markets, he joined Deutsche Bank in 1996 from Bankers Trust Australia Limited, where he spent 7 years developing structured products. Kevin holds a Bachelor of Business in Economics and Finance from Curtin University, Western Australia.

7.2.4 Ian Martin

Ian Martin has nearly 20 years' experience in international capital markets. He is currently Head of Alternative Products within the Deutsche Bank Group's Global Markets Division in Sydney. Prior to joining Deutsche Bank, he spent 2 years pursuing private business opportunities which included advising on venture capital transactions throughout Europe and Hong Kong. Prior to this, he spent more than 9 years with General Re Financial Products Limited's London office where he ultimately held the position of Managing Director and Head of

Fixed Income Trading for European operations. Ian commenced his career in international capital markets in 1985 joining Lloyds Bank PLC in London (formerly Lloyds Merchant Bank). Ian graduated from Victoria University of Wellington, New Zealand.

7.3 Pro forma financial position

Immediately following the Issue Date, the financial position of Deutsche Xenon will be as shown in the table below left (assuming \$10 million is raised by the Offer and taking into account that all costs relating to the Offer will be paid by Deutsche Australia).

7.4 Who provides services to Deutsche Xenon?

Deutsche Xenon has entered into arrangements with various service providers for the purpose of the ongoing administration of Deutsche Xenon and Xenon Alpha Plus.

A brief summary of the role of each service provider is set out in the table on the next page. Summaries of the Arrangement Deed and the Services Deed (agreements concerning some of the service arrangements with Deutsche Australia) are set out in sections 9.1.5 and 9.1.6.

Each of Deutsche Bank, Deutsche Australia and Computershare acts as contractors, and not as partners, officers or employees of Deutsche Xenon.

Deutsche Xenon pro forma statement of financial position (post Offer)

assets

Structured Deposit	\$10,000,000 ¹
Cash	2
Total	\$10,000,002¹

liabilities and share capital

Xenon Alpha Plus redeemable preference shares	\$10,000,000 ¹
Ordinary shares	2
Total	\$10,000,002¹

¹ If the amount raised from the Offer is less than or greater than \$10 million, the Structured Deposit and the amount of Xenon Alpha Plus on issue will decrease or increase proportionally and the total assets and liabilities of Deutsche Xenon will vary accordingly.

service provider	responsibility
Deutsche Bank	<ul style="list-style-type: none"> ■ As Structured Deposit provider: Deutsche Bank provides the Structured Deposit, under which the returns payable to Deutsche Xenon are linked to the performance of the Alpha Plus Portfolio, and makes all associated calculations and determinations.
Deutsche Australia	<ul style="list-style-type: none"> ■ As Arranger: Deutsche Australia is responsible for arranging the initial distribution and sale of Xenon Alpha Plus. ■ As operating agent: Deutsche Australia is responsible for providing various day-to-day administrative services to Deutsche Xenon. ■ As provider of the purchase facility at maturity: Deutsche Xenon may require Deutsche Australia to purchase Xenon Alpha Plus on the Maturity Date as outlined in this Prospectus. ■ As provider of the Early Exit Facility: Deutsche Australia provides the Early Exit Facility for Xenon Alpha Plus.
Computershare	<ul style="list-style-type: none"> ■ As Registrar: Computershare is responsible for the establishment and maintenance of the Register.

7.5 About Deutsche Bank and Deutsche Australia

Deutsche Bank AG is a banking company with limited liability incorporated under the laws of the Federal Republic of Germany. Deutsche Bank AG is the parent company of a group consisting of banks, capital markets companies, funds management companies, a property finance company, instalment financing, research and consultancy companies and other domestic and foreign companies. The Deutsche Bank Group has about 1,555 branches and offices engaged in banking business and other financial business worldwide. As at 30 June 2004, the Deutsche Bank Group had total assets of approximately Euro 849 billion.

Further information on Deutsche Bank is available on the bank's website, www.db.com.

Deutsche Australia Limited is an Australian limited liability company and is a wholly owned subsidiary of Deutsche Bank.

section 8

taxation information

Greenwoods & Freehills

8 October 2004

The Directors
Deutsche Xenon Limited
Level 18
Grosvenor Place
225 George Street
Sydney NSW 2000

Dear Directors

Xenon Alpha Plus redeemable preference shares

We have been instructed by Deutsche Xenon Limited (**Deutsche Xenon**) to prepare a taxation summary, for inclusion in a prospectus (**Prospectus**) dated 8 October 2004, in relation to the Xenon Alpha Plus redeemable preference shares (**Shares**) proposed to be issued by Deutsche Xenon.

This letter provides a summary of the principal Australian income tax, goods and services tax (**GST**) and stamp duty implications arising for persons who invest in Shares (**Investors**). This summary only examines the tax position of Investors who:

- are residents of Australia for tax purposes including individuals, companies and complying superannuation entities; and
- do not carry on the business of trading or dealing in securities, but who hold the Shares for long term investment purposes (i.e. hold the Shares on capital account for tax).

The information contained in this summary is of a general nature only and does not attempt to address all of the tax implications that may be relevant to Investors. Prospective investors should not rely on the information contained in this opinion and should seek independent taxation advice in light of their own particular facts and circumstances.

The summary is based on Australian tax laws and practices applicable as at the date of this letter. Investors should be aware that such laws and practices may change during the term of the Shares.

All references to legislative provisions are to provisions of the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997 (each the **Act**), as applicable. Capitalised terms not defined in this letter have the same meanings as in the Prospectus.

taxation information

1. Tax characterisation of the Shares

From the point of view of Investors, a Share is a share issued by Deutsche Xenon in accordance with its Terms of Issue.

Tax legislation draws a distinction between 'debt interests' and 'equity interests'. The characterisation of an interest in an entity is important because it determines the tax treatment of returns paid on the interest.

Deutsche Xenon has an obligation to redeem or purchase the Shares on the Maturity Date. On the basis of our understanding of the likely commercial returns on the Shares, we consider that notwithstanding their legal form as shares, the Shares should be characterised as debt interests in Deutsche Xenon for tax purposes.

A dividend paid on a share that is a debt interest for tax purposes cannot be franked, and therefore cannot pass imputation credits to Investors.

2. Payment of the final dividend

It is expected that Deutsche Xenon will not pay Investors a dividend on the Shares prior to maturity of the investment. On or about the Maturity Date, Deutsche Xenon may declare and pay a final dividend. As the Shares should be treated as debt interests rather than as equity interests in Deutsche Xenon, the final dividend will not carry franking or imputation credits.

Investors will be required to include the amount of the final dividend in their assessable income in the year of income in which the final dividend is declared and paid.

3. Disposal of Shares

3.1 Disposal at maturity

Investors will realise a capital gain on disposing of their Shares on maturity of their investment where the capital proceeds exceed the cost base of the Shares.

The capital proceeds means the amount received by an Investor on disposing of their Shares at maturity (excluding any final dividend).

The cost base of the Shares will be equal to the amount paid for the Shares, i.e. the Issue Price, together with any incidental costs of acquisition.

Where Shares are held to maturity, generally no capital gain should arise. If the capital proceeds received by the Investor on maturity are less than the cost base of the Shares, Investors will realise a capital loss.

Capital losses may only be offset against capital gains, but can be carried forward indefinitely for use in a later year.

3.2 Disposal under the Early Exit Facility

If an Investor disposes of Shares under the Early Exit Facility, the sale price paid by Deutsche Australia for the Shares may be less than, or equal to, or greater than the cost base of the Shares.

If an Investor, other than a complying superannuation entity, acquires Shares with the intention of disposing of them before maturity, a net profit on the disposal should generally be recognised as ordinary income, rather than as a capital gain. Conversely, a net loss on the disposal should generally be an allowable deduction rather than a capital loss. Where a complying superannuation entity disposes of Shares, any gain will be deemed under the Act to be subject to the capital gains tax rules, regardless of the entity's intention.

The following discussion applies to Investors who acquire Shares with the intention of holding them until maturity and to complying superannuation entities.

If the sale price is greater than the cost base of the Shares, the Investor may realise a capital gain, depending on any cost base adjustments that may be necessary. This capital gain may be eligible for capital gains tax discounting if the Shares were held for at least 12 months and an Early Exit Notice in respect of the Shares was not submitted to Deutsche Xenon within the 12 month holding period.

If the sale price is less than the cost base, the Investor will realise a capital loss.

Investors should seek their own advice as to whether the capital gains tax discount concession is available in their particular facts and circumstances.

4. Application of anti-deferral taxation rules

Division 16E of Part III of the Act contains provisions that impose tax on an accruals basis on holders of certain debt-like securities in relation to income that is deferred under the security. For example, securities issued at a large discount to face value often bring those rules into operation: the discount is taxed to the holder gradually over the term of the security so as to prevent the deferral of tax.

Division 16E applies only to 'securities', as that term is defined in the Act. In our opinion, the Shares should not be regarded as 'securities' as defined, and accordingly we believe the Division should not apply to the Shares.

taxation information

5. Deductibility of borrowing costs incurred by Investors

Investors may borrow funds for the purpose of acquiring Shares and in so doing may incur interest expenses and other costs. Interest costs are generally deductible where the investor has a purpose of deriving assessable income from an investment, however there are provisions in the Act that can operate to deny a deduction for borrowing costs associated with capital assets.

In an ordinary case, an Investor who acquires Shares with the intention of holding the Shares to maturity (and thereby deriving the final dividend) should be entitled to a deduction for any borrowing costs connected with the Shares. Where an Investor in Shares is an individual, interest funding costs paid in arrears, or paid in advance for a period not exceeding 12 months, should generally be deductible when the amounts are paid.

Deductions for some borrowing expenses may be 'spread' over the term of the borrowing.

6. The general anti-avoidance rule: Part IVA

The general anti-avoidance rule, contained in Part IVA of the Act, gives the Commissioner of Taxation (**Commissioner**) the power to issue a determination which, generally speaking, cancels a 'tax benefit' obtained by a taxpayer in connection with a scheme entered into or carried out by a person where a party to the scheme has a sole or dominant purpose, objectively determined, of obtaining the tax benefit for the taxpayer.

An example of a tax benefit is an amount that is not included in the assessable income of a taxpayer, which would have been, or could reasonably be expected to have been, included if the scheme did not take place.

Whether Part IVA is capable of applying to a given Investor in relation to their acquisition, ownership and disposal of Shares will depend to a significant extent on the particular circumstances surrounding the Investor.

Given the nature of the Shares, and the fact that the final dividend, if any, is an uncertain amount, in our view it is unlikely that Part IVA would have any application where an Investor either holds the Shares to maturity and receives any final dividend, or disposes of the Shares and derives a profit that constitutes ordinary income. In such a case, it would generally be difficult for the Commissioner to successfully assert that, had an Investor not invested in Shares, it would be reasonable to expect that an alternative investment would have been chosen that would have generated assessable income at an earlier point in time. Consequently, there should be no relevant tax benefit as defined.

Where an Investor disposes of Shares prior to maturity, under the Early Exit Facility or otherwise, and as a result derives a discounted or undiscounted capital gain instead of any final dividend, then the question of whether Part IVA has any application will depend upon the Investor's individual facts.

7. Pay-As-You-Go withholding obligations

Investors may, if they choose, notify Deutsche Xenon of their tax file number (**TFN**), Australian business number (**ABN**) or a relevant exemption from the disclosure regulations.

In the event that Deutsche Xenon is not so notified, tax will be automatically deducted from the final dividend at the rate of 48.5 per cent of the gross cash payment. This requirement to withhold will continue until such time as the relevant TFN, ABN or exemption notification is given to Deutsche Xenon.

Investors will be entitled to claim an income tax credit or refund (as applicable) in their income tax returns in respect of the tax withheld.

8. GST

Investors should not be liable to GST by reason of their acquisition, ownership and disposal of Shares.

9. Stamp duty

Based on our instructions regarding the assets of Deutsche Xenon, Investors should not be liable to stamp duty by reason of their acquisition, ownership and disposal of Shares.

10. Disclaimer

This summary does not purport to give advice to any specific Investor, as each Investor's tax position will depend on their own particular circumstances. Investors should seek their own professional tax advice regarding their individual circumstances.

Yours faithfully

GREENWOODS & FREEHILLS PTY LIMITED

per:



Tony Frost
Director

section 9

additional information

9.1 Material contracts

This section contains a summary of the material contracts which have been entered into by Deutsche Xenon in relation to Xenon Alpha Plus.

9.1.1 Deutsche Xenon's Constitution and Terms of Issue of Xenon Alpha Plus

The rights and liabilities attaching to shares in Deutsche Xenon are set out in the Constitution of Deutsche Xenon and are regulated by the Corporations Act and general law. The Constitution was adopted on 30 July 2004 and amended on 8 October 2004.

The rights and liabilities attaching to Xenon Alpha Plus are set out in the Terms of Issue of Xenon Alpha Plus (which are included in a schedule to the Constitution) and are summarised below in section 9.1.2 'Terms of Issue of Xenon Alpha Plus'.

This summary does not purport to constitute a definitive statement of the provisions of the Constitution and the rights and liabilities of shareholders of Deutsche Xenon, nor the terms and conditions attaching to Xenon Alpha Plus, which can involve complex questions of law arising from the interaction of the Constitution and statutory and common law requirements. The Constitution (including the Terms of Issue of Xenon Alpha Plus) has been lodged with ASIC and is incorporated by reference into this Prospectus. A copy of the Constitution will be provided free of charge by Deutsche Xenon to any person who requests it during the Offer Period, by telephoning the Information Line on 1800 007 353 (free call).

additional information

Voting

At a general meeting, on a show of hands, every shareholder who is eligible to vote and who is present in person or by proxy has one vote. At the taking of a poll, every shareholder who is eligible to vote and is present in person or by proxy and whose shares are fully paid has one vote for each of his or her shares. Xenon Alpha Plus Investors have no voting rights except on a proposal that affects rights attached to Xenon Alpha Plus.

General meetings

Each ordinary shareholder is entitled to receive notice of, and attend and vote at, general meetings of Deutsche Xenon and to receive all notices and other documents required to be sent to ordinary shareholders under the Constitution or the Corporations Act. Xenon Alpha Plus Investors have no rights to receive notice or attend, except where they are entitled to vote at the general meeting.

Rights on winding up

If Deutsche Xenon is wound up and the property of Deutsche Xenon is sufficient to pay all the debts and liabilities and expenses of the winding up, subject to the rights attached to Xenon Alpha Plus or any other shares, the excess must be divided among the members in proportion to the number of shares held by them. The liquidator may, with the sanction of a special resolution, divide among the members and different classes of members (if any) the whole or any part of the property of Deutsche Xenon, which may be otherwise than in accordance with the legal rights of the members.

Variation of rights

The rights attached to any class of shares may only be varied with the prior approval of a special resolution of the holders of shares in that class at a meeting of those holders or with the consent of the holders of at least 75% of the issued shares of that class.

Variation of the Constitution

The Constitution can only be varied by a special resolution passed by a least 75% of shareholders who are eligible to vote and are present and voting at a general meeting.

Directors

The minimum number of Directors is 3 and the maximum number is 12. However, the number of Directors may be varied by an ordinary resolution in a general meeting. Deutsche Xenon may by resolution in accordance with the Corporations Act remove a Director from office.

Decisions of Directors and chairperson

The Board may designate any Director who consents to be the chairperson of the Board of Deutsche Xenon.

Questions arising at a meeting of Directors are decided by a majority of votes. The chairperson will have a casting vote unless there are only two Directors present or qualified to vote.

9.1.2 Terms of Issue of Xenon Alpha Plus

The following is a summary of the more important terms and conditions attaching to Xenon Alpha Plus.

For the purposes of this section 9.1.2:

- **Purchase** means Deutsche Xenon procuring Deutsche Australia (or a related corporation of Deutsche Australia – for simplicity, references to 'Deutsche Australia' in this section generally include these related corporations) to purchase Xenon Alpha Plus; and
- **Redeem** means Deutsche Xenon, subject to the Corporations Act, redeeming, buying back or cancelling (as determined by Deutsche Xenon) Xenon Alpha Plus.

