



15 January 2008

Dear Shareholder,

**RE: Oakland Investments (Aus) Limited (Oakland)
Company Report
October to December 2007**

At the outset, I would like to take this opportunity to wish you and your families the very best for the forthcoming year.

For all intent and purposes, 2008 is looking at being another successful year for Oakland. I am pleased to advise that the Company continues to remain in a sound financial condition and that coupon rates for all respective share classes have been paid for the most recent quarter of Oakland's operations.

Additionally, I have satisfaction in advising all Shareholders that the view of management is that the current economic conditions in the local and world market place are having no direct negative impact on the financial position of Oakland at present. This is of added and further significance when taking into account the state of flux of the sub-prime mortgage market in the United States.

Whilst the economic position and viability of many participants in the short term property finance market remains uncertain, it is with pride that I can advise that Oakland's position continues to remain sound and secure due, in part, to the maturity of its operations and the progression of time. Additionally, Oakland has vastly improved the efficiency of its operations, both from an administrative and commercial perspective.

In saying this, we remain acutely alert to any further unravelling of market instability in the short-term and in particular, any impacts that current credit contractions may have on the quality of funding proposals being presented, or potential increased difficulties in current borrowers of Oakland being unable to refinance. We will always keep Shareholders fully informed of any developments that may adversely impact Oakland's Loan Book, but at this stage, we are excited and confident about the year ahead.

I am proud to advise that Oakland has again substantiated its financial position with a positive quarterly performance, paying above industry standard coupon rates to Shareholders for its tenth successive quarter. Please note that this represents every quarter since Oakland's inception.

During this reporting period, Oakland was able to declare quarterly returns to Shareholders for the period 1 October to 31 December 2007, consisting of:

Class	% Coupon rate for quarter
A Class	2.268%
B Class	2.647%
C1 Class	3.151%

During the past 12 months from 1 January to 31 December 2007, Oakland declared the following returns to Shareholders, net of all fees;

Class	% Coupon rate for calendar year
A Class	9.38%
B Class	11.11%
C1 Class	13.44%

Lending Review

Please see the current summary of the key Oakland Loan Book statistics below, as compared to the previous quarter.



Table 1 – Lending Summary Oct - Dec 2007

Utilisation Rate Shareholder Funds	Utilisation Rate Westpac facility	Ratio 1 st to 2 nd Mortgages	Average Loan Size	Average Loan to Value Ratio
65.53%	30%	90% First Mortgages	\$1,008,043	67.14%

Table 1 – Lending Summary Jul- Sep 2007

Utilisation Rate (Mortgage to Cash Ratio)	Ratio 1 st to 2 nd Mortgages	Average Loan Size	Average Loan to Value Ratio
81.05%	95% First Mortgages	\$1,104,612	63.46%

You will notice in the above table, that the reporting of utilization has changed slightly. We have had a number of requests from Shareholders enquiring about the stand alone utilization of the Westpac facility. As a result, utilization will now be reported as two separate figures in an effort to clarify the utilization of our two funding sources – being Shareholder funds and the Westpac Bank Bill facility.

Whilst the majority of the key indicators above remained similar to previous reports, there has been some fluctuation seen in utilization rates. There have been a number of factors that have contributed to this. Firstly, and as discussed in previous reports, there has been a deliberate tightening of our credit processes, resulting in an increased quality of loans advanced in recent times, which has seen borrowers refinance or re-pay their facilities within the prescribed loan terms. Consequently, funds are returned in shorter time frames which in turn decreases the average time funds are in the market.

This has resulted in fewer recent loans entering default. However, as a result of this tightening, it has also seen the number of successful funding proposal decline slightly. Further to this, the continual improvement of Oakland’s default recovery processes has seen a number of defaulting loans recovered this quarter, further decreasing the overall utilization of funds under management.

In addition, it has again been a challenging quarter with regards to sourcing suitable funding opportunities. The number of funding opportunities provided continues to rise, however the quality of these proposals remains a challenge. The management team, whilst continually implementing strategies to improve the flow of funding opportunities to the business, are confident that this will improve in the New Year and hence utilization should again venture to levels in excess of 75% of Shareholder funds by mid year.

Default Management Report

As at the 31st December 2007, Oakland was managing 8 defaulting loans totalling just over \$12,400,000; a slight decrease from the last reporting period. This figure continues to remain fluid with loans being added and re-paid within each quarter.

Over the last quarter, \$5,856,000 was recovered from 5 defaulting loans. This is slightly less than was anticipated by the default management team, however still a very pleasing result. Not reported in this figure are a number of loans that entered default soon after the writing of the last report. All these loans were re-paid in full prior to writing this report.



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As at the completion of this quarter, the default management team are managing 8 defaulting loans. Of these loans, there are now 2 that provide the potential for a capital loss; albeit one of the loans only provides a relatively small chance of such. The remaining 6 loans are all in the process of recovery with no loss of capital expected. Again, these defaulting loans provide the potential for significant income opportunity for the business. Further, it is expected that of these remaining 6 loans, the majority will be re-paid prior to the completion of this current quarter.

It is important to note that the income achieved from defaulting loans to date has allowed a 'buffer' to be accumulated and maintained on the Company's Balance Sheet. Hence, it is anticipated that should a capital loss occur, sufficient income has been accrued to cover such an event, not to mention the additional comfort the Lloyd's Insurance Policy provides. The generation and maintenance of such a buffer was a significant contributing factor in reducing the assessment of the profit share component paid to Shareholders from quarterly to annually. The management team viewed this as a far more prudent way of protecting Shareholder capital, whilst still maintaining the ability to provide a profit share component on an annual basis, should sufficient profit be realised by the Company at this juncture.

Future Business and Investment Strategy

The Directors will not be entertaining any extensive or significant alterations to Oakland's core Investment Strategy in the future. However, it does expect to expand the length of its average loan term from 3-5 months to 4-12 months. The option of providing medium term loans, in addition to the current short-term loans, should provide greater risk diversification, in addition to reducing the number of defaulting loans over the long-term.

Oakland will not be offering a further offer document for the raising of capital in the current Oakland entity, but it will however, be making an offer to the public to raise capital through a newly established entity, related to Oakland.

Whilst not offering the same returns that the existing Oakland Shareholders have benefited from, the impending offering will only accept registered first mortgages as security for all advances made. As expected, it will also rank more than favourably when rated with the rest of the industry.

Additionally, the new Oakland product will obtain the benefit of having available to it, the management expertise of the current Oakland Investment Team, so as to ensure its successful integration into the market.

Lodgement of the new Oakland product with ASIC is expected to be prior to the conclusion of February 2008 and it is a pleasure to advise that all current and loyal Shareholders of Oakland will be the first to have access to this offering.

As always, I look forward to staying in touch and to an exciting year ahead. We are always available should you wish to have a chat.

Regards,

Brook Monahan
Managing Director
Oakland Investments (Aus) Limited