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MARKET HIGHLIGHTS

Rate / Index / Com	7-Oct-08	29-Sep-08	Change	1-Sep-08	% Change
Official Cash Rate	6.00%	7.00%	▼ -1.00%	7.00%	▼ -1.00%
Federal Funds Rate	2.00%	2.00%	● 0.00%	2.00%	● 0.00%
5 Year Bond Rate	4.88%	5.42%	▼ -0.540%	5.72%	▼ -0.84%
90 Day Bank Bill Rate	7.00%	7.32%	▼ -0.320%	7.23%	▼ -0.23%
\$AUD (US cents)	74.95	79.96	▼ -5.01	85.37	▼ -10.42

Sources: www.rba.gov.au, au.finance.yahoo.com, www.opec.com

INTEREST RATES - NEWS & VIEWS

The Reserve Bank of Australia ("RBA") lowered the Official Cash Rate by 1 per cent to 6.00% following their October 2008 board meeting today.

This was an initiative widely expected by experts and the markets alike.

There has been exhaustive commentary about the last few weeks in global markets. In relative terms, the frenzy of markets and the resultant actions of central governments around the world is at levels not seen for many decades.

It is obvious that significant damage has been done to US and European economic prospects in the last month, and there is little doubt there will be a further impact on the local economy in the coming period. Buckle Up!

From a global perspective, the IMF believes that major periods of financial stress can take many years to recover from, and can cut around 5% from an economy's growth.

So what is the medium term outlook for interest rates and funding generally?

Funding

We are currently seeing a liquidity shortage that is having an impact on SME's in particular.

Business banking is the hardest hit with banks taking margins and their credit areas being very discerning about new lending opportunities.



Property finance remains largely unaffected, though boutique funding arrangements, such as 100% mortgage finance on residential property for example, are being withdrawn from the market.

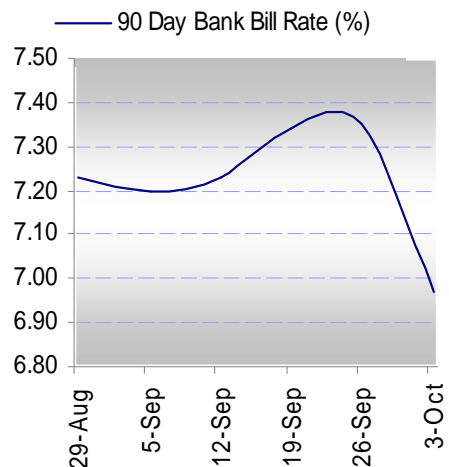
Interest Rates

A mixed bag for consumer and business borrowers with more of the official rate cut to be passed on to residential mortgage holders in our view in the coming days.

Funding costs remain high as the world puts a price on risk and banks remain nervous about lending to one another.

Still, not a time to be locking into longer term fixed rates, even though they have fallen significantly, as we will see whether the RBA will need to utilize its monetary policy buffer.

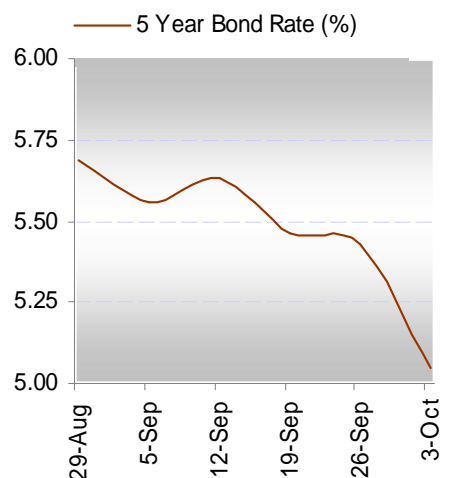
90 Day Bank Bill Trend



90 Day Rates

The wild ride continues.

5 Year Bond Trend



5 Year Rates

The sentiment in the last week is very clear.

PROPERTY WATCH

Whilst much of the attention is on equity markets, property is becoming an increasing focus for nervous investors and highly leveraged households.

Jellis Craig's Senior Auctioneer Damien Davis, specializing in Melbourne's eastern suburbs, noted "the market is all over the place, some properties are definitely 10% down on last year, some the same and a few setting new benchmarks. Those properties performing the best are ones where buyers can move in with absolutely nothing to do."

The market will be tested with a significant amount of stock on the market in many capital cities, so the next 4-6 weeks will be very interesting.

Offsetting global trends is the current tight rental market, with many prospective homeowners weighing up some softening in the market, coupled with potentially lower rates, as an opportunity to enter and make the commitment to purchase.

The commercial property market remains very soft, with increasing yields being achieved in 2008, especially in regional areas. Clearance rates are well below the average compared with this time in 2007.

As a result, yields of some commercial properties are on the rise which may start to attract prospective purchasers.

Outside of Victoria, we are seeing the first sign of a softening Western Australian market and this will be closely watched in the coming months.



The property market remains volatile and will be tested in the coming weeks.

CONVEYANCING

Contract of Sale — Revisions

New Contracts of Sale were introduced on 28 September. These new Contracts are mandatory for use by Estate Agents and have been adopted by MCP in full. Some of the major changes include:

- Replacement of the two alternative documents; the Contract Note and the Contract, with one; Contract of Sale;
- Adoption of a format that allows for signing by the parties and recording of all variable information to be included on a single sheet;
- Inclusion of all conditions in one document, without reference to extraneous material;
- Replacement of post-contract requisitions with contractual warranties;
- Inclusion of an identity clause;
- Additional purchasers rights to information;
- Simplification of deposit release; and
- Facilitation of a dispute resolution process in relation to minor disputes.

The purpose of these changes are to make things easier for all parties involved, with having everything disclosed and clearly stated at the time of signing. It also provides some clarity around issues that were often not understood or communicated.

Please contact our Conveyancing Manager, Erin Lawlor, with any further queries.

COMMERCIAL LEGAL

Super Instalment Warrants

A reminder to those clients looking to utilize instalments warrants for funding property purchases; you may need to allow more time for settlements to be arranged given the additional documentation preparation and review processes that may be required in certain instances.

Please contact Mike Poynter or David Payton with any queries.

FINANCE BROKING

Personal Loans

MCP is pleased to confirm accreditation approval for the provision of Personal Loans with Citibank.

Whilst not a core part of our finance broking offering, we have had some good referral experiences with Citibank's services, and it complements our mortgage and commercial finance broking services in some instances.

Applications cannot be in business names. Please contact our finance team for any further information.

For all finance clients, we recognise what a difficult period it is in debt markets at present and we remain committed to working through this time to get optimal outcomes.

ACCOUNTING PARTNERS NEWS

MCP GROUP
ACCOUNTING PARTNERS

MCP has just completed an updated version of our Toolkit that incorporates additional functionality and access to additional finance calculators.

Please contact Adam Routledge or Adam Maciejewski if you would like an updated copy or visit www.mcpgroup.com.au

MCP NEWS - SPONSORSHIPS

Congratulations to MCP sponsored football teams, **Old Scotch & Prahran Junior** Football Clubs that both made the 2008 finals series in their respective competitions.

Good luck to Ashburton Willows Cricket Club as they kick off their premiership defence this weekend in the Eastern Cricket Association.

QUOTE OF THE MONTH

"Excellence is neither instant nor an accident."

Bruce Sullivan