

2005 MAp Tax Statement Guide:  
Essential information to help you complete  
your 2005 Australian income tax return

MACQUARIE AIRPORTS



MACQUARIE





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This Guide is not intended to be tax advice and investors should consult a professional tax adviser, if necessary, for tax advice required in connection with completion of tax returns.

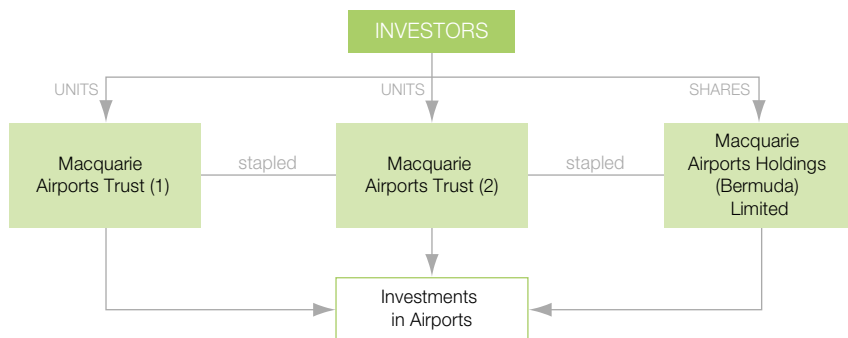
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Dear MAp Investor,

We are pleased to enclose your Macquarie Airports (“MAp”) Tax Statement, which contains information you need to help you complete your 2005 Australian income tax return. This 2005 MAp Tax Statement Guide will help you to use that information and complete your 2005 Australian income tax return.

MAp is comprised of three entities listed on the Australian Stock Exchange: Macquarie Airports Trust (1) (“MAT(1)”), Macquarie Airports Trust (2) (“MAT(2)”) and Macquarie Airports Holdings (Bermuda) Limited (“MAHBL”). Securities in the three entities are stapled together. A summarised structure of MAp and its investments is illustrated below.



The units in MAT(1) and MAT(2) and the shares in MAHBL cannot be traded separately and can only be traded as stapled securities. MAT(1) and MAT(2) have a 31 December tax year end.

If you were a holder of MAp stapled securities at 30 June 2004 and/or 31 December 2004, you received distributions from MAT(1) in respect of the year ended 31 December 2004 (paid on 18 August 2004 and 18 February 2005 respectively). No distribution was paid by MAT(2) or MAHBL in respect of that year. In addition, you may also have received an in specie distribution from MAT(1) on 24 June 2005 as a result of the MAp reorganisation which was approved at the MAp Annual General Meeting.

The principal activity of MAp is investment in airports, including direct and indirect interests in Sydney Airport, Brussels Airport, Rome Airport, Copenhagen Airport, Bristol Airport and Birmingham Airport. Should you require further details of MAp’s activities and investments, please refer to the MAp 31 December 2004 Annual Report.

**If you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2005, you will need:**

- Your MAp Tax Statement;
- This Guide; and
- A copy of TaxPack 2005 and of the TaxPack 2005 supplement, and (possibly) copies of certain other Australian Taxation Office (“ATO”) publications (referred to in this Guide).

We have included a ‘Shortcut Guide for Australian Resident Individuals’ to assist you to complete your 2005 Australian income tax return. If you meet all of the conditions (on page 2) for using that Shortcut Guide, it should enable you to complete your 2005 Australian income tax return for individuals relevant to your MAp investment without working through all of the relevant parts of this Guide (Parts A, B, C, D, E and F).

If you are unable to use the Shortcut Guide, or require further information, detailed steps to follow in order to correctly report your MAp distributions in your 2005 Australian income tax return, are included in Part A of this Guide.