Issue Price

The Issue Price of each Xenon Alpha Plus is \$1.00.

Dividends

Investors in Xenon Alpha Plus are only entitled to a final dividend (if any). The final dividend (if any) will be an amount per Share that leaves Deutsche Xenon with aggregate net assets of \$1.00 per Share on issue after payment of the final dividend. If required by law, Deutsche Xenon will be entitled to deduct any withholding or other tax from the amount of the final dividend with no obligation to reimburse Investors for this amount.

The final dividend will be paid on the Maturity Date.

If all, or any part, of the final dividend is not paid because of the provisions of the Terms of Issue or any applicable law, Deutsche Xenon has no liability to pay such final dividend and the Investor has no claim in respect of such non-payment.

Xenon Alpha Plus rank in priority to all other shares or securities of Deutsche Xenon for the payment of dividends.

Early Purchase at Investor's Request

Deutsche Xenon will, each month during the Early Exit Period (defined below), at the request of Investors Purchase up to 5% of the number of Xenon Alpha Plus issued (whether or not they remain on issue) (**5% Limit**) and may, in its absolute discretion, Purchase more than the 5% Limit. Deutsche Xenon need not Purchase an Investor's Xenon Alpha Plus if their request relates to less than 5,000 Xenon Alpha Plus or if the fulfilment of their request would result in the Investor holding less than 5,000 Xenon Alpha Plus (except, in each case, if the Purchase would result in the Purchase of the Investor's entire holding of Xenon Alpha Plus).

The '**Early Exit Period**' means the period commencing on the first Business Day of January 2005 and ending on the last Business Day of October 2008. A request by an Investor for Purchase must be made on an **Early Exit Notice**. In order to qualify for early Purchase on a particular '**Early Exit Date**' (the last Business Day of a month during the Early Exit Period), an

Early Exit Notice must be lodged by the Investor with the Registrar no later than the relevant **Cut-Off Date** (the Business Day which is 10 Business Days before the relevant Early Exit Date) but may be cancelled by the Investor lodging a Cancellation Notice with the Registrar by no later than 3 Business Days prior to the applicable Early Exit Date.

If on any Early Exit Date there are requests from Investors for the Purchase of more Xenon Alpha Plus than the 5% Limit, the Purchase of Xenon Alpha Plus will be undertaken on a pro rata basis with preference being given to requests made in previous months that have not been undertaken in those months because of the 5% Limit (and which have not been withdrawn by the Investor lodging a Cancellation Notice with the Registrar by no later than 3 Business Days prior to the Early Exit Date for that subsequent month).

The price payable for Xenon Alpha Plus Purchased at the request of an Investor will be the '**Early Exit Price**', which is a price at which Deutsche Australia is prepared to Purchase Xenon Alpha Plus under the Early Exit Facility on an Early Exit Date (this price is expected to substantially reflect the amount which Deutsche Xenon would receive on an early Optional Unwind (defined in section 9.1.3) of a corresponding part of the Structured Deposit, although it may be less – see section 9.1.3 under 'Early Optional Unwinds', and also section 9.2.4). The Early Exit Price will be payable to the Investor by Deutsche Australia within 5 Business Days after the applicable Early Exit Date.

Early Purchase or Redemption required by Deutsche Xenon

Deutsche Xenon may, during the Early Exit Period, require Deutsche Australia to Purchase or, to the extent permitted by law, Deutsche Xenon may Redeem all or some of the Xenon Alpha Plus by giving a notice (**Company Early Exit Notice**) to Investors if:

- the Directors resolve on reasonable grounds that a change in any law, interpretation or ruling issued by any relevant government agency or accounting standard has occurred (or is announced) and that change may:
 - materially increase the net costs to Deutsche Xenon, or to a related body corporate of Deutsche Xenon, of Xenon Alpha Plus being on issue;
 - affect whether the Xenon Alpha Plus are treated as debt or equity for tax or accounting purposes; or
 - impose additional requirements that the Directors consider unacceptable;
- there is early repayment of the whole of the Structured Deposit (see section 9.1.3 under 'Early repayment');
- the aggregate value of all Xenon Alpha Plus on issue is less than \$1,000,000;
- with respect to any Investor, the Investor:

additional information

- holds less than 5,000 Xenon Alpha Plus, in which case notice only need be given to that Investor; or
- in the reasonable opinion of Deutsche Xenon, holds Xenon Alpha Plus in breach of the laws of any jurisdiction, in which case notice only need be given to that Investor; or
- a court in the jurisdiction of incorporation of Deutsche Bank institutes bankruptcy or similar proceedings against the assets of Deutsche Bank, or Deutsche Bank applies for the institution of such proceedings concerning its assets.

Deutsche Xenon may also, at any time, Redeem Xenon Alpha Plus held by Deutsche Australia. It is expected that Deutsche Xenon will regularly Redeem any Xenon Alpha Plus which have been Purchased by Deutsche Australia from Investors under the Early Exit Facility for the amount which Deutsche Xenon would receive on an early Optional Unwind (defined in section 9.1.3) of a corresponding part of the Structured Deposit (see section 9.1.3 under 'Early Optional Unwinds'), and that the ordinary shareholders of Deutsche Xenon will from time to time pass buy back resolutions to enable this to occur.

Except in respect of Redemptions by Deutsche Xenon of Xenon Alpha Plus held by Deutsche Australia, Deutsche Xenon must pay or procure the payment to Investors of the Company Early Purchase Amount (defined below) in respect of each Xenon Alpha Plus Purchased or Redeemed, within 5 Business Days after the applicable Company Early Exit Date (defined below).

Company Early Exit Date means the last Business Day of the month if notice was given to Investors no later than 10 Business Days prior to the end of the month (and the last Business Day of the next month if notice was given to Investors within 10 Business Days of the end of the month).

Company Early Purchase Amount means an amount determined by the Directors to be equal to the amount per Share that the Directors reasonably believe will be realised from the proportion of the net assets of Deutsche Xenon that equals the proportion that the aggregate number of Xenon Alpha Plus to be Purchased or Redeemed on that date (which will in turn reflect the amount which Deutsche Xenon would receive on early repayment of a corresponding part of the Structured Deposit – see under section 9.1.3 under 'Early repayment') bears to the total number of Xenon Alpha Plus on issue immediately prior to that date.

Any Purchase of Xenon Alpha Plus required by Deutsche Xenon will be separate from any Purchase of Xenon Alpha Plus at Investors' request and will not count towards the monthly 5% Limit for Purchases at Investors' request.

Redemption on maturity – limited recourse

On the Maturity Date, Deutsche Xenon must, subject to law and where it has not arranged for Deutsche Australia to Purchase Xenon Alpha Plus (see 'Purchase on maturity – limited recourse' below), Redeem each outstanding Xenon Alpha Plus for \$1.00 per Xenon Alpha Plus. However, Investors acknowledge that this is a limited recourse obligation of Deutsche Xenon and that Investors shall

have no recourse against Deutsche Xenon for payment under the Terms of Issue of any amount in excess of an amount per Xenon Alpha Plus equal to the aggregate net assets of Deutsche Xenon (for the avoidance of doubt, determined after providing for the payment of any final dividend) divided by the number of Xenon Alpha Plus on issue immediately prior to any Redemption or Purchase on that date (in which case Investors acknowledge that their recourse is limited to this lesser amount, the payment of such amount constitutes a complete discharge of Deutsche Xenon's liability to Investors and Investors have no further claim or entitlement to be paid the difference between that lesser amount and \$1.00 per Xenon Alpha Plus, and Investors waive all claims that they may have against Deutsche Xenon in this regard).

Purchase on maturity – limited recourse

On the Maturity Date and subject to law, Deutsche Xenon may arrange for Deutsche Australia to Purchase (rather than itself Redeeming) Xenon Alpha Plus. If Deutsche Xenon so chooses, it must procure Deutsche Australia to Purchase the Xenon Alpha Plus for \$1.00 per Xenon Alpha Plus or such lesser amount per Xenon Alpha Plus as is determined by dividing the aggregate net assets of Deutsche Xenon (for the avoidance of doubt, determined after providing for the payment of any final dividend) by the number of Xenon Alpha Plus on issue immediately prior to any Redemption or Purchase on that date (in which case Investors acknowledge that their recourse is limited to this lesser amount, the payment of such amount constitutes a complete

discharge of Deutsche Xenon's liability to Investors and Investors have no further claim or entitlement to be paid the difference between that lesser amount and \$1.00 per Xenon Alpha Plus, and Investors waive all claims that they may have against Deutsche Xenon in this regard).

If Xenon Alpha Plus are Purchased by Deutsche Australia on the Maturity Date, they must later be Redeemed by Deutsche Xenon at such time (within 1 year of the Maturity Date) as Deutsche Australia specifies for \$1.00 per Xenon Alpha Plus, subject to law.

Deutsche Xenon's notification obligations

Deutsche Xenon must generally publish the Early Exit Price and, if applicable, the Company Early Purchase Amount on Deutsche Xenon's website no later than 7 Business Days prior to an Early Exit Date.

Voting rights

A Xenon Alpha Plus does not entitle its Investor to vote at any general meeting of Deutsche Xenon except on a proposal that affects rights attached to the Xenon Alpha Plus, nor to attend or receive notice of any general meeting other than one at which such a proposal will be considered. Investors in Xenon Alpha Plus acknowledge and agree that ordinary shareholders in Deutsche Xenon may, without any consent of or notice to Investors, pass resolutions (other than any on which Investors are entitled to vote), including (without limitation) resolutions to approve buy backs of Xenon Alpha Plus to effect Redemptions.

Return of capital on a winding up

Subject to law, if there is a return of capital on a winding up of Deutsche Xenon, Investors will be entitled to receive out of the assets of Deutsche Xenon available for distribution to holders of shares, in respect of each Xenon Alpha Plus held, a cash payment equal to:

- if the winding up occurs prior to the Maturity Date, the Company Early Purchase Amount; or
- if the winding up occurs on or after the Maturity Date and Xenon Alpha Plus remain on issue, the sum of the amount of any final dividend per Xenon Alpha Plus and if Deutsche Xenon is not yet obliged to Purchase or Redeem Xenon Alpha Plus, an amount per Xenon Alpha Plus as is determined by dividing the aggregate net assets of Deutsche Xenon (for the avoidance of doubt, determined after providing for the payment of any final dividend) by the number of Xenon Alpha Plus on issue immediately prior to the winding up or if Deutsche Xenon is already obliged to Purchase or Redeem Xenon Alpha Plus on maturity, the amount payable for such Purchase or Redemption as applicable,

before any return of capital is made to holders of any class of shares or securities ranking behind the Xenon Alpha Plus.

General restriction on dispositions

Subject to law except:

- as otherwise set out in the Terms of Issue (including, without limitation, to give effect to a Redemption or Purchase – Investors are required by the Terms of Issue to do everything necessary or convenient on their part to enable any required Purchase or Redemption to occur);
- upon the death of an Investor; or
- in circumstances of bankruptcy or similar proceedings with respect to an Investor,

an Investor may not dispose of any Xenon Alpha Plus.

Deutsche Xenon may refuse to register any transfer not in accordance with the Terms of Issue. Deutsche Xenon may in its absolute discretion agree to any disposition of Xenon Alpha Plus and register any transfer of Xenon Alpha Plus notwithstanding that such disposition is not otherwise in accordance with the Terms of Issue.

9.1.3 Deposit Agreement

General

Deutsche Xenon and Deutsche Bank have entered into a Deposit Agreement dated 8 October 2004. A summary of the Deposit Agreement is provided below. This summary does not purport to constitute a definitive statement of the provisions of the Deposit Agreement as it is a complex and lengthy document.

Definitions for terms used in the Deposit Agreement and this summary which are not otherwise used in this Prospectus are set out in the relevant paragraphs below.

additional information

Under the Deposit Agreement, the proceeds of the Offer (**Deposit Amount**) are deposited with Deutsche Bank. Deutsche Bank pays a return on the Deposit Amount that reflects the return on the two Accounts, comprising foreign exchange hedged, leveraged, notional investments in the Ivy Fund and the Silver Creek Fund and notional cash facilities (**Alpha Plus Portfolio**). The Alpha Plus Portfolio is managed using an Investment Allocation Mechanism developed by Deutsche Bank.

Certain calculations are required under the Deposit Agreement. These are required to be made by Deutsche Bank's London Branch as calculation agent under the Deposit Agreement (**Calculation Agent**).

Deposit Amount and Final Payment

As stated above, the Deposit Amount will be deposited with Deutsche Bank on the **Deposit Date** (1 day after the Issue Date).

At the maturity of the Structured Deposit (which is one Business Day prior to the Maturity Date), Deutsche Bank must repay the Deposit Amount (net of the aggregate of all early Deposit Unwind Amounts – see 'Early Optional Unwinds' below – this net amount is referred to below as the '**Deposit Amount (as at maturity)**'). However, Deutsche Xenon acknowledges that the Structured Deposit is a limited recourse obligation of Deutsche Bank and that Deutsche Xenon shall have no recourse against any assets of Deutsche Bank for payment at maturity of the Structured Deposit of any amount in excess of the sum of the Deposit Amount (as at maturity) and the Swap Return (**Available Amount**). The

Swap Return is a return as quantified in an internal arrangement within Deutsche Bank (**Swap**), equal to the Final Payment (as defined below) minus the Deposit Amount (as at maturity) and which, for the avoidance of doubt, may be a positive or negative number.

The payment of the Available Amount by Deutsche Bank to Deutsche Xenon constitutes a complete discharge of Deutsche Bank's liability to Deutsche Xenon under the Deposit Agreement and Deutsche Xenon has no further claim or entitlement to be paid the difference between the Available Amount and the Deposit Amount and waives all claims it may have against Deutsche Bank in this regard.

In addition, Deutsche Bank must pay the Interest Amount (if any) at maturity. The Interest Amount is an amount equal to the Swap Return unless the Swap Return is a negative number, in which case it is zero.

To determine the final repayment amount (**Final Payment**, which for the avoidance of doubt includes the Interest Amount), the Deposit Amount (as at maturity) is multiplied by a factor (**Final Payout Factor**) which measures the net asset value of the Alpha Plus Portfolio and is calculated as a percentage equal to the average of the Account Payouts (as defined below). The result of this calculation will be the amount of the Final Payment to Deutsche Xenon under the Deposit Agreement.

For example, if at maturity, the Alpha Plus Portfolio had doubled in value, the Final Payout Factor would be 200% and so the Final Payment to Deutsche Xenon would be 200% of the Deposit Amount (as at maturity). Conversely, if at maturity, the

Alpha Plus Portfolio had halved in value, the Payout Factor would be 50% and so the Final Payment to Deutsche Xenon would be 50% of the Deposit Amount (as at maturity).

Account Payout

For each Account, an account payout (**Account Payout**) is calculated on the Determination Date and it is equal to:

$$\left(\frac{NAV_f}{NAV_0} \right)$$

where:

NAV_f means, for an Account, the net asset value of the Account on the Determination Date, as calculated by the Calculation Agent including, for the avoidance of doubt, the notional proceeds of the deemed request described in 'Liquidation' below that would have been received by a Relevant Investor in respect of such Account.

NAV₀ means, in respect of each Account, \$0.50.

While an Account Payout for either Account may be a negative percentage, the Final Payout Factor may not. If the calculation of the Final Payout Factor is negative or zero, the Final Payment will be zero.

Timing of Final Payment

The amount of the Final Payment is scheduled to be determined 4 Business Days prior to 5 November 2008 (**Scheduled Determination Date**) and will be paid to Deutsche Xenon on the Business Day prior to 5 November 2008 unless a Disruption Event occurs. If a Disruption Event occurs, the determination of the Final Payment will be postponed until the earlier of:

- the date after the Scheduled Determination Date on which the Calculation Agent determines that a Relevant Investor in the affected Fund

Shares would have received all of their redemption proceeds had they submitted a redemption request for all of their Fund Shares; and

- the first anniversary of the Scheduled Determination Date,

(Determination Date) with payment to be made on the second Business Day after such determination.

