



6 January 2006

Dear Shareholder,

**RE: Oakland Investments (Aus) Limited
Company Managing Director's Report
October to December, 2005**

I am pleased to be able to report to shareholders once again with positive news, in what is Oakland Investments (Aus) Limited's (Oakland Investments) second official quarterly report. Oakland Investments as a Company has enjoyed further consistent and respectable performance, reporting a dividend return to shareholders for the period 1 October 2005 to 31 December 2005, consisting of:

2.52% for A Class Shareholders and;

3.78% for C Class Shareholders

These returns are once again in line with the Directors' expected forecast returns and given the noticeable changes in the mezzanine finance lending market throughout the last 3 months, this result is exceptionally pleasing. Although still a relatively new Company, these results confirm yet again, Oakland Investments' ability to deliver on what it has set out to achieve for its shareholders - consistent and reliable yields, with exceptional risk management policies. This is further supported by much of the data contained in this report.

Funds Under Management (FUM) grew by a further 76.7% during this period and is expected to continue growing by at least 60% again in the first quarter of 2006. The Directors believe they are well positioned to continue managing significant increases in FUM, despite increased competition in the mezzanine finance lending market and a slowing of construction activity in many areas of the eastern seaboard of Australia over the last 3 months. To counteract such events, Oakland Investments has focused on increasing the volume of funding proposals evaluated through substantial expansion of brokerage networks and loan origination sources, as well as the addition of further industry expertise to the Investment Advisory Board.

It has been an interesting quarter as far as funds utilization is concerned. The volume of funding proposals assessed increased considerably from the first quarter of the financial year, providing access to a wider range of asset allocation opportunities for the Company.

It is becoming increasingly obvious that activity in the Real Estate development market is currently being driven by a concentrated percentage of experienced developers, as opposed to what was evident in the remaining property boom over the last 12 to 24 months. As a result, the average quality of the proposals presented to Oakland Investments increased significantly in this quarter. Consequently, the length of time required to allocate funds into specific projects also rose during this period, given the increase in financing options available to many experienced developers. Despite this, funds utilisation was still very respectable at 75.73% for the quarter, while average yield on total funds invested during this period increased and Loan to Value Ratios (LVR) were once again lower than expected, thereby decreasing the relative exposure of each investment made by Oakland Investments.



During this quarter, the relative strength of Oakland Investments' loan portfolio has increased as a result of the decrease in the average LVR per project. A major part of the security assessment for the Investment Advisory Board and Head of Securities, is the strength of the assets held by Oakland Investments. This not only concerns the security itself, but the level of risk associated with holding each and every asset. By reducing the average LVR, this risk to the entire portfolio is reduced.

Additionally, diversification of the loan portfolio increased this quarter, not only through location type and geographic areas, but also in the range of securities offered. As the loan origination sources and networks grow on a national basis, so does the ability to allocate assets in a range of different geographic areas, and over a range of varying styles of security. A major part of Oakland Investments' business growth over the next 3 to 6 months includes continuing to increase its originator network in order to maintain and improve asset diversification.

In summary, it has been a sound quarter from the Lending Manager's and Head of Securities' perspective. Currently, the entire loan portfolio is in good health, with no loans in default, sound utilisation, an increase in average yield on total funds invested during this period and a decrease in average LVRs, well below that stipulated by the Lloyds of London insurance policy.

The table below provides a summary of Oakland Investments' loan portfolio statistics for the last quarter.

Table 1 – Lending Summary

Utilization Rate (Mortgage to Cash Ratio)	Ratio 1st to 2nd Mortgages	Average Loan Size	Average Loan to Value ratio
75.73%	67% First Mortgages	\$542,666.67	61.42%

Oakland Investments' Directors are very confident in the year ahead and will ensure that continual refinement of its policies, procedures and resource pooling exceeds the requirements of maintaining the results produced since the Company's inception.

I am looking forward to updating you further next quarter.

Regards,

Brook Monahan
Managing Director
Oakland Investments (Aus) Limited

"The performance figures listed above have not yet been audited by the Company's registered auditor at the time of this report. The next audited financials of the Company are not due to be conducted until the end of the June 2006 financial year. Thereafter, the Company's financial status will be audited every 6 months."