If you disposed of any or all of your MAp investment during the year ended 30 June 2005 (or entered into a contract on or before 30 June 2005 to do so) you also need to address the income tax (including capital gains tax (“CGT”)) consequences of that disposal. Further, even if you did not dispose of your MAp investment, the tax-deferred distributions you received may in certain circumstances be relevant to your CGT position for the year ended 30 June 2005. Parts B and F of this Guide will give you information which you will need for this purpose.

Parts C and D of this Guide contain information which may be of benefit to some investors. You do not need to read these sections if you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2005.

Part E of this Guide provides information that you do not need to put in your 2005 Australian income tax return but that you need to keep because it may be beneficial for you in future years.

Part F provides information regarding the MAp reorganisation.

**If you are NOT an individual but you were a resident of Australia for income tax purposes during the year ended 30 June 2005, you will need to:**

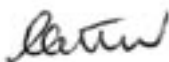
- Reflect distributions from MAp appropriately in your 2005 Australian income tax return. Your MAp Tax Statement should give you the information you need;
- Reflect any relevant gain or loss on disposal of any or all of your MAp investment during the year in your 2005 Australian income tax return. Parts B and F of this Guide will give you information which will assist you in computing any CGT result;
- Read Parts C, D and E of this Guide (in relation to Foreign Investment Funds, Controlled Foreign Companies, and Attribution Accounts); and
- Read Part F of this Guide (in relation to the MAp reorganisation).

**If you were NOT a resident of Australia during the year ended 30 June 2005,** you will need to decide whether you should lodge a 2005 Australian income tax return. The information in your MAp Tax Statement and in this Guide will assist you to complete your tax return, if necessary.

If you need further factual information please contact Andrew Kropman (02 8232 5270) of Macquarie Airports. You should consult your tax adviser if you require general tax advice on any of the above points.

You should keep your MAp Tax Statement and this Guide with your tax papers, in case the ATO wishes to see them at some time.

Yours sincerely,



Kerrie Mather  
Chief Executive Officer  
Macquarie Airports



# 2005 MAp Tax Statement Guide

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# Shortcut Guide for Australian Resident Individuals

## Conditions for using this MAp Shortcut Guide

If you satisfy all of the following conditions, you can use this Shortcut Guide to help you complete your 2005 Australian income tax return in relation to your MAp investment:

- you are an individual, and you hold your MAp investment for your own benefit (and not as a trustee for anyone else) and you hold it on capital account (ie not as trading stock or otherwise on revenue account);
- you were a resident of Australia for tax purposes at all times during the year ended 30 June 2005;
- you did not dispose of, or enter into a contract to dispose of, any of your MAp investment during the year ended 30 June 2005;
- you satisfy yourself that the total tax-deferred distributions that you received from MAT(1) during the year ended 30 June 2005 and in prior years did not exceed your CGT cost base of your units in MAT(1). It is unlikely that the tax-deferred distributions made by MAT(1) up to 30 June 2005 would have exceeded the cost base of MAT(1) units held by any MAp investor. (If they did, they would have eliminated the CGT cost base of your MAT(1) units, and you should not use this Shortcut Guide);
- other than the foreign source income included in your MAp Tax Statement, you did not derive any other kind of foreign source income during the year ended 30 June 2005;
- you are not entitled to any tax deductions (eg for interest on borrowings) in relation to your MAp investment for the year ended 30 June 2005;
- you did not have foreign losses brought forward from the year ended 30 June 2004;
- you did not (either individually or with associates) hold 10% or more of the total MAp stapled securities on issue during the year ended 30 June 2005; and
- other than your interest in MAHBL, you did not hold any interests (either directly or indirectly) in any foreign entities, assets or property.

If you are not sure whether you satisfy any of the above conditions, you should work through this Guide and/or consult a professional tax adviser.

Even if you do not satisfy all of the above conditions, this Shortcut Guide may assist you to complete your 2005 Australian income tax return however we strongly recommend you work through the relevant parts of this Guide.



# MAp Shortcut Guide (Table)

Provided you satisfy all of the above conditions, the information set out in the following MAp Shortcut Guide is a summary of the amounts and disclosures that you should include in your 2005 Australian income tax return in respect of your MAp investment.