A **Relevant Investor** means an actual investor in the relevant Fund Shares.

Early Optional Unwinds

The Deposit Agreement is structured so that Deutsche Xenon may from time to time withdraw funds deposited with Deutsche Bank prior to maturity. The amount of the Structured Deposit withdrawn (for example \$5,000) is referred to as the **Deposit Unwind Amount**, and it reduces the Deposit Amount going forward. However, the amount received by Deutsche Xenon on such withdrawal (**Unwind Repayment Amount**) (which could be more or less than \$5,000 in this example) will be the product of the Deposit Unwind Amount and a **'Bid Price'** quoted by the Calculation Agent (being the Calculation Agent's bid price for early withdrawal of each \$1.00 of the Deposit Amount, to be determined by the Calculation Agent in a commercially reasonable manner taking into account, amongst other factors, the costs incurred by Deutsche Bank or the Calculation Agent in unwinding any hedge in relation to the relevant portion of the Structured Deposit, including without limitation the costs in relation to the sale of any Fund Shares, legal or other ancillary costs, the Funding Charge

that would have accrued in respect of the Accounts from and including the **Unwind Payment Date** (being the date no later than the 3 Business Days after the relevant Early Exit Date) to maturity, and the **'Early Exit Fee'** of 4 cents per dollar of Deposit Unwind Amount for withdrawals requested within the first year after the Deposit Date, 3 cents per dollar for withdrawals requested within the second year after the Deposit Date, 2 cents per dollar for withdrawals requested within the third year after the Deposit Date and 1 cent per dollar for withdrawals requested within the fourth year after the Deposit Date).

Such withdrawals are referred to as **Optional Unwinds** in the Deposit Agreement and enable Deutsche Australia to provide the Early Exit Facility to Investors. Deutsche Xenon will use funds received from an Optional Unwind to buy back Shares purchased by Deutsche Australia under the Early Exit Facility.

Early repayment

There are three other circumstances in which the Structured Deposit is payable early. These are:

- **Tax withholding:** In the event that there is a requirement by law to withhold amounts from payments under, or otherwise in connection with, the Structured Deposit, the Swap or any arrangements entered into to hedge Deutsche Bank's obligations under the Structured Deposit or the Swap, Deutsche Xenon or Deutsche Bank may declare the Structured Deposit repayable.

- **Bankruptcy:** In the event that bankruptcy or similar proceedings are instituted with respect to Deutsche Bank in the jurisdiction of incorporation of Deutsche Bank, Deutsche Xenon may declare the Structured Deposit repayable.

- **Illegality:** In the event Deutsche Bank determines in good faith that the Deposit Agreement, the Swap or any arrangements entered into to hedge Deutsche Bank's obligations under the Deposit Agreement or the Swap, or the performance of any obligations under any of the foregoing, have or will become illegal, Deutsche Bank may declare the Structured Deposit repayable.

If the Structured Deposit becomes repayable under these circumstances, it shall be repaid in an amount determined as set out in the Deposit Agreement, based on the net asset value that would have been realised on liquidation of the Alpha Plus Portfolio on the (Early Determination Date) (defined below) less a discount to be determined by the Calculation Agent in a commercially reasonable manner that reflects the costs incurred by Deutsche Bank or the Calculation Agent in unwinding any hedge in relation to the Structured Deposit, including without limitation the costs in relation to the sale of any Fund Shares, legal or other ancillary costs, the Funding Charge that would have accrued in respect of the Accounts from and including the early repayment date to maturity, and the Early Exit Fee (see above).

additional information

Accounts

Establishment of Accounts

Under the Deposit Agreement, the Calculation Agent is required to establish and maintain the notional Accounts. Each Account will comprise a Fund Facility and a Cash Facility.

On the Deposit Date, each Account will be notionally credited with the sum of (i) \$0.50 and (ii) the relevant amount of Permanent Leverage for that Account (being \$1.50 for the Ivy Account and \$1.00 for the Silver Creek Account). 100% of this amount shall be allocated to the Fund Facility to reflect a notional investment of that amount in the Fund Shares. This notional investment shall commence on the date a Relevant Investor would have been able to purchase Fund Shares had it subscribed on the Deposit Date. Initially, 0% of this amount shall be notionally allocated to Cash Facilities.

The allocation of funds between the Fund Facility and the Cash Facility within each Account will be subject to periodic adjustment in accordance with the Investment Allocation Mechanism (see **Investment Allocation Mechanism** below).

Under the Deposit Agreement, Deutsche Bank is under no obligation to make actual investments for its own account to reflect the notional investments recorded in the Accounts. Deutsche Bank may or may not follow all or part of the investment procedures outlined in the Deposit Agreement for its own account to hedge its obligations under the Deposit Agreement and the Swap. Each Account is notional and has no separate legal personality.

Fund Facilities

Each Fund Facility represents a foreign exchange hedged, leveraged notional investment in Fund Shares. Under the Deposit Agreement, each Fund Facility will initially comprise the sum of (i) \$0.50 and (ii) the relevant amount of Permanent Leverage for that Account with such amounts being converted into US dollars by the Account notionally entering into a spot foreign exchange transaction. Thereafter, on each Adjustment Date, determinations shall be made in accordance with the Investment Allocation Mechanism, which may vary the allocation to each Fund Facility. As a result of the Investment Allocation Mechanism, the Fund Facility may also contain Additional Leverage.

Cash Facilities

To the extent not allocated to the relevant Fund Facility, the assets of each Account will be allocated to the relevant Cash Facility. Each Cash Facility is a notional Australian dollar deposit account which may have a positive or negative balance.

Cash Facilities shall earn interest (on positive balances) and interest shall be payable (on negative balances) at the 1 month BBSW and will accrue daily and be compounded as at the last Business Day of each calendar month.

Permanent Leverage Facilities

Each Account will maintain a notional permanent leverage facility (**Permanent Leverage Facility**) as described in sections 1 and 3 of this Prospectus.

On the Deposit Date, each Account will notionally borrow the relevant amount of Permanent Leverage, which will be notionally repaid in full (including notional accrued but unpaid interest) on the Determination Date (or, if applicable, the Early Determination Date).

Interest (known as the Funding Charge) shall accrue daily in Australian dollars on the outstanding balance of the Permanent Leverage Facility at the 3 month BBSW plus 2.20% per annum and shall be paid quarterly in arrears on the last Business Day of March, June, September and December of each year (starting on the last Business Day of December 2004), and on the Determination Date (or, if applicable, the Early Determination Date – defined below). Interest shall be paid from, and will hence reduce, the relevant Cash Facility.

If for any reason, an Account does not have sufficient funds in its Cash Facility to meet any payment of interest under the Permanent Leverage Facility, such interest amount shall be paid at the first available opportunity, and interest on the amount of the late payment shall accrue daily in Australian dollars at the 3 month BBSW plus 2.20% per annum. The Calculation Agent is to use reasonable endeavours to ensure that the Cash Facilities have in them sufficient funds to pay amounts due to be paid as interest payments or in relation to net losses in respect of foreign exchange hedges.

For the avoidance of doubt, interest shall be payable under the Permanent Leverage Facility from the Deposit Date, notwithstanding that the notional investment in Fund Shares for each Account may not commence until shortly after the Deposit Date.

Early Determination Date means the earliest to occur of:

- the date on which the Calculation Agent determines that a notional redemption request in respect of the affected Fund Shares (as at the date that Deutsche Xenon notifies Deutsche Bank it has declared the Structured Deposit repayable in full, in circumstances of early repayment – see above) would have been settled in full; and
- the first anniversary of the Scheduled Determination Date.

Additional Leverage Facilities

Each Account will also maintain a notional additional leverage facility (**Additional Leverage Facility**) as described in sections 1 and 3 of this Prospectus. Notional borrowings and repayments of Additional Leverage will be made in accordance with the Investment Allocation Mechanism.

Interest (also known as the Funding Charge) shall accrue daily in Australian dollars on the outstanding balance of the Additional Leverage Facility at the 1 month BBSW plus 0.80% per annum and shall be paid monthly in arrears on the last Business Day of the month, and on the Determination Date (or, if applicable, the Early Determination Date). Interest shall be paid from, and will hence reduce, the relevant Cash Facility.

If for any reason an Account does not have sufficient funds in its Cash Facility to meet any payment of interest under the Additional Leverage Facility, such interest amount shall be paid at the first available opportunity, and interest on the amount of the late payment shall accrue daily in Australian dollars at the 1 month BBSW

plus 0.80% per annum. As noted above, the Calculation Agent is to use reasonable endeavours to ensure that the Cash Facilities have in them sufficient funds to pay amounts due to be paid as interest payments or in relation to net losses in respect of foreign exchange hedges.

If, for an Account, a determination is made under the Investment Allocation Mechanism to reduce the amount notionally invested in the relevant Fund Shares, the cash amount(s) notionally realised from the reduction will be used first to repay notional amounts outstanding under the corresponding Additional Leverage Facility. While any amount remains outstanding under that Additional Leverage Facility, no amount notionally realised from a reduced investment in the relevant Fund Shares will be allocated to the relevant Cash Facility.

Permanent Leverage Facilities and Additional Leverage Facilities are notional liabilities

The Permanent Leverage Facilities and Additional Leverage Facilities are notional liabilities defined for the purposes of determining various amounts in connection with the Accounts only. Deutsche Xenon has no liability for payment or repayment of the Additional Leverage Facility, the Permanent Leverage Facility or any interest thereon, but these amounts affect the Final Payment, any Unwind Repayment Amounts and any early repayment amounts under the Deposit Agreement, and hence Investors' returns (as explained above).

Foreign Exchange Hedge

Each notional investment in Fund Shares is subject to a notional rolling currency exchange rate hedge mechanism (**Foreign Exchange Hedge**) that will seek to reduce exchange rate exposure created by the fact that each notional investment in Fund Shares will be denominated in US dollars. The Foreign Exchange Hedge for each Account will comprise a series of consecutive, notional, periodic foreign exchange forward transactions (each, an **FX Forward Transaction**) which shall be notionally entered into and settled with a notional counterparty over the Term.

The effect of the Foreign Exchange Hedge is to partially hedge the exposure of the value of the notional investments in Fund Shares to movements in the AUD/USD exchange rate. Incremental gains and losses in the US dollar value of Fund Shares between the dates FX Forward Transactions are notionally entered into and settled will not, however, form part of the Foreign Exchange Hedge. These incremental gains and losses will be fully exposed to movements in the AUD/USD exchange rate between those dates.

The FX Forward Transactions that comprise the Foreign Exchange Hedge may result in a net gain or net loss on settlement. These gains and losses will be credited to or deducted from the Cash Facility of the relevant Account. Should the Calculation Agent so determine, a net gain may be allocated to the Fund Facility by notionally investing in additional Fund Shares at the next available subscription date or, in the case of a net loss, such loss may be deducted from the Cash Facility of the relevant Account (which shall be increased to meet such deductions from time to time by notionally liquidating Fund Shares).

additional information

The exchange rates for the notional spot foreign exchange transaction (referred to under 'Fund Facilities' above), and the FX Forward Transactions under the Deposit Agreement are the rates determined at the close of business in London on the date of the relevant transaction that would be offered by the Calculation Agent to a market participant for an equivalent transaction in an amount equal to an amount of normal inter-bank market size as determined by the Calculation Agent in a commercially reasonable manner acting in good faith (**Reference Amount**). The Calculation Agent may, in a commercially reasonable manner, determine such rates from publicly available foreign exchange market screens or, if such screen rates are unavailable for any reason, from the best available quotation provided to the Calculation Agent by leading dealers in the relevant market.

For the purposes of determining the relevant Account NAV (see below), the value of the Foreign Exchange Hedge will, at any time, be the mark-to-market value of the prevailing FX Forward Transaction.

Valuation of Accounts

On each Adjustment Date, the Calculation Agent must determine the Account NAV (defined below) in respect of each Account. The purpose of determining the Account NAV on each Adjustment Date is to determine what, if any, adjustments need to be made to the notional investment in Fund Shares under the Investment Allocation Mechanism.

In determining the Account NAV, the Calculation Agent shall use the published net asset value of the relevant Fund as at the last Business Day of the month preceding the Adjustment Date (**Official Fund NAV**). However, if the Official Fund NAV is not available on or by the Adjustment Date, the Calculation Agent may, acting in good faith, postpone the Adjustment Date until the Official Fund NAV is published or make an estimate (**Estimated Fund NAV**) at that time based on either:

- any estimates of the relevant Official Fund NAV published by the relevant Fund; or
- an estimate based on any relevant market data available to the Calculation Agent.

Where an Estimated Fund NAV is used to calculate the Account NAV, that Account NAV shall prevail notwithstanding that any Official Fund NAV of the relevant Fund Shares is subsequently published.

If any withholding taxes would be imposed in connection with an actual holding of, or redemption of, the relevant Fund Shares, the relevant Account NAV will be calculated net of all such taxes.

Where a notional redemption request for Fund Shares has been made and executed and the Calculation Agent determines in good faith that settlement of the redemption proceeds would not yet have been received by a Relevant Investor, then, for the purposes of determining the relevant Account NAV, the expected proceeds of the notional redemption of Fund Shares will be deemed to be notionally received in cash and shall form part of the Cash Facility at the relevant Adjustment Date in respect of that Account.

Deutsche Xenon specifically acknowledges that notional Fund investments are subject to the annual management and performance fees of the Fund Managers and, in the case of the Ivy Fund, the fees payable to Deutsche Bank (see section 4.2.4) (together in each case, the **Underlying Fees**) and hence that such Underlying Fees will be reflected in the Official Fund NAV or Estimated Fund NAV for the relevant Fund.

Investment Allocation Mechanism

The Investment Allocation Mechanism Amount will be used by the Calculation Agent to determine on each Adjustment Date if a Releverage Event or a Deleverage Event occurs in respect of an Account on that Adjustment Date.

The Investment Allocation Mechanism will cease to operate:

- in respect of an Account that is the subject of a Knockout Event (see 'Knockout Event' below);
- as of the Liquidation Request Date (defined below) for each Account (see 'Liquidation' below); or
- if a Suspension Event occurs and is not waived by the Calculation Agent (see 'Suspension Events' below).

The **Liquidation Request Date** for the Ivy Account is 25 July 2008 and for the Silver Creek Account is 30 June 2008.

Investment Allocation Mechanism Amount

On each Adjustment Date, the Calculation Agent will determine the Investment Allocation Mechanism Amount in respect of each Account using the following formula:

$$\text{Investment Allocation Mechanism Amount} = \left(\text{Leverage Factor} \times \text{Account NAV} \right) - \text{Value of Fund Facility}$$

Where:

Account NAV means, for an Account, the notional net asset value in Australian dollars of the Fund Facility and the Cash Facility (including, for the avoidance of doubt, by deducting (i) the outstanding balance of the Additional Leverage Facility plus any accrued but unpaid interest and (ii) the outstanding balance of the Permanent Leverage Facility plus any accrued but unpaid interest).

Leverage Factor means 4 for the Ivy Account and 3 for the Silver Creek Account.

Value of Fund Facility means, for an Adjustment Date, the value of the Fund Shares and the Foreign Exchange Hedge (including, the amount of any net gain or loss on any FX Forward Transaction settled on that date) as of that Adjustment Date, less the value of any outstanding requests for liquidations of Fund Shares.

Releverage

A Releverage Event will occur in respect of an Account if either:

- (i) (a) the outstanding balance of the Additional Leverage Facility is equal to zero; and
- (b) Investment Allocation Mechanism Amount \div Value of Fund Facility (expressed as a percentage) $\geq 5\%$; or
- (ii) (a) the outstanding balance of the Additional Leverage Facility is greater than zero; and
- (b) Investment Allocation Mechanism Amount \div Value of Fund Facility (expressed as a percentage) $\geq 10\%$,

provided that if the Investment Allocation Mechanism Amount would result in all remaining Additional Leverage for the relevant Fund Facility being used, the constraints above will not apply, enabling full use of all Additional Leverage for that Fund Facility.

If a Releverage Event occurs on an Adjustment Date in respect of an Account, the Investment Allocation Mechanism Amount shall be notionally realised from the relevant Cash Facility and shall be notionally invested in the relevant Fund Facility on the next available subscription date for a Relevant Investor (provided always that the Calculation Agent may maintain such amount in the Cash Facility as it deems necessary to pay interest and foreign exchange losses).

If, however, at such time the amount equal to the Investment Allocation Mechanism Amount is greater than the balance of the relevant Cash Facility, additional borrowings will notionally be made by the relevant Account under its Additional Leverage Facility (up to its maximum amount), and this borrowing plus the available balance of the relevant Cash Facility shall be used to finance the notional investment in the relevant Fund Shares.

Deleverage

A Deleverage Event will occur in respect of an Account if either:

- (i) (a) the outstanding balance of the Additional Leverage Facility is equal to zero; and
- (b) Investment Allocation Mechanism Amount \div Value of Fund Facility (expressed as a percentage) $\leq -5\%$; or

(ii) (a) the outstanding balance of the Additional Leverage Facility is greater than zero; and

- (b) Investment Allocation Mechanism Amount \div Value of Fund Facility (expressed as a percentage) $\leq -10\%$.

If a Deleverage Event occurs on an Adjustment Date in respect of an Account, a notional request to redeem the relevant Fund Shares in an amount equal to the Investment Allocation Mechanism Amount shall be made. Upon notional receipt of the proceeds of such liquidation (as determined by the underlying liquidity actually provided by the relevant Fund to a Relevant Investor), these proceeds shall first be used to notionally repay any outstanding balance under the relevant Additional Leverage Facility, and once the Additional Leverage Facility balance is reduced to zero, to notionally make payments to the relevant Cash Facility.

Knockout Event

In the event that the Calculation Agent determines that an amount (expressed as a percentage) equal to the Account NAV as of the relevant Adjustment Date divided by 0.50 is less than or equal to the Knockout Level (being 20% for the Ivy Account and 15% for the Silver Creek Account) on any Adjustment Date (that is, a **Knockout Event** has occurred), then all investments in the affected Fund Facility shall be notionally liquidated and the notional proceeds used to first repay any balance outstanding on the relevant Additional Leverage Facility and then notionally deposited in the relevant Cash Facility. Thereafter, the relevant assets in respect of that Account shall consist only of the Cash Facility.

additional information

Although no longer exposed to the relevant Fund, Permanent Leverage for that Fund will remain in place until the Maturity Date and the Funding Charge will continue to be deducted from that Account.

Liquidation

On or before the Liquidation Request Date for an Account, a request to redeem all of the Fund Shares in that Account will be deemed to have been made.

If an **Adjustment Event** (defined below) occurs on or prior to the **Scheduled Determination Date**, or if a Disruption Event occurs, on or prior to the Determination Date (defined above), in respect of the Ivy Fund or the Silver Creek Fund (the **Affected Fund Shares**), the Calculation Agent will determine in good faith the appropriate adjustment, if any, to be made to the number of the Affected Fund Shares notionally comprised in the Fund Facility of the affected Account or any other component of such Account to account for the Adjustment Event and will also determine the date of such adjustment.

Adjustment Event means the occurrence or existence at any relevant time of any of the following in relation to a Fund:

- (i) a subdivision, consolidation or reclassification of the Fund or a free distribution or dividend of any shares that make up the Fund to existing holders of those shares by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of shares in the Fund of:
 - (a) cash amounts;
 - (b) shares in the Fund;

- (c) other securities or share capital granting the right to payment of the proceeds of liquidation of the Fund, and/or any dividends or other payment in respect of the Fund (in each case, equally or proportionately with such payments to holders of shares in the Fund); or

- (d) any other type of securities, rights, certificates, warrants or other assets, in any case for payment (in cash or otherwise) at less than the fair market value as determined by the Calculation Agent;

- (iii) a call by the Fund in respect of its shares that are not fully paid; or

- (iv) any other event that has or may have a dilutive or concentrative effect on the theoretical value of any shares in the Fund.

Suspension Events

Following the Calculation Agent becoming aware of the occurrence of a Suspension Event in respect of a Fund (see below), the Calculation Agent shall (unless it waives such Suspension Event) suspend the operation of the Investment Allocation Mechanism in respect of that Account for a period of no longer than 5 Business Days following determination of a Suspension Event. During this period, the Calculation Agent will attempt to find a similar alternative fund managed by the same Fund Manager (or an affiliate) to replace the affected Fund Shares as a notional investment for the affected Account.

If a replacement fund cannot be found and the affected Fund does not rectify the breach within a reasonable period, the Calculation Agent will notionally liquidate all the Fund Shares in the affected Fund Facility and will notionally invest the proceeds (net of any notional transaction costs) in commercial paper rated at least A-1 or above by Standard and Poor's Ratings Service or P-1 or above by Moody's Investors Service, Inc. Funds will remain invested in commercial paper until such time as the Calculation Agent determines either:

- the relevant Suspension Event has been cured and remains so for a period of two consecutive months and no further Suspension Event has occurred; or
- a replacement fund as described above can be identified.

Where this happens, the Calculation Agent will notionally liquidate the commercial paper and reinvest the proceeds in the relevant Fund Facility in accordance with the Investment Allocation Mechanism.

If a suitable replacement fund is identified, the Calculation Agent will amend the Deposit Agreement (if required) in order to give effect to a notional investment in such fund on terms as similar as possible to the notional investment in the replaced Fund.

In taking any action after becoming aware of the occurrence of a Suspension Event, the Calculation Agent must act in a manner that it reasonably determines to be in the best interests of Deutsche Xenon.

The following events constitute Suspension Events in respect of each Fund:

1. the Calculation Agent determines that the Silver Creek Fund or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund, has materially breached its Risk Threshold Limits (see over page) or such fund fails to provide the Calculation Agent with sufficient information for it to determine whether any such breach has occurred;
2. the currency in which the Fund Shares (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund) are denominated changes and/or the net asset value of the Fund Shares (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund) is no longer calculated in US dollars;
3. the administrator of the Fund (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund) fails to calculate and publish the fund's net asset value for two or more consecutive months;
4. a Relevant Investor would:
 - (i) be unable to redeem Fund Shares at their net asset value:
 - (a) on a monthly basis where the redemption relates to the Investment Allocation Mechanism; or
 - (b) on a quarterly basis in any other case; or
 - (ii) be unable to subscribe for Fund Shares at their net asset value on a monthly basis;
5. there is a change in tax treatment which could have an adverse economic impact for a Relevant Investor (or, in the case of the Ivy Fund, for an actual investor in the Ivy Rosewood Diversified Fund);
6. the Fund introduces a redemption fee or a subscription fee or a bid/offer spread that a Relevant Investor in the Fund has to bear;
7. the winding up, dissolution, liquidation or cessation of trading of (i) the Fund or (ii) in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund, or (iii) the administrator, investment manager, custodian or other service provider of the fund (each such entity, a **Specified Party**);
8. any regulatory approval or registration of the Fund (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund) or any Specified Party is cancelled or under review;
9. any material litigation, arbitration or regulatory or governmental action exists, is commenced or is threatened in relation to the Fund (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund) or any Specified Party;
10. any allegation of criminal or fraudulent activity is made in respect of the Fund (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund), any Specified Party or any employee of such entities;
11. any event or change affecting the Fund which, in the reasonable opinion of the Calculation Agent, is likely to have a negative impact on the value of the Fund Shares or is likely to cause an unacceptably high risk profile for the Fund Shares;
12. the occurrence of a material modification of the articles of association or other constitutive documents of the Fund (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund), or the offering memorandum of the fund;
13. any event or circumstance occurs which is beyond the control of a Relevant Investor in a Fund Share or, in the case of the Ivy Fund, an actual investor in the Ivy Rosewood Diversified Fund, which obliges such investor to sell or otherwise dispose of fund shares or units;
14. any representation or statement by the Fund (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund), or any Specified Party is or becomes materially inaccurate;
15. any redemption of Fund Shares occurs in whole or in part otherwise than by payment of a monetary amount; or
16. the Calculation Agent determines that (i) the relevant Fund (or, in the case of the Ivy Fund, the Ivy Rosewood Diversified Fund) invests in derivative instruments for reasons other than for the purposes of hedging extreme movements in asset prices or other risk factors affecting the fund's portfolio or (ii) any derivative instruments included in the relevant fund's portfolio would not effectively achieve hedging of extreme movements in asset prices or other risk factors that were intended to be hedged.

additional information

'Risk Threshold Limits' means written risk thresholds for the Ivy Rosewood Diversified Fund and the Silver Creek Fund (which may be amended as the Calculation Agent determines in good faith as appropriate) designed to ensure that the fund adheres to its investment objectives and strategy (as at the Deposit Date) and its ability to achieve stable returns in excess of the cost of leverage, including risk thresholds regarding:

- the scope of the underlying funds in which it may invest;
- the concentration of underlying investments in individual funds;
- its diversification strategy;
- its leverage; and
- its liquidity.

The Calculation Agent may amend the Risk Threshold Limits from time to time if it determines in good faith that such amendments are appropriate. The Calculation Agent will provide Deutsche Xenon with a copy of the Risk Threshold Limits for each fund, upon written request, within 2 Business Days.

Deduction of fees and expenses

The Calculation Agent shall notionally deduct (i) interest payable under each Permanent Leverage Facility and Additional Leverage Facility and (ii) net losses in respect of any FX Forward Transaction, from the relevant Cash Facility on the relevant due date for payment of such expenses (each, a **Due Date**).

To the extent that the Calculation Agent determines in advance of any Due Date that the Cash Facility available to that Account will be insufficient notionally to pay the amounts payable on that Due Date, the Calculation Agent shall notionally redeem sufficient Fund Shares from the relevant Fund Facility to enable the relevant Cash Facility to meet such payment.

In this case, the Calculation Agent will use its reasonable endeavours to ensure that any notional redemption by the Calculation Agent shall be effected in sufficient time for the notional proceeds to be received on or before the relevant Due Date.

Records

The Calculation Agent must maintain detailed records (**Records**) with respect to each Account and all calculations made under the Deposit Agreement. The Calculation Agent will provide Deutsche Xenon with the Records on a monthly basis during the term of the Deposit Agreement.

Deutsche Xenon may request that the Records be audited at any time at Deutsche Bank's expense by Deutsche Bank's internal auditors or by external auditors and a copy of the audit report provided to Deutsche Xenon promptly after completion.

Methodology and timing of calculations

The Calculation Agent has certain discretions to modify the methodology set out in the Deposit Agreement if it determines that market, regulatory, judicial, fiscal or any other circumstances arise that would necessitate a modification in such methodology so that the relevant Account replicates as closely as possible investments in the assets notionally underlying such Account. The Calculation Agent may make such modifications but, in so doing, must take steps in good faith to ensure the modifications will result in a methodology that is consistent with that set out in the Deposit Agreement. In addition, the Calculation Agent may determine that in order to give effect to the methodology described in the Deposit Agreement it is necessary to make calculations on a day other than that specified.

Representations and warranties

Deutsche Xenon and Deutsche Bank make certain warranties and representations to each other concerning their ability to, and the capacity in which they, enter into the Deposit Agreement.

Status

The Deposit constitutes an unsubordinated and unsecured obligation of Deutsche Bank and ranks *pari passu* with all other unsubordinated and unsecured obligations of Deutsche Bank from time to time outstanding, except as required by law.

Determinations and calculations

The Calculation Agent is required at all times to act in good faith in making the determinations and calculations required to be made under the Deposit Agreement. Provided the Calculation Agent acts in good faith, the determinations of the Calculation Agent under the Deposit Agreement are final and binding upon Deutsche Xenon.

Assignability

The Deposit may not be transferred or assigned by Deutsche Xenon without the prior written consent of Deutsche Bank.

Governing law

The Deposit Agreement is governed by the laws of New South Wales.

9.1.4 Early Exit Facility Deed

The Early Exit Facility Deed (**Deed**) dated 8 October 2004 has been entered into by Deutsche Australia and Deutsche Xenon. The Deed is governed by the laws of New South Wales. The Deed contains the key terms for the operation of the Early Exit Facility, including the early purchase of Xenon Alpha Plus arising from Investors' requests, early purchase of Xenon Alpha Plus required by Deutsche Xenon and purchase of Xenon Alpha Plus on the Maturity Date.

Notification of Early Exit Price

Deutsche Australia will notify Deutsche Xenon of the price (**Early Exit Price**) it is willing to pay for one Xenon Alpha Plus at least 7 Business Days prior to any Early Exit Date.

Early purchase of Xenon Alpha Plus arising from Investors' requests

Under the Deed, Deutsche Australia agrees to buy Xenon Alpha Plus on the applicable Early Exit Date from an Investor who has lodged an Early Exit Notice with the Registrar by no later than the relevant Cut-Off Date for that Early Exit Date and who has not lodged a Cancellation Notice with the Registrar by at least 3 Business Days prior to that Early Exit Date (a **Selling Holder**). The number of Xenon Alpha Plus purchased from each Selling Holder will be the number of Xenon Alpha Plus specified in the Early Exit Notice, subject to the limitations on a purchase set out in the Terms of Issue of Xenon Alpha Plus (see section 9.1.2), including the 5% Limit (as defined in section 9.1.2) on purchases of Xenon Alpha Plus on each Early Exit Date and the applicable 'scale back' provisions. These provisions are summarised in section 9.1.2. Deutsche Australia is not obliged to buy Xenon Alpha Plus if Deutsche Xenon or the Registrar has not received evidence (reasonably acceptable to it) of that Selling Holder's title to the Xenon Alpha Plus specified in the Early Exit Notice.

Deutsche Australia (or its agent) must pay to a Selling Holder, within 5 Business Days after the applicable Early Exit Date, the Early Exit Price in respect of each Xenon Alpha Plus that Deutsche Australia has acquired from that Selling Holder.

Early purchase of Xenon Alpha Plus arising from Deutsche Xenon's request

In addition to purchases arising from Investors' requests, Deutsche Australia agrees to buy Xenon Alpha Plus from Investors at the request of Deutsche Xenon where Purchase of Xenon Alpha Plus pursuant to a Company Early Exit Notice (as defined in section 9.1.2) is permitted under the Xenon Alpha Plus Terms of Issue (see section 9.1.2). Such purchases shall take place on the next applicable Early Exit Date in accordance with the Xenon Alpha Plus Terms of Issue. The purchase price shall be the Company Early Purchase Amount (as defined in the Xenon Alpha Plus Terms of Issue). The number of Xenon Alpha Plus purchased from each Investor shall be the number as specified in the Company Early Exit Notices given by Deutsche Xenon to Investors.

Deutsche Australia (or its agent) must pay to Investors, within 5 Business Days after the applicable Early Exit Date, the Company Early Purchase Amount in respect of each Xenon Alpha Plus that Deutsche Australia has acquired from Investors.

Purchase of Xenon Alpha Plus on maturity

Deutsche Australia agrees, if required by Deutsche Xenon, to purchase from Investors, on the Maturity Date, the number of Xenon Alpha Plus notified by the Registrar.

additional information

Deutsche Australia (or its agent), must pay, on the Maturity Date, to an Investor \$1.00 per Xenon Alpha Plus, unless the amount per Xenon Alpha Plus that is determined by dividing the aggregate net assets of Deutsche Xenon (for the avoidance of doubt, determined after providing for the payment of any final dividend) by the number of Xenon Alpha Plus on issue on that date is less than \$1.00 in which case it must pay such lesser amount per Xenon Alpha Plus.

Payments and withholdings

Deutsche Australia may make payments to the Registrar under the Deed provided that Deutsche Australia has agreed with the Registrar that the Registrar will, on behalf of Deutsche Australia, make the payments required to be made by Deutsche Australia under the Deed.