Items as shown in TaxPack 2005 (supplementary section)	2005 Tax return (supplementary section) Item No.	Item on MAp Tax Statement/ Action Required	MAp Tax Statement Guide Reference
<b>12. Partnerships and trusts</b>			
<b>Non-primary production</b>			
Distribution from trusts, less net capital gains and foreign income	12U	See note 1 below	n/a
<b>Share of credits from income</b>			
Share of credit for tax file number amounts withheld from interest, dividends, and unit trust distributions	12R	Item (3)	Part A, Section 3
<b>18. Foreign entities</b>			
Did you have an interest in a foreign investment fund (FIF) or a foreign life assurance policy (FLP)?	18J	Print X in the YES box (but do not put any amount at Item 18C)	Part A, Section 4
<b>19. Foreign source income and foreign assets or property</b>			
Assessable foreign source income	19E	Item (1)	Part A, Section 1
Other net foreign source income	19M	Item (1)	
During the year did you own, or have an interest in, assets located outside Australia which had a total value of AUD\$50,000 or more?	19P	Print X in the NO box	Part A, Section 5

Note 1: There was no distribution to you from MAp which needs to be shown at 12U. Distributions from other trusts (less any capital gains or foreign income included in such distributions) should be shown at 12U on page 9 of your 2005 Australian income tax return. If you did not receive any distributions from other trusts that need to be shown at 12U, the ATO has advised that you will need to insert "0" at 12U to avoid having your tax return rejected.

# MAp Shortcut Guide (Diagram)

If you are using this Shortcut Guide, the following diagram may assist you to complete your 2005 Australian income tax return for individuals (supplementary section).



## Macquarie Airports

Responsibility Entity for Macquarie Airports Trust (1) (MAT(1)) and Macquarie Airports Trust (2) (MAT(2)); Macquarie Airports Management Limited (ACN 072 295 760)  
Advisor to Macquarie Airports Holdings (Bermuda) Limited (MAHBL);  
Macquarie Investment Management (UK) Limited (Registered No. 3976881)

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www.computershare.com

[name]  
[address1]  
[address2]  
[address3]

Holder Number: [number]  
Statement Date: [date]

## Tax Statement Information for your 2005 Tax Return

This statement has been prepared to assist with the completion of your 2005 Australian Income Tax Return for individuals. This statement should be read together with the 2005 MAp Tax Statement Guide. Should you have any questions relating to your personal tax position, it is recommended that you contact your accountant or taxation adviser.

### MAT(1) Distributions

Period Ended	Date Paid	Foreign Source Income	Cash Tax-Deferred Amount	Gross Cash Distribution	Tax Withheld	Net Cash Distribution	In Specie Tax-Deferred Distribution
		\$	\$	\$	\$	\$	\$
30 Jun 2004	18 Aug 2004						
31 Dec 2004	18 Feb 2005						
MAp reorganisation	24 Jun 2005						
<b>Total</b>		<b>\$YYY<sup>(1)</sup></b>	<b>(<sup>(2)</sup>)</b>		<b>\$ZZZ.ZZ<sup>(3)</sup></b>		<b>(<sup>(2)</sup>)</b>
Tax Return for Individuals (Supplementary Section)		19E & 19M			12R		
Note		A	B		C		B, D

### NOTES

- This amount relates to foreign source income attributed to MAT(1) under the Controlled Foreign Company (CFC) rules in respect of its offshore interests. For further information that you may require to complete your tax return in relation to the foreign source income amount, you should refer to Parts D and E of your 2005 MAp Tax Statement Guide.
- Tax-deferred amounts have capital gains tax implications. Security holders are required to adjust their cost bases or reduced cost bases for tax-deferred amounts received. In some cases, tax deferred amounts could constitute capital gains which have to be reported in your Australian income tax return in whole or in part. If you were an Australian resident individual, refer to Part A, Section 2 of your 2005 MAp Tax Statement Guide. If you are not an individual, or you are an individual who was not a resident of Australia for income tax purposes, refer to Part B of the 2005 MAp Tax Statement Guide for further details.
- Australian resident security holders had tax withheld from parts of their distributions at the highest marginal tax rate of 48.5% where no tax file number (TFN) or Australian Business Number (ABN) (where relevant) or exemption was supplied.
- This tax-deferred amount relates to the in specie distribution by MAT(1) of shares in MAHBL as a result of the MAp reorganisation. Refer to Part F of your 2005 MAp Tax Statement Guide for further details.

<sup>(1)</sup>, <sup>(2)</sup>, <sup>(3)</sup> The references are explained in Part A of your 2005 MAp Tax Statement Guide.



# Part A: Australian Resident Individuals

## - How to complete your 2005 Australian Income Tax Return using your MAp Tax Statement

The sections you need to follow in this Guide depends on where amounts appear on your MAp Tax Statement.

**If there is an amount next to this number on your MAp Tax Statement then you need to go to the relevant section of Part A of this Guide.**

Number on MAp Tax Statement	Nature of Item	Go to Part A of this Guide, Section...
(1)	Foreign source income	1
(2)	Tax-deferred amounts	2
(3)	Tax withheld	3

**Regardless of what amounts appear on your MAp Tax Statement, you also need to go to these sections of Part A of this Guide:**

Nature of item	Go to Part A of this Guide, Section...
Foreign entities	4
Foreign assets	5

This Guide does not address any deductions to which you may be entitled in respect of any expenses or outgoings you may have incurred in relation to your investment in MAp. If you are entitled to any such deductions, you should follow the instructions in TaxPack 2005 and the TaxPack 2005 supplement and/or consult your tax adviser in order to claim those deductions.

# Part A, Section 1 - Foreign source income

The total of these amounts is shown beside (1) on your MAp Tax Statement.

## Step 1

Go to question 19 on page s21 of the TaxPack 2005 supplement and answer 'YES' to the question on the page.

## Step 2

Work through Parts A, B and C of question 19.

When you come to question 19, Part D on page s24, you should answer 'YES' and proceed to read that part. Then, in Part D, step 1 include the amount beside (1) on your MAp Tax Statement on your notepaper as assessable income in the "modified passive income" class. This amount consists of income that was attributed to MAT(1) in respect of its offshore interests under Australia's foreign income attribution rules known as the Controlled Foreign Company or "CFC" rules.

Please note that you had no foreign tax taken away from this income.

If you had expenses which are deductible against this foreign source income, take them into account at question 19, Part D, step 2.

## Step 3

Continue working through question 19, Part D. Part D, step 3 will require you to include an amount at M, item 19 on page 10 of your 2005 Australian tax return for individuals (supplementary section). Part E will require you to include an amount at E, item 19 on page 10 of your 2005 Australian tax return for individuals (supplementary section).

When you come to question 19, Part H on page s25, refer to Part A, Section 5 of this Guide.

### IMPORTANT NOTE

The above steps regarding question 19 and foreign source income do not apply to any investor in MAp that either individually or with associates had a 10% or greater interest in MAp at any time. If you did hold such an interest in MAp, you should seek further assistance from Andrew Kropman (02 8232 5270) of Macquarie Airports Management Limited. If you are unsure whether you held such an interest, you should consult your tax adviser.

## Part A, Section 2 - Tax-deferred amounts

You will find (2) beside each tax-deferred amount on your MAp Tax Statement. These amounts represent distributions to you out of the accounting profits of MAT(1) in the case of the 18 August 2004 and 18 February 2005 distributions, and out of the paid-up capital of MAT(1) in the case of the 24 June 2005 in specie distribution. Assuming you held your MAp investment on capital account for income tax purposes, these distributions were 'tax-deferred' and, except as described below, do not form part of your assessable income for tax purposes and do not have to be reported in your 2005 Australian income tax return.