In making purchases under the Deed, Deutsche Australia may rely on a notice given to it by the Registrar which sets out the details of each Investor and the number of Xenon Alpha Plus of each Investor that Deutsche Australia is obliged to buy.

If Deutsche Australia is required to deduct any amount on account of any tax imposed by a Government agency from a payment made by it under the Deed to an Investor, Deutsche Australia (or the Registrar, on its behalf) will deduct that amount, promptly remit this payment to that Government agency and notify the Investor that such payment has been made and the amount payable by Deutsche Australia to the Investor will be reduced accordingly and will be in full satisfaction of Deutsche Australia's payment obligation.

9.1.5 Arrangement Deed

Deutsche Xenon has entered into an Arrangement Deed with Deutsche Australia dated 8 October 2004 pursuant to which Deutsche Australia has agreed to act as the Arranger with respect to the issue of Xenon Alpha Plus. Deutsche Australia (and its authorised representatives) has been appointed and authorised to make offers and arrange for the issue of Xenon Alpha Plus, and to distribute, or arrange for the distribution of disclosure documents and promotional material to potential investors and financial service providers in relation to the issue of Xenon Alpha Plus, including, but not limited to, arrangements with third parties for the distribution of Xenon Alpha Plus.

Deutsche Australia will undertake, or arrange for, the processing of subscriptions for Xenon Alpha Plus. It will also make itself available to assist potential investors to apply for Xenon Alpha Plus.

Deutsche Australia will ensure, at all times during the term of the Arrangement Deed, it maintains its AFS Licence which entitles Deutsche Australia to undertake its role as arranger under the Arrangement Deed.

Deutsche Australia's appointment may be terminated by Deutsche Xenon at any time by written notice to Deutsche Australia.

The Arrangement Deed is governed by the laws of New South Wales.

9.1.6 Services Deed

Deutsche Australia has agreed to provide services to Deutsche Xenon under the terms of the Services Deed. The Services Deed is effective 8 October 2004 and is governed by the laws of New South Wales.

Deutsche Australia will be responsible for providing all operational and administrative support necessary to permit Deutsche Xenon to conduct its business, including administrative support, account management and fee services, reporting to Investors, communicating with regulatory bodies required to conduct the business or in order to comply with its obligations under any law, lodging documents with such bodies as required by law, computer services and maintenance of Deutsche Xenon's website and any other services to allow Deutsche Xenon to perform its obligations under this Prospectus, Deutsche Xenon's Constitution, the Arrangement Deed and the Early Exit Facility Deed (**Transaction Documents**) (the **Services**).

In addition, Deutsche Australia must make recommendations for approval by Deutsche Xenon in relation to:

- any agreements and other documentation to be entered into by Deutsche Xenon including, without limitation, the Transaction Documents;
- the issue of Xenon Alpha Plus;
- the exercise of rights and the performance of the obligations under any Transaction Document; and
- the appointment and remuneration of an auditor.

Day-to-day decisions made in respect of these matters need not be referred to Deutsche Xenon for approval by Deutsche Xenon, provided that Deutsche Australia adheres to the recommendations approved by the Directors from time to time and otherwise complies with its obligations under, and the restrictions expressed in, the Transaction Documents.

Deutsche Australia must:

- engage sufficient personnel of sufficient skill and training to ensure that the Services are provided in accordance with the Services Deed;
- assist at Deutsche Xenon's direction in the administration and management of the business, in accordance with the rights and obligations and functions which are necessary for it to perform under the Transaction Documents;
- engage (as required) other service providers for the provision of Services (consistent with the terms of the Services Deed) including, share registry services;
- use due care and skill in providing the Services; and
- ensure all equipment and other materials supplied in connection with the provision of Services are reasonably fit for the purpose for which they are to be used by Deutsche Xenon.

Deutsche Australia must pay all costs and expenses incurred by it in carrying out its obligations under the Services Deed, including staff and directors' remuneration, audit expenses and tax imposed in respect of the Services Deed.

9.1.7 Other

Words used and not defined in section 9 can be found in the Glossary.

9.2 Regulatory information

9.2.1 Interests of Directors of Deutsche Xenon

Directors of Deutsche Xenon are not required to hold Shares. No Director is, at the date of this Prospectus, a beneficial holder of any Shares. However, Directors may acquire Shares under this Prospectus.

There will be no fees paid to any of the Directors for acting as Directors of Deutsche Xenon.

Each of the Directors is an employee of Deutsche Australia and will receive salaries and may receive other forms of remuneration as a result of their employment, however, such salaries and other forms of remuneration are not linked to the performance of Deutsche Xenon or Xenon Alpha Plus.

9.2.2 Interests

Except as stated in this section 9.2.2 or elsewhere in this Prospectus:

- no amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to a Director or proposed Director to induce the Director to become, or to qualify him as, a Director; and
- none of the following persons:
 - a Director or proposed Director of Deutsche Xenon;

- any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

- a promoter of Deutsche Xenon, holds or has held, at any time in the two years before lodgment of this Prospectus with ASIC, an interest in:

- the formation or promotion of Deutsche Xenon;
- the Offer; or
- property acquired or proposed to be acquired by Deutsche Xenon in connection with its formation or promotion of the Offer,

or was paid or given, or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of Deutsche Xenon or the Offer.

9.2.3 Interests of Deutsche Bank, Deutsche Australia and advisers

Deutsche Bank has performed the roles in relation to this Prospectus as described in section 7.4. It has received, or is entitled to receive, by reason of the way in which the return on the Alpha Plus Portfolio (and hence the return payable under the Deposit Agreement) is calculated, benefits equal to the following:

- an amount equal to the three month BBSW plus 2.20% per annum for Permanent Leverage used in the Alpha Plus Portfolio (as described in section 3.1); and

additional information

- an amount equal to the one month BBSW plus 0.80% per annum for any Additional Leverage used in the Alpha Plus Portfolio (as described in section 3.1).

Deutsche Bank will receive a fee from the Ivy Fund equal to 0.60% per annum of the Ivy Fund's NAV and 3% of any increase in the Ivy Fund's NAV above a prior high watermark. Deutsche Bank will also receive a fee rebate from Silver Creek equal to 0.25% per annum of the Silver Creek Fund's NAV.

Deutsche Bank may also benefit to the extent that the rates for foreign exchange hedging which it provides for the purposes of calculating the return on the Alpha Plus Portfolio (which will be the same as rates it offers to other market participants for equivalent transactions) provide it with an element of profit.

Deutsche Australia has performed the roles in relation to this Prospectus as described in section 7.4.

Deutsche Australia receives the benefit of any Early Exit Fee and related charges referred to under 'Early Exit Fee and related charges' in section 9.2.4 below.

It may also benefit to the extent that the Early Exit Price at which it purchases Xenon Alpha Plus early at an Investor's request is less than the amount at which it can later seek redemption of those Xenon Alpha Plus from Deutsche Xenon. However, it is intended that any such difference, which would be to cover administrative and other costs, would not be significant.

Freehills has acted as legal adviser to Deutsche Xenon and other members of the Deutsche Bank Group in connection with the Offer and is entitled to receive approximately \$500,000 (exclusive of GST) for these services up to the date of this Prospectus. Further amounts may be paid to Freehills in accordance with its usual time based charges.

KPMG is Deutsche Xenon's auditor and has performed enquiries in relation to Deutsche Bank's proprietary financial model developed in the structuring of Xenon Alpha Plus. KPMG is entitled to receive approximately \$60,000 (exclusive of GST) for these services up to the date of this Prospectus. Further amounts may be paid to KPMG in accordance with its usual time based charges.

Greenwoods & Freehills has acted as taxation adviser to Deutsche Xenon and other members of the Deutsche Bank Group in connection with the Offer and is entitled to receive approximately \$55,000 (exclusive of GST) for these services up to the date of this Prospectus. Further amounts may be paid to Greenwoods & Freehills in accordance with its usual time based charges.

The expenses of advisers to the Offer as referred to above are not payable by Deutsche Xenon, but rather will be paid by Deutsche Australia.

9.2.4 Fees for Xenon Alpha Plus

The following section is an outline of fees and expenses associated with an investment in Xenon Alpha Plus.

Investor fees and charges

Investors do not pay application or management fees to Deutsche Xenon.

Certain charges will apply where an investment in Xenon Alpha Plus is realised prior to the Maturity Date (see below).

Alpha Plus Portfolio fees and charges

The performance of the Alpha Plus Portfolio, which determines Investors' returns, will be affected by:

- the fees charged to the Funds (see sections 4.2.4 and 4.3.4); and
- interest charged on the Permanent Leverage and any Additional Leverage (the Funding Charge) – see sections 3.1 and 9.2.3. Investors should note the Funding Charge on the Permanent Leverage will remain in place regardless of whether the Alpha Plus Portfolio is allocated to Fund Facilities or Cash Facilities. The Funding Charge relating to the Additional Leverage will only be payable on the outstanding balance of Additional Leverage from time to time.

Early Exit Fee and related charges

Investors' Xenon Alpha Plus may be realised prior to the Maturity Date. This will occur:

- in the case of early realisation at the Investor's request, at the Early Exit Price, which is a price at which Deutsche Australia is prepared to purchase Xenon Alpha Plus under the Early Exit Facility on an Early Exit Date, which will be less than the net asset value of Xenon Alpha Plus and will take into account any administrative costs of Deutsche Australia and Deutsche Bank, any costs associated with unwinding any related hedge position, including without limitation the costs in relation to the sale of any Fund Shares and, in the case of the Ivy Fund, the sale of Class E Shares in the Ivy Rosewood Diversified Fund, legal or other ancillary costs, the Funding Charge that would have accrued in respect of the Accounts from and including the Unwind Payment Date (defined in section 9.1.3 under 'Early Optional Unwinds') to maturity, and the Early Exit Fee; or
- in the case of early realisation at Deutsche Xenon's request, at the Company Early Purchase Amount, which is an amount determined by the Directors to be equal to the amount per Share that the Directors reasonably believe will be realised from the proportion of the net assets of Deutsche Xenon that equals the proportion that the aggregate number of Xenon Alpha Plus to be purchased or redeemed on the relevant date bears to the total number of Xenon Alpha Plus on issue immediately prior to that date. The

Company Early Purchase Amount may reflect costs associated with unwinding any related hedge position, including without limitation the costs in relation to the sale of any Fund Shares and, in the case of the Ivy Fund, the sale of Class E Shares in the Ivy Rosewood Diversified Fund, legal or other ancillary costs, the Funding Charge that would have accrued in respect of the Accounts from and including the Unwind Payment Date (defined in section 9.1.3 under 'Early Optional Unwinds') to maturity, and the Early Exit Fee.

The Early Exit Fee is a sliding fee equal to \$0.04 for each Share purchased or redeemed pursuant to a notice given during the first year, \$0.03 for each Share purchased or redeemed pursuant to a notice given during the second year, \$0.02 for each Share purchased or redeemed pursuant to a notice given during the third year and \$0.01 for each Share purchased or redeemed pursuant to a notice given during the fourth year of the Term.

There can be no assurance that the Early Exit Price or the Company Early Purchase Amount will be at any particular level or that it will enable Investors to exit their investment at a price that is acceptable to them.

Commissions

Deutsche Australia may, in its role as Arranger, make payments to sales agents, brokers and/or financial advisers in the form of an adviser referral fee of up to 3% (calculated with reference to the Investor's application amount) and a trail commission of up to 0.50% per annum (payable

quarterly in arrears from the first anniversary of the Issue Date), in relation to applications for Xenon Alpha Plus. All commissions are quoted exclusive of GST. Members of the Deutsche Bank Group may receive some of these fees and commissions.

These fees and commissions are not paid by Deutsche Xenon or out of Investors' application moneys. However, brokers, financial planners and licensed securities advisers may agree with Investors to waive part or all of their upfront adviser referral fee. In this case, any amount waived will be credited to the relevant Investor as additional Shares (and the Investor's Application Form will be treated as extending to these).

9.2.5 Consents to be named

Each person named in the table on the next page (referred to as **Consenting Parties**):

- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based other than as specified in section 9.2.6;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and/or as specified in section 9.2.6; and
- has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus, in the form and context so named.

consenting party	role
Deutsche Australia Limited	<ul style="list-style-type: none"> ■ Arranger ■ Purchase facility provider ■ Operating agent ■ Early Exit Facility provider
Deutsche Bank AG	<ul style="list-style-type: none"> ■ Structured Deposit provider
Computershare Investor Services Pty Limited	<ul style="list-style-type: none"> ■ Registrar
Freehills	<ul style="list-style-type: none"> ■ Legal adviser
Greenwoods & Freehills Pty Limited	<ul style="list-style-type: none"> ■ Taxation adviser
KPMG	<ul style="list-style-type: none"> ■ Auditor
Ivy Asset Management Corp.	<ul style="list-style-type: none"> ■ Fund Manager
Silver Creek SV, L.L.C.	<ul style="list-style-type: none"> ■ Fund Manager

9.2.6 Consents to inclusion of information

Deutsche Australia has given, and has not before the lodgment of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of the information concerning Deutsche Australia and Appendix B, each in the form and context in which they are included. Except with respect to the information referred to above, Deutsche Australia has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

Deutsche Bank has given, and has not before the lodgment of this Prospectus with ASIC withdrawn, its written consent

for the inclusion in this Prospectus of the information concerning Deutsche Bank in the form and context in which it is included. Except with respect to the information referred to above, Deutsche Bank has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

Computershare has given, and has not before lodgment of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of the information concerning Computershare in the form and context in which it is included. Except with respect to that information, Computershare has made no statement included in this Prospectus or on which a statement in this Prospectus is based.

Greenwoods & Freehills has given, and has not before the lodgment of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of its taxation opinion in section 8 in the form and context in which it is included. Except with respect to its taxation opinion, Greenwoods & Freehills has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

Ivy has given, and has not before the lodgment of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of the information in sections 1, 2, 4.1, 4.2 and 9.2.6 concerning Ivy, its performance history as a fund manager, its investment strategies and investment processes and all other express references thereto, each in the form and context in which they are included. Except with respect to the information referred to above, Ivy has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

Silver Creek has given, and has not before the lodgment of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of the information in sections 1, 2, 4.1, 4.3 and 9.2.6 concerning Silver Creek, its performance as a fund manager and its investment strategies and investment processes, each in the form and context in which they are included. Except with respect to the information referred to above, Silver Creek has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

9.2.7 Privacy statement

If you apply for an investment in Xenon Alpha Plus, you will provide personal information to Deutsche Xenon, the Arranger and the Registrar. Deutsche Xenon, the Arranger and the Registrar collect, hold and use your personal information in order to assess your application, maintain a register of Investors, facilitate payments and other corporate actions and communications in relation to Xenon Alpha Plus.

Legislation requires some of your personal information to be collected. If you do not provide the information requested, we may not be able to process your application.

Deutsche Xenon, the Arranger and the Registrar may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth) (**Privacy Act**):

- Deutsche Bank for the purposes of providing reporting or performing calculations or doing any other thing necessary to do or required to be done in connection with Xenon Alpha Plus;
- the Registrar for ongoing administration of the Xenon Alpha Plus register; and
- printers and mailing houses for the purposes of preparing and distributing holding statements and for the handling of mail.

If you become an Investor, your information may also be used or disclosed from time to time to inform you about Deutsche Xenon's products (or other products arranged by Deutsche Bank or other members of the Deutsche Bank Group) or services that Deutsche Xenon thinks may be of interest to you. If you do not want your personal information to be used for this purpose, you should tick the box in the Application Form, or contact Deutsche Xenon at the address shown in the corporate directory contained at the end of this Prospectus.

Your information may also be disclosed to other Deutsche Bank Group companies and to their agents and service providers on the basis that they deal with such information in accordance with Deutsche Bank's privacy policy.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Deutsche Xenon or the Registrar by telephoning, or writing to, Deutsche Xenon (refer to the address shown in the corporate directory).

By completing an Application Form you consent to Deutsche Xenon, the Arranger and the Registrar disclosing your information to Deutsche Bank, other members of the Deutsche Bank Group and other service providers for the above purposes.

9.2.8 No ASX or other listing

No application for the quotation of Xenon Alpha Plus on the ASX or any other stock exchange is intended to be made.

9.2.9 Documents available for inspection

Copies of the Constitution of Deutsche Xenon, which includes the Terms of Issue of Xenon Alpha Plus, have been lodged with ASIC, and will be available for inspection free of charge between 9.00am and 5.00pm (Sydney time), Monday to Friday, at Deutsche Xenon's registered office during the Offer Period. Investors may also obtain a copy of the Constitution free of charge by telephoning the Information Line on 1800 007 353 (free call) during the Offer Period.

9.2.10 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications are governed by the laws applicable in New South Wales, and each Investor submits to the exclusive jurisdiction of the courts of New South Wales.

9.2.11 Consents of Directors

Each Director of Deutsche Xenon has given, and not withdrawn as at the date of this Prospectus, their consent to the lodgment of this Prospectus with ASIC and its issue. This Prospectus is dated 8 October 2004 and has been signed by Ian Martin on behalf of Deutsche Xenon.



Ian Martin
Executive Director
Deutsche Xenon Limited

glossary

Term	Definition
ABN	Australian Business Number.
Accounts	The Ivy Account and the Silver Creek Account. Each Account is comprised of a Fund Facility and a Cash Facility.
ACN	Australian Company Number.
Additional Leverage	Additional borrowed funds of up to \$1.75 for every \$1.00 invested in Xenon Alpha Plus, as described in section 3.1. Additional Leverage will be used if a Fund meets a predetermined performance target.
Adjustment Date	The 5th Business Day prior to the end of each calendar month, starting with the second calendar month following the Issue Date and ending on the third calendar month before the scheduled Maturity Date of 5 November 2008. In certain circumstances, an Adjustment Date may be deferred. See section 9.1.3 under 'Valuation of Accounts'.
AFS Licence	Australian Financial Services Licence.
alpha	A financial term often defined as that portion of an investor's return that is due to the skills of an investment manager rather than the returns of the overall market.
Alpha Plus Portfolio	A notional portfolio designed to generate returns which are linked to the performance of the Ivy Fund (which is based on the performance of the Ivy Rosewood Diversified Fund) and the Silver Creek Fund, as described in section 3.
Application Form	An application form which accompanies this Prospectus on which an offer to subscribe for Xenon Alpha Plus is made.
Arrangement Deed	The deed between Deutsche Australia and Deutsche Xenon dated 8 October 2004, which is summarised in section 9.1.5.
Arranger	Deutsche Australia.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691).
AUD, A\$, \$	Australian dollars.
Auditor	KPMG, Sydney.

Term

BBSW

Bank Bill Swap Rate, which is the average mid rate for bank bills of exchange with the relevant tenor that appears on the Reuters page 'BBSW' as of 11.00am (Sydney time) as of any relevant calculation date or, if no such rate appears, a rate determined by Deutsche Bank in a commercially reasonable manner.

Board

The board of Directors of Deutsche Xenon.

Business Day

A day on which banks and foreign exchange markets are generally open to settle payments in Sydney and London.

Cancellation Notice

A notice lodged by an Investor for the purposes of cancelling an Early Exit Notice. See section 5.9 and Appendix C.

Cash Facilities

The Ivy Cash Facility and the Silver Creek Cash Facility.

Close Date

The last date on which Application Forms will be accepted, which is expected to be 5.00pm (Sydney time), 19 November 2004.

Composite Returns

See section 4.2.1.

Computershare

Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Constitution

The constitution of Deutsche Xenon.

Corporations Act

Corporations Act 2001 (Cth), as amended from time to time.

Current Allocation

For an Account, the total value at the relevant time of the Fund Facility for the relevant Fund (on a per Share basis). See section 3.4.3.

Cut-Off Date

The last day on which an Investor can lodge an Early Exit Notice, which is 10 Business Days before the relevant Early Exit Date. See section 5.9.

Deleverage Amount

For an Account, the amount per Share by which exposure to the relevant Fund may be decreased. The amount is calculated in accordance with section 3.4.4.

Deleverage Event

An event that triggers a decrease in exposure to a Fund. See section 3.4.5.

Deposit Agreement

The deposit agreement between Deutsche Bank and Deutsche Xenon dated 8 October 2004 relating to the Structured Deposit, which is summarised in section 9.1.3.

Deutsche Australia

Deutsche Australia Limited (ABN 37 006 385 593 and AFS Licence Number 238157).

Deutsche Bank

Deutsche Bank AG (ABN 13 064 165 162).

Deutsche Bank Group

Deutsche Bank and its related parties and associates.

Deutsche Xenon

Deutsche Xenon Limited (ACN 109 425 925).

Definition

glossary

Term	Definition
DFP	Dillon/Flaherty Partners, L.P.
Directors	The directors of Deutsche Xenon.
Disruption Event	Any event that would cause a delay in the receipt of redemption proceeds by an actual investor in a Fund following lodgment of a valid redemption request by an actual investor. See section 9.1.3 under 'Timing of Final Payment'.
Early Exit Date	The last Business Day of each month during the Early Exit Period.
Early Exit Facility	A facility provided by Deutsche Australia on a monthly basis under which Investors may be able to realise some or all of their investment in Xenon Alpha Plus prior to the Maturity Date. See section 5.9.
Early Exit Fee	A sliding fee equal to \$0.04 for each Share purchased or redeemed pursuant to a notice given during the first year, \$0.03 for each Share purchased or redeemed pursuant to a notice given during the second year, \$0.02 for each Share purchased or redeemed pursuant to a notice given during the third year and \$0.01 for each Share purchased or redeemed pursuant to a notice given during the fourth year of the Term. See section 5.9.2.
Early Exit Notice	A notice lodged by an Investor for the purpose of realising some or all of their investment in Xenon Alpha Plus prior to the Maturity Date. See section 5.9 and Appendix C.
Early Exit Period	The period commencing on the first Business Day of January 2005 and ending on the last Business Day of October 2008.
Early Exit Price	The price at which Deutsche Australia is prepared to purchase Xenon Alpha Plus under the Early Exit Facility on an Early Exit Date. See section 5.9.
FICS	Financial Industry Complaints Service.
FSG	Financial Services Guide.
Funds	The Ivy Fund and the Silver Creek Fund.
Fund Facilities	The Ivy Fund Facility and the Silver Creek Fund Facility.
Fund Managers	Ivy and Silver Creek.
Fund of Hedge Funds	An investment vehicle that invests directly into a number of hedge funds which may have a variety of different investment strategies.
Fund Shares	The units in the Ivy Fund and the shares in the Silver Creek Fund (or shares or units in any replacement fund).

Term	Definition
Funding Charge	Interest charged at a rate of the three month BBSW plus 2.20% per annum on Permanent Leverage, and the one month BBSW plus 0.80% per annum on any Additional Leverage. The Funding Charge is deducted when calculating the performance of the Alpha Plus Portfolio.
Greenwoods & Freehills	Greenwoods & Freehills Pty Limited (ACN 003 156 852).
GST	Goods and services tax, together with any related interest, penalties, fines or other charges.
Information Line	1800 007 353 (free call).
Investment Allocation Mechanism	An asset allocation mechanism that seeks to manage the value of the Alpha Plus Portfolio over time, as described in section 3.3.
Investor	A person whose name is for the time being registered as a holder of Xenon Alpha Plus.
Investors' NAV	The net asset value of the relevant Account. See section 3.4.1.
Issue Date	The date on which Xenon Alpha Plus are allotted and issued to successful applicants.
Issue Price	\$1.00 per Share.
Issuer	Deutsche Xenon.
Ivy	Ivy Asset Management Corp.
Ivy Account	The Ivy Account comprises the Ivy Fund Facility and the Ivy Cash Facility.
Ivy Cash Facility	A notional cash account to which funds may be allocated from the Ivy Fund Facility in certain circumstances under the Investment Allocation Mechanism.
Ivy Fund	RDO Access Unit Trust I Class A Units. This trust is a special purpose feeder trust for non-US investors investing in the Ivy Rosewood Diversified Fund. See section 4.2.
Ivy Fund Facility	A facility linked to the performance of the Ivy Fund, reflecting a leveraged investment in that Fund.
Ivy Rosewood Diversified Fund	Ivy Rosewood Diversified Fund, Ltd. Class E Shares.
Knockout Event	An event following which exposure to the relevant Fund will be reduced to zero. See section 3.5.

glossary

Term	Definition
Knockout Level	The Ivy Account has a Knockout Level of \$0.10 per Share and the Silver Creek Account has a Knockout Level of \$0.075 per Share. See section 3.5.
Leverage or leverage	Leverage is the degree to which an investor is using, or experiences the economic effect of using, borrowed money. A leveraged investment: <ul style="list-style-type: none">■ increases economic exposure to the investment, magnifying performance (both positive and negative); and■ comes at an economic cost to the investor, in the form of interest charges on the borrowed money.
Leverage Amount	For an Account, the Target Allocation less the Current Allocation. See section 3.4.4.
Leverage Factor	The Ivy Account has a Leverage Factor of 4 and the Silver Creek Account has a Leverage Factor of 3. See section 3.4.2.
LIBOR	The London Interbank Offered Rate for one month US dollar loans.
Maturity Date	5 November 2008, or in the event of a Disruption Event, a date selected by Deutsche Xenon which is not more than 10 Business Days after the date of the postponed repayment of funds caused by the Disruption Event under the Deposit Agreement. See section 9.1.3 under 'Timing of Final Payment'.
Net asset value or NAV	The total assets minus the total liabilities of the company, shares, fund, investment, account or portfolio in question.
Offer	The offer of Xenon Alpha Plus under this Prospectus.
Offer Period	The period commencing on the Open Date and ending on the Close Date.
Open Date	The first date on which Application Forms will be accepted, which is expected to be 9.00am (Sydney time), 18 October 2004.
Permanent Leverage	Borrowed funds of \$2.50 for every \$1.00 invested in Xenon Alpha Plus, which funds remain in place until the Maturity Date, as described in section 3.1.1.
Privacy Act	Privacy Act 1988 (Cth), as amended from time to time.
Prospectus	This prospectus which is dated 8 October 2004.
Register	The register of persons who hold Xenon Alpha Plus.
Registrar	Computershare and any other person who is appointed by Deutsche Xenon to act as registrar.
Relevant Investor	An actual investor in the relevant Fund Shares.

Term	Definition
Releverage Amount	For an Account, the amount per Share by which exposure to the relevant Fund may be increased. The amount is calculated in accordance with section 3.4.4.
Releverage Event	An event that triggers an increase in exposure to a Fund. See section 3.4.5.
Services Deed	The deed between Deutsche Australia and Deutsche Xenon dated 8 October 2004, which is summarised in section 9.1.6.
Shares	Xenon Alpha Plus.
Silver Creek	Silver Creek SV, L.L.C.
Silver Creek Account	The Silver Creek Account comprises the Silver Creek Fund Facility and the Silver Creek Cash Facility.
Silver Creek Cash Facility	A notional cash account to which funds may be allocated from the Silver Creek Fund Facility in certain circumstances under the Investment Allocation Mechanism.
Silver Creek Fund	Silver Creek Low Vol Strategies, Ltd. Class C Series 2 Shares.
Silver Creek Fund Facility	A facility linked to the performance of the Silver Creek Fund, reflecting a leveraged investment in that Fund.
Structured Deposit	A structured deposit made by Deutsche Xenon with Deutsche Bank, under which the return payable to Deutsche Xenon is linked to the performance of the Alpha Plus Portfolio. The terms are contained in the Deposit Agreement which is summarised in section 9.1.3.
Suspension Event	An event that may trigger the replacement of one or either of the Funds. See sections 6.2.4 and 9.1.3.
Target Allocation	For an Account, the relevant Leverage Factor multiplied by the relevant Investors' NAV. See section 3.4.2.
Term	The period from the Issue Date to the Maturity Date.
Terms of Issue	The terms of issue on which Deutsche Xenon will issue Xenon Alpha Plus.
TFN	Tax File Number.
USA	The United States of America.
USD, US\$, US dollars	United States dollars.
Xenon Alpha Plus	Redeemable preference shares issued under, and on the terms set out in, the Terms of Issue as described in section 9.1.1.

appendix a – descriptions of hedge fund strategies

There are many ways to classify hedge fund strategies and in some cases various strategies may overlap. This Appendix describes some types of hedge fund strategies which Funds of Hedge Funds may use from time to time.

The descriptions are intended to be illustrative only and there are hedge fund strategies used by Fund of Hedge Funds managers that may not be included. Each Fund of Hedge Funds manager will have their own interpretation of the hedge fund strategies a hedge fund may employ and may group several individual hedge fund strategies under one or more classification.

Investors should note that neither Deutsche Xenon nor Deutsche Bank will have any ability to select strategies or investments for the Funds included in the Alpha Plus Portfolio (or the funds in which they may invest).

hedge fund strategy	description
Tactical trading and global macro	These strategies seek to profit from directional moves in interest rates, currencies, commodities, stock indices and other types of assets, often by using futures, options on futures, spot instruments and over-the-counter derivatives. Forecasts can be based on fundamental data (for example, growth rates, inflation figures or employment reports), technical data (for example, price, volume or open interest), or a combination of both. Generally speaking, discretionary traders who use primarily fundamental data to make decisions can also be referred to as 'global macro' managers.
Relative value	This strategy can involve the simultaneous purchase and sale of similar securities to exploit pricing differentials. The strategy's goal is to profit without taking directional market risk. Different relative value strategies can include convertible arbitrage, statistical arbitrage, credit arbitrage, pairs trading, yield curve arbitrage and basis trading. The types of instruments traded vary considerably depending on a manager's arbitrage strategy. Since these strategies attempt to capture relatively small mispricings between two related securities, relative value managers often employ moderate to substantial leverage to increase rates of return.
CTA	Commodity trading advisers (CTAs) typically use futures contracts to take advantage of long-term and short-term market trends in sectors, currencies and/or commodity markets. Typically, these investments have low correlation to those with a focus on more traditional investment vehicles (such as equities and fixed income instruments) and serve to diversify a hedge fund's investments. Typically, CTA investments are directional in nature but are extremely liquid and closely monitored within very tight trading bands.
Event driven or event and merger arbitrage	This strategy can involve long and short positions in equities of business entities when a specific event (for example, a merger, takeover or recapitalisation) is anticipated to produce a favourable change within a defined time period.

hedge fund strategy	description
Equity market neutral or statistical arbitrage	This strategy can seek to profit by taking advantage of pricing inefficiencies among equity securities and by combining offsetting long and short equity positions to eliminate or reduce overall market direction risk. By pairing long and short positions in a portfolio with relatively low net exposure, performance is insulated from overall market volatility. The overall portfolio is intended to be unaffected by moves in the broader equity market.
Equity hedge or long/short equity	This strategy combines the purchase of relatively undervalued equities with the short sale of relatively overvalued equities and/or indices. This strategy may operate with a variety of styles and varying degrees of gross and net market exposure. In contrast to equity market neutral strategies, this strategy generally operates with relatively low net market exposure, but without the explicit intention to have zero net market exposure.
Fixed income arbitrage	This strategy can seek to profit by exploiting pricing inefficiencies or anomalies between related fixed income securities and their derivatives while attempting to reduce directional exposure to interest rate movements. Fund managers use a variety of strategies to mitigate interest rate, foreign exchange, credit and inter-market spread risks that may be involved.
Credit arbitrage or hedging	This strategy consists of investing in a variety of credit and credit related instruments, both long and short. Whilst the strategy may be implemented with certain directional components, performance will be derived primarily from the fund manager's evaluation of credit market pricing.
Convertible arbitrage or hedging	This strategy can involve the purchase of different types of convertible securities and the simultaneous short sale of the underlying security into which the convertible security converts. Such financial instruments can be highly correlated, mispriced in relation to each other, and grouped in a manner intended to create a 'market neutral' or hedged position.
Distressed securities	This strategy involves investments in public and non-public debt and equity securities of companies in financial difficulty, reorganisation or bankruptcy, or in non-performing and sub-performing bank loans. Portfolios of such securities are usually concentrated in debt instruments.
Loan origination and trade claims	This strategy targets investments in asset backed privately placed debt securities and/or trade claims with public and/or private companies. Managers that originate loans complete the credit analysis, originate and service the loan. Loans are typically short term (less than 18 months) and are collateralised with physical assets. Managers investing in trade claims typically purchase securities out of bankruptcy courts at substantial discounts to eventual recoveries. Managers in this sector will employ leverage, but only if they are able to secure permanent financing for their activities in contrast to margin or other callable loans.

appendix b – financial services guide

This is the Financial Services Guide of Deutsche Australia Limited (ABN 37 006 385 593, AFS Licence Number 238157) in relation to the offer of Xenon Alpha Plus and the Early Exit Facility.