The tax-deferred components of your distributions reduced the cost base and reduced cost base of your investment in units in MAT(1) for the purposes of CGT. Some or all of a tax-deferred component will itself constitute a capital gain if the cost base is reduced to zero by that tax-deferred distribution or has been reduced to zero by prior tax-deferred distributions. You should read 'Tax-deferred distributions' on pages 12-13 of Part B of this Guide if you think this may have occurred in your circumstances.

## Part A, Section 3 - Tax withheld

This amount is shown beside (3) on your MAp Tax Statement.

### Step 1

If there is an amount beside (3) on your MAp Tax Statement, go to question 12, Part E on page s5 of the TaxPack 2005 supplement and work through that part. Assuming that any tax withheld has not previously been refunded to you, you should include the amount beside (3) on your MAp Tax Statement at R, item 12 on page 9 of your 2005 tax return for individuals (supplementary section).

This amount represents TFN withholding tax deducted from part of your distributions because you did not provide a Tax File Number (TFN) or (where relevant) Australian Business Number (ABN) or exemption for your MAp investment.

There was no distribution to you from MAp which needs to be shown at U, item 12 on page 9 of your 2005 Australian income tax return for individuals. Distributions from other trusts (less any capital gains or foreign income included in such distributions should be shown at U, item 12. If you did not receive any distribution from other trusts that need to be shown at U, item 12, the ATO has advised that you will need to insert "0" at U, item 12, to avoid having your tax return rejected.

# Part A, Section 4 - Foreign entities

MAHBL, being a company that is not a resident of Australia for Australian tax purposes, is a foreign investment fund or a "FIF". If you held any MAp stapled securities at 30 June 2005, you are regarded as holding an interest in a FIF (MAHBL) for the purposes of your 2005 Australian income tax return.

## Step 1

If you held any MAp stapled securities at 30 June 2005, go to question 18 on page s19 of the TaxPack 2005 supplement and answer 'YES' to the first question on the page.

## Step 2

Work through Parts A, B and C of question 18.

For question 18, Part A, if your only interest in companies that were non-residents of Australia during the year ended 30 June 2005 was your interest in MAHBL, you should answer 'NO' to the question in Part A and follow the ATO's instructions for a 'NO' answer. If you answer 'YES' to the question in Part A, read Part A and follow the ATO's instructions for a 'YES' answer.

## Step 3

When you come to question 18, Part C, answer 'YES' to the question and proceed to read that part. For step 1 of Part C, you will need to print 'X' in the YES box at J, item 18 on page 10 of your 2005 Australian income tax return for individuals (supplementary section).

Continue working through the four steps of Part C. When addressing step 2, please note that your attributed foreign income from MAHBL under the FIF rules was nil for the year ended 30 June 2005. This is because your interest in MAHBL qualifies for exemption from FIF taxation under section 497 of the Income Tax Assessment Act 1936. When addressing step 4, please note that you cannot claim any foreign tax credit in respect of MAHBL.

### IMPORTANT NOTE

The above comments do not apply to any investor in MAp that either individually or with associates had a 10% or greater interest in MAp at any time. If you did hold such an interest in MAp, you should seek further assistance from Andrew Kropman (02 8232 5270) of Macquarie Airports Management Limited. If you are unsure whether you held such an interest, you should consult your tax adviser.

The above comments also do not apply to any investor who has made an election under the FIF rules to use 31 December (the date to which MAHBL makes out its accounts) as the 'notional accounting period' of MAHBL. If you are such an investor, you should consult your tax adviser to determine the appropriate treatment.



## Part A, Section 5 - Foreign assets

You need to address question 19, Part H on page s25 of the TaxPack 2005 supplement, as your interest in MAHBL is an interest in assets located outside Australia.