8 October 2004

What is the purpose of this Financial Services Guide (FSG)?

This FSG is an important document. It contains information about Deutsche Australia Limited (Deutsche Australia, we or us) and our role in relation to the Offer and the Early Exit Facility to help you decide whether to use the financial services we offer.

This FSG contains information about:

- the services we offer you in that role;
- how we (and other relevant persons) may be remunerated for these services; and
- our internal and external complaints handling procedures.

Who are we and how can you contact us?

Deutsche Australia is licensed under the Corporations Act to provide financial services. Our AFS Licence Number is 238157.

Deutsche Australia is a wholly owned subsidiary of Deutsche Bank AG (ABN 13 064 165 162, AFS Licence Number 238153).

You can contact us in the following ways:

Mail: Level 18, 225 George Street
Sydney NSW 2000

Telephone: (02) 9258 2506

Fax: (02) 9258 2220

This FSG has been prepared by, and is the responsibility of, Deutsche Australia. We are neither responsible nor liable for any part of the Prospectus other than this FSG and those areas set out in section 9.2.6 of the Prospectus.

What financial services and products are we offering to provide?

We are offering to provide financial services to you in relation to the offer of Xenon Alpha Plus and the Early Exit Facility.

In arranging the issue of Xenon Alpha Plus and in providing the Early Exit Facility, we may provide the following financial services to you:

- financial product advice;
- dealing; and
- making a market.

These financial services relate only to Xenon Alpha Plus and no other financial products. The services are subject to the terms and conditions set out in the Prospectus. Further details of our role may be found in the Prospectus, in particular, section 7.4.

We are authorised under our AFS Licence to provide other financial services and products but we are not offering to provide those services or products to you in connection with the Offer and the Early Exit Facility. This FSG does not relate to any of those other financial services or products.

We do not intend to provide any personal advice to you in connection with the Offer or the Early Exit Facility.

Personal advice is advice that takes into account one or more of your objectives, financial situation and particular needs. We recommend that before making a decision to apply for Xenon Alpha Plus, you consult your broker, financial planner or licensed securities adviser.

Who is responsible for the financial services you receive?

In providing financial services to you in relation to the Offer and the Early Exit Facility, we act on our own behalf and are responsible for those financial services. Deutsche Xenon has authorised us to arrange the issue of Xenon Alpha Plus.

How do you provide us with instructions?

You can give us instructions that you want us to arrange for the issue to you of Xenon Alpha Plus by completing an Application Form to subscribe for Xenon Alpha Plus and submitting it in the manner set out in the Prospectus.

You can give us instructions that you want us to purchase Xenon Alpha Plus from you under the Early Exit Facility by completing and signing an Early Exit Notice and submitting it in the manner set out in the Prospectus.

What remuneration and benefits do we receive for our services?

We will not charge you for arranging the issue of Xenon Alpha Plus. If you exit your investment in Xenon Alpha Plus under the Early Exit Facility, you will receive the price we are willing to pay for Xenon Alpha Plus. This price will reflect various costs and an Early Exit Fee, as described in section 5.9.2 of the Prospectus.

We will not receive any fees, commission or other benefits for arranging for the issue of Xenon Alpha Plus. We will not receive any fees for providing the Early Exit Facility, other than as described above.

Deutsche Bank AG is entitled to receive payments in connection with its roles in relation to the issue of the Xenon Alpha Plus, as set out in section 9.2.3 of the Prospectus.

Other companies in the Deutsche Bank Group may also receive referral fees in connection with the Offer, as described below.

The performance of the Alpha Plus Portfolio will be affected by certain fees and charges, as set out in sections 9.2.3 and 9.2.4 of the Prospectus. In addition, Deutsche Bank may receive certain other benefits in connection with the Deposit Agreement (for a further explanation see section 9.1.3 of the Prospectus).

We may charge for providing financial services in other circumstances.

How are our directors and employees remunerated?

All Deutsche Bank Group employees and directors involved in arranging the issue of Xenon Alpha Plus and providing the Early Exit Facility are remunerated by salary and do not directly receive any commissions or fees in performing that role.

However, they may be eligible for an annual bonus which is discretionary and is based on a number of factors such as individual and organisational performance. The discretionary bonus may be payable as cash or as a combination of cash and different forms of equity.

The different forms of equity are awarded to selected individuals in anticipation of ongoing contribution to the success of the organisation, and to align the interests of employees and Deutsche Bank Group shareholders. Vesting periods may apply to such awards. Awards are primarily made in the form of notional Deutsche Bank AG shares, which perform in direct relation to Deutsche Bank AG registered shares, however have no associated voting rights or dividends. In limited circumstances, awards may also be granted in the form of Deutsche Bank AG shares and performance options. Performance options are rights to buy Deutsche Bank AG shares in the future at a fixed price.

Associations with product issuers

We are a related body corporate of Deutsche Xenon, which is the issuer of Xenon Alpha Plus.

Referral fees that we pay

We may make payments to sales agents, brokers and financial advisers (which may include companies in the Deutsche Bank Group) who are involved in placing Xenon Alpha Plus or who refer clients to us in respect of the Offer. These fees are described further in section 9.2.4 of the Prospectus.

What should you do if you have a complaint?

If you are not satisfied with the services you receive from us as described in this FSG, you are entitled to complain.

We have established internal complaint handling procedures to ensure all enquiries and complaints are properly dealt with.

You can lodge your complaint in writing to our address detailed on the first page of this FSG. Alternatively you can lodge your complaint by contacting our client services team toll free on 1800 007 353. We will always acknowledge your complaint in writing and respond within 45 days.

Deutsche Australia is also a member of the Financial Industry Complaints Service (**FICS**), which is an independent complaints scheme approved by ASIC. If we do not resolve your complaint satisfactorily, you may contact FICS on:

PO Box 579, Collins St West,
Melbourne Vic 8007
Tel 1300 78 08 08
Facsimile (03) 9621 2291
Email fics@fics.asn.au
Internet www.fics.asn.au

How is your personal information dealt with?

The privacy of your personal information is important to us. We collect your personal information to ensure that we are able to provide you with the services and products that you ask us to provide to you.

We have adopted the principles set out in the Privacy Act as part of our continuing commitment to client service and maintenance of client confidentiality.

For further details, please refer to section 9.2.7 of the Prospectus and our Privacy Policy at www.australia.db.com/australia/other/privacy/index.htm.

appendix c
early exit notice and cancellation notice

xenon alpha plus – early exit notice

Deutsche Xenon Limited ACN 109 425 925 (Deutsche Xenon).

Investor number

This Early Exit Notice is submitted pursuant to the Early Exit Facility for Xenon Alpha Plus issued under the Terms of Issue of Xenon Alpha Plus and the Prospectus dated 8 October 2004.

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 (**Cut-Off Date**).

A. Early exit

The 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 only into either the Australian resident bank account you previously advised to us, or one which you nominate below.

Please pay all early exit amounts due to me/us into the following Australian resident bank account:

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 Xenon Alpha Plus under the Early Exit Facility is subject to restrictions (as set out in section 5.9.1 of the Prospectus). Consequently some or all of the number of Shares an Investor seeks to realise by submitting this Early Exit Notice may 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 Notices received in that subsequent month (unless an Investor subsequently submits a Cancellation Notice no later than 3 Business Days prior to the Early Exit Date for that subsequent month – see section 5.9 of the Prospectus).

G. Acknowledgements

By signing and returning this Early Exit Notice and completing the direct credit authority 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 Xenon Alpha Plus;
- may only cancel this Early Exit Notice by submitting to the Registrar a Cancellation Notice no later than 3 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. Lodgment

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

- by fax to (02) 8235 8212; or
- by post to Level 3, 60 Carrington Street, Sydney NSW 2000.

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, either Investor may sign. If executed by a company, the form must be executed in accordance with its constitution and the Corporations Act 2001 (Cth).

xenon alpha plus – cancellation notice

Deutsche Xenon Limited ACN 109 425 925 (Deutsche Xenon).

Investor number

This Cancellation Notice is submitted pursuant to the Early Exit Facility for Xenon Alpha Plus issued under the Terms of Issue of Xenon Alpha Plus and the Prospectus dated 8 October 2004.

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

Cancellation Notices must be submitted to the Registrar no later than 3 Business Days before the relevant Early Exit Date.

A. Cancellation of Early Exit Notice

I/we, the undersigned, hereby give notice, in accordance with the Early Exit Facility set out in the Xenon Alpha Plus Terms of Issue, that I/we wish to cancel my/our Early Exit Notice in respect of:

Shares, which was submitted in (month) of (year).

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 Cancellation 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. Lodgment

Investors may submit a completed Cancellation Notice to the Registrar:

- by fax to (02) 8235 8212; or
- by post to Level 3, 60 Carrington Street, Sydney NSW 2000.

F. 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 Cancellation Notice must be signed. If a joint holding, either Investor may sign. If executed by a company, the form must be executed in accordance with its constitution and the Corporations Act 2001 (Cth).

appendix d
applying for Xenon Alpha Plus



appendix d – applying for Xenon Alpha Plus

The Offer is only open to Australian residents receiving this Prospectus in Australia, including obtaining an electronic version of this Prospectus from Deutsche Xenon's website.

Applications for Xenon Alpha Plus may only be made on an Application Form attached to, or accompanying, this Prospectus (including an electronic version of the Prospectus).

During the Offer Period, this Prospectus (together with the Application Forms) is available in electronic form at www.deutschexenon.db.com/prospectus.html. You can request paper copies of this Prospectus, including the Application Forms and any supplementary disclosure document, free of charge by telephoning:

- your broker, financial planner or licensed securities adviser (who should contact the Arranger to obtain them); or
- the Information Line on 1800 007 353 (free call).

When to apply

The Offer is scheduled to open at 9.00am (Sydney time) on 18 October 2004 and is expected to close at 5.00pm (Sydney time) on 19 November 2004. Shares are expected to be issued on 25 November 2004.

Applications for Xenon Alpha Plus must be received by the Registrar in accordance with the instructions in this Appendix no later than 5.00pm (Sydney time) on the Close Date. This means that applications for Xenon Alpha Plus will need to have been received earlier than this by your broker, financial planner or licensed securities adviser. Contact your broker, financial planner or licensed securities adviser for further details.

How to apply

Applications for Xenon Alpha Plus may only be made through your broker, financial planner or licensed securities adviser, who should contact the Arranger to lodge your Application Form.

To apply for Xenon Alpha Plus:

■ Complete an Application Form:

You must complete an Application Form attached to, or accompanying, this Prospectus (including the electronic version of the Prospectus available on Deutsche Xenon's website, www.deutschexenon.db.com/prospectus.html) in accordance with these instructions and the Application Form. Photocopied Application Forms will not be accepted.

■ Return your Application Form:

You must:

- return your completed Application Form to your broker, financial planner or licensed securities adviser; and
- attach a cheque or money order in Australian dollars for the amount of your application money which must be drawn on an Australian branch of a financial institution; and
- make your cheque or money order payable to 'Deutsche Xenon Ltd – Application Account' and crossed 'Not Negotiable'.

It is not necessary to sign the Application Form.

Failure to comply with these instructions may mean your Application Form is not accepted.

Instructions for completing an Application Form

A Application amount You must apply for a minimum of \$5,000 of Shares (5,000 × \$1.00 per Share).
You can apply for additional Shares in multiples of \$1,000 (1,000 × \$1.00 per Share).

B Application name(s) The table below shows you how to complete section B. Note that only legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of the correct form of registrable title(s) below.

type of investor	correct form
Individual person applicant	JOHN ANTHONY SMITH
Joint individual person applicants	JOHN ANTHONY SMITH JANET ANTHEA SMITH
Companies	XYZ PTY LTD
Trusts	JOHN SMITH <JOHN SMITH FAMILY A/C>
Partnerships	JOHN SMITH AND JAMES SMITH <JOHN SMITH & SONS A/C>
Superannuation funds	XYZ PTY LTD <SUPERANNUATION FUND A/C>
Clubs/unincorporated associations	JOHN SMITH <XYZ SPORTS CLUB A/C>

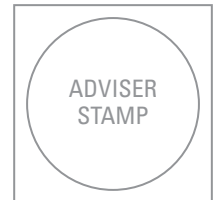
appendix d – applying for Xenon Alpha Plus

- C Address details** You need to write down the postal address to which you want us to send all communications regarding your investment in Xenon Alpha Plus. If there is more than one applicant, please use only one address.
- D Tax File Number information** If you are not an Australian resident for tax purposes you will not be able to provide a TFN and you are not entitled to apply for Xenon Alpha Plus. If you are an Australian resident for tax purposes then you are not required to provide your TFN or (if applicable) your ABN. However, if you do not, Deutsche Xenon is required by law to deduct Australian tax from all distributions at the highest marginal tax rate plus the Medicare Levy. If you are exempt, please write in your exemption category.
- E Contact details** We may need to contact you or your representative about your application.
- F Application payment details** Please attach a cheque or money order in Australian dollars which must be drawn on an Australian branch of a financial institution and make it payable to 'Deutsche Xenon Ltd – Application Account' and crossed 'Not Negotiable'.
- G Payments – direct credit authority** You need to provide details here of your Australian bank account into which any dividend payment, repayment of the principal amount, if any, (and if necessary, any payment under the Early Exit Facility) will be made.
- H Privacy Act** If you do not want to receive communications related to Other Matters as explained at part H, please tick the box at part H.
- I Adviser details** To be completed by your broker, financial planner, or licensed securities adviser.

xenon alpha plus – application form

adviser code

broker code



Deutsche Xenon Limited ACN 109 425 925 (Deutsche Xenon).

Offer scheduled to close at 5.00pm (Sydney time), 19 November 2004.

This Application Form is for Xenon Alpha Plus under the Prospectus dated 8 October 2004. It contains important information about investing in Xenon Alpha Plus. Before applying for Xenon Alpha Plus you should read the entire Prospectus carefully. The Prospectus contains a discussion of the risks associated with investing in Xenon Alpha Plus (see section 6). The Prospectus does not take into account the investment objectives, financial situation and particular needs of each potential investor. It is recommended that before making a decision whether to apply for Xenon Alpha Plus you consult your broker, financial planner or licensed securities adviser.

This Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary disclosure document that Deutsche Xenon issues during the Offer Period. Under the Corporations Act, Xenon Alpha Plus may only be issued if Deutsche Xenon has reasonable grounds to believe that this Application Form was included in, or accompanied by, the Prospectus.

The Prospectus is available in electronic form at www.deutschexenon.db.com/prospectus.html. Paper copies of the Prospectus, including the Application Forms and any supplementary disclosure documentation, may be obtained free of charge by calling your broker, financial planner or licensed securities adviser (who should contact the Arranger to obtain them) or the Information Line on 1800 007 353 (free call).

A. Application amount

You must apply for a minimum of 5,000 Shares and in multiples of 1,000 thereafter.

Number of Shares applied for		x	Price per Share		=	I/we lodge full Application money
<input type="text"/>			\$1.00	<input type="text"/>		\$ <input type="text"/>

B. Application name(s)

Applicant 1 or company applicant name

Joint applicant 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. Tax File Number information

Please provide your TFN or corporate ABN.