### Step 1

At question 19, Part H on page s25 of the TaxPack 2005 supplement, you should answer 'NO' to the question at Part H if your only interest in assets outside Australia during the year ended 30 June 2005 was your interest in MAHBL. You should then follow the ATO's instructions for a 'NO' answer. (The ATO's instructions state that a 'NO' answer should be given where the only asset or assets held overseas are covered by question 18. Your interest in MAHBL is covered by question 18.)

If you answer 'YES' to the question at Part H, read Part H and follow the ATO's instructions for a 'YES' answer. If you need to know the value of a share in MAHBL at 30 June 2005, you may choose to adopt the Responsible Entity's view that the allocation of value between the entities implied by the 30 June 2005 stock exchange pricing suggests a value of \$1.29 per MAHBL share at that date.

## Part B: Capital Gains on disposals of investments in MAp and, in some cases, on receipt of tax-deferred distributions from MAp

If you disposed of any or all of your MAp investment in the year ended 30 June 2005, you need to address the tax consequences of that disposal. Tax consequences may also have arisen from any tax-deferred distributions you received in the year ended 30 June 2005.

### Revenue v capital account

While many investors hold investments such as MAp stapled securities on capital account, in certain circumstances, including where your MAp investment was held as part of the assets of a business, the investment may have been held on revenue account.

If you held your MAp investment on revenue account, you may have a revenue gain or loss which you will need to compute.

If you believe that you held your MAp investment on revenue account, or you are in any doubt, you may wish to consult your tax adviser.

Whether or not you held your MAp investment on revenue account, you will need to compute a capital gains tax ("CGT") result. The remainder of this Part B is concerned with CGT and your MAp investment.

### Recognition of capital gain or loss

You will need to reflect in your 2005 Australian income tax return the CGT result of any disposal of part or all of your MAp investment.

The time of disposal for CGT purposes is the time of the contract to make the disposal. If you entered into such a contract at any time in the year ended 30 June 2005 and you are an individual, and/or a taxpayer with a 30 June tax year end, who was a resident of Australia for income tax purposes during the year ended 30 June 2005, you need to reflect the result in your 2005 Australian income tax return.

### Tax-deferred distributions

During the year ended 30 June 2005, three tax-deferred distributions were made by MAT(1) - on 18 August 2004 and 18 February 2005 in the form of cash distributions, and on 24 June 2005 in the form of an in specie distribution of shares in MAHBL as part of the MAp reorganisation. For further details on the MAp reorganisation, you should refer to Part F of this Guide.

These tax-deferred distributions reduced the cost base and the reduced cost base of your MAT(1) units. In the event that the cost base of a MAT(1) unit is reduced to nil by such distributions, the remainder of the tax-deferred distribution which caused the reduction to nil, and subsequent tax-deferred distributions, constitute capital gains. This means that such tax-deferred distributions (after your cost base has been reduced to nil) would have to be included in your capital gains for the purposes of working out your overall CGT result to be included in your 2005 Australian income tax return.

This is the case even though you might not have disposed of your MAp investment.

The tax-deferred distributions made by MAT(1) up to 30 June 2005 may have eliminated the cost bases of MAT(1) units held by some MAp investors, and all investors are encouraged to check for themselves on this point.

Technically, the receipt of a tax-deferred distribution is a 'CGT event' known as 'CGT Event E4'. If you are an Australian resident individual, you only need to answer 'Yes' to having a CGT event at G, item 17 on page 10 of your 2005 Australian income tax return for individuals (supplementary section) if you had a capital gain or loss in respect of a CGT event (refer to the instructions for this question, at question 17 on page s16 of the TaxPack 2005 supplement). This means that if you are an individual taxpayer and did not have any other CGT events during the year ended 30 June 2005 (apart from the receipt of the MAp tax-deferred distribution amounts), you will only need to answer 'YES' to having a CGT event if your tax-deferred distributions exceeded the cost base of your MAT(1) units.

Any capital gains which arose in this way are eligible for the so-called CGT discount (50% to individuals and one-third for certain other investors) assuming relevant requirements are met.

The operation of these CGT provisions is complex. You should consider reading the ATO's publications *Guide to capital gains tax* (NAT 4151-6.2005) and/or *Personal investors guide to capital gains tax* (NAT 4152-6.2005) and/or getting professional advice to ensure you deal with the issues correctly in your 2005 Australian income tax return.

## Calculation of capital gain or loss

The remaining generalised statements, while not a complete description of CGT, may assist you in computing the CGT result of any disposal of your MAp investment.

### One MAp stapled security constitutes three separate assets

A MAp stapled security comprises one unit in MAT(1), stapled to one unit in MAT(2) and to one share in MAHBL. For CGT purposes, a unit in MAT(1), a unit in MAT(2), and a share in MAHBL are three separate assets.

If you disposed of your MAp investment in the year ended 30 June 2005, you will need to do three separate CGT calculations, one for each of your investments in MAT(1), MAT(2), and MAHBL.

This means that you will need to split your MAp stapled security acquisition cost and sales proceeds between units in MAT(1), units in MAT(2), and shares in MAHBL.

### Splitting your acquisition cost and sales proceeds

#### a) Splitting your acquisition cost

Appendix 1 will help you to split your MAp stapled security acquisition cost between a unit in MAT(1), a unit in MAT(2), and a share in MAHBL. Appendix 1 sets out all the dates and prices at which MAp stapled securities have been issued to 30 June 2005, and shows the proportion of the issue price of each MAp stapled security related to a unit in MAT(1), a unit in MAT(2), and a share in MAHBL.

If you acquired your MAp stapled securities by purchase on the ASX, you will need to decide the proportion of your purchase price for each MAp stapled security that related to a unit in MAT(1), a unit in MAT(2), and a share in MAHBL. The Responsible Entity is of the view that the allocation of value between the entities implied by the traded prices on the stock exchange was as per the following table:

Value of a MAp stapled security which related to:	A unit in MAT(1)	A unit in MAT(2)	A share in MAHBL
At all times up to 7 June 2004	Remaining balance	1 cent	1 cent
From 8 June to 30 June 2004	90.20%	9.34%	0.46%
July 2004	90.18%	9.28%	0.54%
August 2004	90.24%	9.12%	0.64%
September 2004	90.64%	8.87%	0.49%
October 2004	91.68%	7.82%	0.50%
November 2004	91.43%	7.67%	0.90%
December 2004	82.43%	16.46%	1.11%
January 2005	83.30%	16.67%	0.03%
February 2005	73.60%	16.61%	9.79
March 2005	74.51%	16.52%	8.97%
April 2005	75.50%	16.55%	7.95%
May 2005	74.93%	15.81%	9.26%
From 1 June to 24 June 2005	67.34%	18.51%	14.15%
From 25 June to 30 June 2005	45.33%	18.51%	36.16%

Assumption: it is assumed the value of a MAp stapled security during a month (except as indicated otherwise) may fairly be allocated between a unit in MAT(1), a unit in MAT(2) and a share in MAHBL based on the respective net asset backings of these units and of the share at the end of the month.

If you held your MAp investment on 24 June 2005, the MAp reorganisation on that day gave you a step up in cost base of 59.2132 cents for each share you held in MAHBL. Part F of this Guide (MAp reorganisation) gives you further detail on this.

b) Splitting your sales proceeds

Regardless of how you acquired your MAp stapled securities, you will also need to split the sales proceeds into the part referable to the units in MAT(1), the part referable to the units in MAT(2), and the part referable to the shares in MAHBL. The Responsible Entity is of the view that the allocation of value between the entities implied by the traded prices on the stock exchange was as per the above table.

## **Tax-deferred distributions**

Parts of the distributions made by MAT(1) were tax-deferred. This means that they reduced the cost base and the reduced cost base for CGT purposes of your units in MAT(1).