Applicant 1 TFN

Joint applicant 2 TFN

For companies, please provide ABN

If applicable, specify TFN exemption category

xenon alpha plus – application form

E. Contact details

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

Contact name

Daytime phone no. (including area code)

Mobile no.

Email address

F. Application payment details

Do not send cash. If you do, your application will not be processed. We accept no responsibility for any cash sent to us or returned by us. You must pay by cheque or money order made payable to 'Deutsche Xenon Ltd – Application Account' and crossed 'Not Negotiable'. Your cheque must be drawn on an Australian branch of a financial institution. The total amount must agree with the amount shown in part A.

Cheques will be processed on the day of receipt. Sufficient cleared funds must be held in your account on that day. Cheques returned unpaid may not be re-presented and may result in your application being rejected. Cheques must not be post dated. Please pin (do not staple) your cheque(s) to the Application Form where indicated. Receipt for payment will not be forwarded.

G. Payments – direct credit authority

Any dividend payment and repayment of the principal amount, if any, (and if necessary, any payment under the Early Exit Facility) in relation to Xenon Alpha Plus will be made to you by direct credit only into the Australian resident bank account you nominate below (or such other Australian resident bank account that you nominate in the future).

Please pay all amounts including dividend and principal amounts due to me/us into the following Australian resident bank account.

Account name

Bank name

BSB number

Account number

Note, this must be a cheque or savings account.

H. Privacy Act (see Privacy Statement below)

If you do not want to receive communications related to Other Matters (see Privacy Statement below) tick this box .

Please read the acknowledgements set out below before returning this Application Form. Photocopied Application Forms will not be accepted.

Please return this Application Form fully completed to your broker, financial planner or licensed securities adviser.

Please ensure that your completed Application Form is received in sufficient time for your broker, financial planner or licensed securities adviser to submit it before the Offer closes. The Offer is scheduled to close at 5.00pm (Sydney time) on 19 November 2004. As the Offer may be closed earlier without prior notice, you are encouraged to submit your Application Form as soon as possible after the Offer opens, to your broker, financial planner or licensed securities adviser.

xenon alpha plus – application form

Acknowledgements

By returning this Application Form and completing the direct credit authority you agree to the following statements. I/we declare that I/we:

- have read and understood the Prospectus, including the 'risks' section and obtained any professional advice I/we require as to the suitability of Shares to my/our circumstances, investment objectives, financial situation and particular needs;
- have completed and lodged this Application Form in accordance with the terms of the Prospectus and that all statements made by me/us are complete and accurate;
- acknowledge that I/we may not withdraw this Application Form once it has been received by the Registrar;
- apply for the number of Shares at the dollar amount shown on this Application Form;
- authorise Deutsche Xenon to do anything on my/our behalf necessary for Shares to be allotted to me/us;
- acknowledge that I am/we are bound by the terms and conditions of the Offer (including the representations, warranties and agreements contained in the Prospectus), by the Terms of Issue and the Constitution of Deutsche Xenon;
- warrant to Deutsche Xenon and Deutsche Australia that it is lawful for Deutsche Xenon to make an invitation to me/us and for me/us to subscribe for Shares under the Prospectus and that I/we am/are a resident/residents of Australia and received the Prospectus in Australia;
- acknowledge that neither the performance of Deutsche Xenon nor any particular return from, or any repayment of capital invested in, the Shares is guaranteed by Deutsche Bank, any of its related bodies corporate or its associates;
- acknowledge that my/our investment in Shares is not a deposit with or any other type of liability of Deutsche Bank, Deutsche Australia or any other member of the Deutsche Bank Group, but is an investment in Shares in Deutsche Xenon; and
- are not acting for the account or benefit of a person within the United States or a US person (as defined under the US Securities Act of 1933).

Important Notice

The Corporations Act prohibits any person from passing on to another person an Application Form which is originally attached to the Prospectus, unless the Application Form is attached to or accompanying a complete and unaltered copy of the Prospectus at the time it is passed on. A person who gives another person access to an Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary disclosure document. You may obtain a paper copy of the Prospectus, any supplementary disclosure document and the Application Forms, at no charge, upon request by telephoning your broker, financial planner or licensed securities adviser (who should contact the Arranger to obtain them) or the Information Line on 1800 007 353 (free call). Applications for Xenon Alpha Plus will only be accepted if made on an Application Form attached to or accompanying the Prospectus.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (**Computershare**) as Registrar for Deutsche Xenon for the purpose of maintaining registers of Investors, facilitating payments, conducting the Early Exit Facility and other corporate actions and communications in relation to Xenon Alpha Plus. Please note that if the information is not provided, we may not be able to process your application. Your personal information may be disclosed to the Arranger, Deutsche Xenon or Deutsche Bank and other service providers, where necessary, for them to provide reporting to you and to communicate with you from time to time (including information concerning other products and services, together Other Matters). If you do not wish to receive communications related to Other Matters please tick the box in part H above.

By completing this Application Form you consent to Computershare disclosing your information to the Arranger, Deutsche Xenon, Deutsche Bank or other service providers for the above purposes.

xenon alpha plus – application form

I. Adviser details (for adviser use only)

Adviser full name

Adviser dealer group

Adviser company

Adviser company address

Adviser ABN

Adviser company ABN

Adviser Dealer Group ABN (please tick)

Adviser email

Only licensed investment advisers are entitled to receive commission. Some advisers may waive part or all of their normal up-front commission (not including the GST component) in favour of Investors, although they are under no obligation to do so. Amounts to be waived, if any, must be indicated below.

Up-front commission exclusive of GST (advisers tick one of the following)

1% 2% 3%

By signing and returning this form, the adviser, Deutsche Australia and Deutsche Xenon agree as follows in respect of the supplies to be made by the adviser under or in connection with the Offer, being the promotion and/or recommendation of Xenon Alpha Plus to the adviser's clients (**Supplies**) (the **Agreement**):

- Deutsche Australia may issue recipient created tax invoices (**RCTIs**) in respect of the Supplies;
- the adviser will not issue tax invoices in respect of the Supplies;
- Deutsche Xenon and Deutsche Australia each warrants to the adviser that it is registered for GST as at the time this Agreement is entered into and each agrees that it will notify the adviser if it ceases to be so registered at any time prior to the Maturity Date;
- the adviser warrants that it is registered for GST purposes at the time this Agreement is entered into and that it will notify Deutsche Australia if it ceases to be so registered at any time prior to the Maturity Date;
- the adviser warrants that its ABN is as set out above and acknowledges that Deutsche Xenon and Deutsche Australia enter into this Agreement in reliance on that ABN being correct; and
- the adviser will be compensated by Deutsche Australia for making the Supplies by way of an up-front commission and a trail commission in respect of which RCTIs will be issued by Deutsche Australia under this agreement.

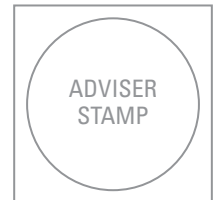
Adviser signature (please sign)



xenon alpha plus – application form

adviser code

broker code



Deutsche Xenon Limited ACN 109 425 925 (Deutsche Xenon).

Offer scheduled to close at 5.00pm (Sydney time), 19 November 2004.

This Application Form is for Xenon Alpha Plus under the Prospectus dated 8 October 2004. It contains important information about investing in Xenon Alpha Plus. Before applying for Xenon Alpha Plus you should read the entire Prospectus carefully. The Prospectus contains a discussion of the risks associated with investing in Xenon Alpha Plus (see section 6). The Prospectus does not take into account the investment objectives, financial situation and particular needs of each potential investor. It is recommended that before making a decision whether to apply for Xenon Alpha Plus you consult your broker, financial planner or licensed securities adviser.

This Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary disclosure document that Deutsche Xenon issues during the Offer Period. Under the Corporations Act, Xenon Alpha Plus may only be issued if Deutsche Xenon has reasonable grounds to believe that this Application Form was included in, or accompanied by, the Prospectus.

The Prospectus is available in electronic form at www.deutschexenon.db.com/prospectus.html. Paper copies of the Prospectus, including the Application Forms and any supplementary disclosure documentation, may be obtained free of charge by calling your broker, financial planner or licensed securities adviser (who should contact the Arranger to obtain them) or the Information Line on 1800 007 353 (free call).

A. Application amount

You must apply for a minimum of 5,000 Shares and in multiples of 1,000 thereafter.

Number of Shares applied for		x	Price per Share		=	I/we lodge full Application money
<input type="text"/>			\$1.00	<input type="text"/>		\$ <input type="text"/>

B. Application name(s)

Applicant 1 or company applicant name

Joint applicant 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. Tax File Number information

Please provide your TFN or corporate ABN.

Applicant 1 TFN

Joint applicant 2 TFN

For companies, please provide ABN

If applicable, specify TFN exemption category

xenon alpha plus – application form

E. Contact details

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

Contact name

Daytime phone no. (including area code)

Mobile no.

Email address

F. Application payment details

Do not send cash. If you do, your application will not be processed. We accept no responsibility for any cash sent to us or returned by us. You must pay by cheque or money order made payable to 'Deutsche Xenon Ltd – Application Account' and crossed 'Not Negotiable'. Your cheque must be drawn on an Australian branch of a financial institution. The total amount must agree with the amount shown in part A.

Cheques will be processed on the day of receipt. Sufficient cleared funds must be held in your account on that day. Cheques returned unpaid may not be re-presented and may result in your application being rejected. Cheques must not be post dated. Please pin (do not staple) your cheque(s) to the Application Form where indicated. Receipt for payment will not be forwarded.

G. Payments – direct credit authority

Any dividend payment and repayment of the principal amount, if any, (and if necessary, any payment under the Early Exit Facility) in relation to Xenon Alpha Plus will be made to you by direct credit only into the Australian resident bank account you nominate below (or such other Australian resident bank account that you nominate in the future).

Please pay all amounts including dividend and principal amounts due to me/us into the following Australian resident bank account.

Account name

Bank name

BSB number

Account number

Note, this must be a cheque or savings account.

H. Privacy Act (see Privacy Statement below)

If you do not want to receive communications related to Other Matters (see Privacy Statement below) tick this box .

Please read the acknowledgements set out below before returning this Application Form. Photocopied Application Forms will not be accepted.

Please return this Application Form fully completed to your broker, financial planner or licensed securities adviser.

Please ensure that your completed Application Form is received in sufficient time for your broker, financial planner or licensed securities adviser to submit it before the Offer closes. The Offer is scheduled to close at 5.00pm (Sydney time) on 19 November 2004. As the Offer may be closed earlier without prior notice, you are encouraged to submit your Application Form as soon as possible after the Offer opens, to your broker, financial planner or licensed securities adviser.

xenon alpha plus – application form

Acknowledgements

By returning this Application Form and completing the direct credit authority you agree to the following statements. I/we declare that I/we:

- have read and understood the Prospectus, including the 'risks' section and obtained any professional advice I/we require as to the suitability of Shares to my/our circumstances, investment objectives, financial situation and particular needs;
- have completed and lodged this Application Form in accordance with the terms of the Prospectus and that all statements made by me/us are complete and accurate;
- acknowledge that I/we may not withdraw this Application Form once it has been received by the Registrar;
- apply for the number of Shares at the dollar amount shown on this Application Form;
- authorise Deutsche Xenon to do anything on my/our behalf necessary for Shares to be allotted to me/us;
- acknowledge that I am/we are bound by the terms and conditions of the Offer (including the representations, warranties and agreements contained in the Prospectus), by the Terms of Issue and the Constitution of Deutsche Xenon;
- warrant to Deutsche Xenon and Deutsche Australia that it is lawful for Deutsche Xenon to make an invitation to me/us and for me/us to subscribe for Shares under the Prospectus and that I/we am/are a resident/residents of Australia and received the Prospectus in Australia;
- acknowledge that neither the performance of Deutsche Xenon nor any particular return from, or any repayment of capital invested in, the Shares is guaranteed by Deutsche Bank, any of its related bodies corporate or its associates;
- acknowledge that my/our investment in Shares is not a deposit with or any other type of liability of Deutsche Bank, Deutsche Australia or any other member of the Deutsche Bank Group, but is an investment in Shares in Deutsche Xenon; and
- are not acting for the account or benefit of a person within the United States or a US person (as defined under the US Securities Act of 1933).

Important Notice

The Corporations Act prohibits any person from passing on to another person an Application Form which is originally attached to the Prospectus, unless the Application Form is attached to or accompanying a complete and unaltered copy of the Prospectus at the time it is passed on. A person who gives another person access to an Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary disclosure document. You may obtain a paper copy of the Prospectus, any supplementary disclosure document and the Application Forms, at no charge, upon request by telephoning your broker, financial planner or licensed securities adviser (who should contact the Arranger to obtain them) or the Information Line on 1800 007 353 (free call). Applications for Xenon Alpha Plus will only be accepted if made on an Application Form attached to or accompanying the Prospectus.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (**Computershare**) as Registrar for Deutsche Xenon for the purpose of maintaining registers of Investors, facilitating payments, conducting the Early Exit Facility and other corporate actions and communications in relation to Xenon Alpha Plus. Please note that if the information is not provided, we may not be able to process your application. Your personal information may be disclosed to the Arranger, Deutsche Xenon or Deutsche Bank and other service providers, where necessary, for them to provide reporting to you and to communicate with you from time to time (including information concerning other products and services, together Other Matters). If you do not wish to receive communications related to Other Matters please tick the box in part H above.

By completing this Application Form you consent to Computershare disclosing your information to the Arranger, Deutsche Xenon, Deutsche Bank or other service providers for the above purposes.

xenon alpha plus – application form

I. Adviser details (for adviser use only)

Adviser full name

Adviser dealer group

Adviser company

Adviser company address

Adviser ABN

Adviser company ABN

Adviser Dealer Group ABN (please tick)

Adviser email

Only licensed investment advisers are entitled to receive commission. Some advisers may waive part or all of their normal up-front commission (not including the GST component) in favour of Investors, although they are under no obligation to do so. Amounts to be waived, if any, must be indicated below.

Up-front commission exclusive of GST (advisers tick one of the following)

1% 2% 3%

By signing and returning this form, the adviser, Deutsche Australia and Deutsche Xenon agree as follows in respect of the supplies to be made by the adviser under or in connection with the Offer, being the promotion and/or recommendation of Xenon Alpha Plus to the adviser's clients (**Supplies**) (the **Agreement**):

- Deutsche Australia may issue recipient created tax invoices (**RCTIs**) in respect of the Supplies;
- the adviser will not issue tax invoices in respect of the Supplies;
- Deutsche Xenon and Deutsche Australia each warrants to the adviser that it is registered for GST as at the time this Agreement is entered into and each agrees that it will notify the adviser if it ceases to be so registered at any time prior to the Maturity Date;
- the adviser warrants that it is registered for GST purposes at the time this Agreement is entered into and that it will notify Deutsche Australia if it ceases to be so registered at any time prior to the Maturity Date;
- the adviser warrants that its ABN is as set out above and acknowledges that Deutsche Xenon and Deutsche Australia enter into this Agreement in reliance on that ABN being correct; and
- the adviser will be compensated by Deutsche Australia for making the Supplies by way of an up-front commission and a trail commission in respect of which RCTIs will be issued by Deutsche Australia under this agreement.

Adviser signature (please sign)



corporate directory

Issuer

Deutsche Xenon Limited

Level 18
Grosvenor Place
225 George Street
Sydney NSW 2000

Arranger

Deutsche Australia Limited

Level 18
Grosvenor Place
225 George Street
Sydney NSW 2000

Legal Adviser

Freehills

MLC Centre
19–29 Martin Place
Sydney NSW 2000

Taxation advisor

Greenwoods & Freehills Pty Limited

MLC Centre
19–29 Martin Place
Sydney NSW 2000

Auditor


KPMG

10 Shelley Street
Sydney NSW 2000

Registrar

Computershare Investor Services Pty Limited

Level 3
60 Carrington Street
Sydney NSW 2000



Deutsche Xenon website

www.deutschexenon.db.com

Information Line

1800 007 353 (free call)