Please refer to Appendix 2 which sets out the tax-deferred amounts distributed by MAT(1) up to 30 June 2005. Please also note that neither MAT(2) nor MAHBL has ever made any tax-deferred distributions.

Calculations of reductions in the cost base (and, if relevant, the reduced cost base) of MAT(1) units arising from the payment of tax-deferred distributions can be complex. You may wish to read the ATO's *Guide to capital gains tax* and/or *Personal investors guide to capital gains tax* and/or obtain professional assistance.

## **Reduction of sales proceeds where attribution credits had arisen**

If you disposed of MAp stapled securities and you had a credit balance in your attribution account(s) in respect of any of MAT(1)'s Controlled Foreign Companies, or CFCs (see Part E of this Guide in relation to Attribution Accounts), you should be entitled to reduce the sales proceeds in respect of your MAT(1) units by the amount(s) of those credit balances.

If you are in this situation you may wish to seek professional assistance in this regard.

## **Inclusions in cost base**

Remember that any incidental costs of acquisition and disposal (such as broker fees and stamp duty) should be included in the cost base and the reduced cost base of your units and shares.

## Other general comments

### If you are an individual...

If you are an individual and during the year ended 30 June 2005 you sold, or entered into a contract to sell, your MAp investment, then your CGT result in respect of that sale should generally be as follows in respect of your units in each of MAT(1) and MAT(2) and your shares in MAHBL:

- If you held your units or shares for less than a year: your CGT gain or loss is the difference between your sales proceeds and your cost base or reduced cost base (after reduction for any tax-deferred amounts); or
- If you held your units or shares for a year or more, and your sales proceeds were less than your reduced cost base (after reduction for any tax-deferred amounts): your CGT loss is the difference between the two amounts; or
- If you held your units or shares for a year or more, and your sales proceeds exceeded your cost base (after reduction for any tax-deferred amounts): your CGT gain is computed using the discount method.

“Sales proceeds” above is after any reduction in respect of attribution account credit balances (see Part E of this Guide in relation to Attribution Accounts).

### The Discount Method

Under the discount method, your CGT gain is called a “discount capital gain”. Provided you have no CGT losses, the CGT gain will be equal to half of the excess of your sales proceeds over your cost base (after reduction for any tax-deferred amounts).

If you disposed of some or all of your MAp stapled securities after the MAp reorganisation (on 24 June 2005), Part F of this Guide may assist you.

### Completing your 2005 Australian income tax return

If you are an individual, the following comments will help you deal with TaxPack 2005 and associated publications.

You will need the TaxPack 2005 supplement. Question 17 on page s16 asks you about capital gains, and suggests you might need to obtain further ATO publications, including the ATO's Guide to capital gains tax or the ATO's Personal investors guide to capital gains tax.

Question 17 in the TaxPack 2005 supplement assists you to complete your 2005 Australian income tax return in relation to CGT.

### If you are not an individual...

If you are not an individual and if you disposed of, or entered into a contract to dispose of, your investment in MAp stapled securities during the year ended 30 June 2005, the ATO publications mentioned above may assist you. Alternatively, you may choose to have your tax agent complete your 2005 Australian income tax return. Please bear in mind that, while unlikely, it is possible that some investors had capital gains in the year ended 30 June 2005 from the receipt of tax-deferred distributions from MAT(1), even though they may not have disposed of their MAp stapled securities. This is explained under “Tax-deferred distributions” on pages 12-13 of this Guide.

# Part B: Appendix 1

## MAp Issue Prices

Split of MAp issue prices (to 30 June 2005) between MAT(1), MAT(2), and MAHBL

Date of Issue	Type of Issue	Issue Price per Stapled Security		Issue Price of Unit in MAT(1)		Issue Price of Unit in MAT(2)		Issue Price of Share in MAHBL	
		\$	%	\$	%	\$	%	\$	%
2 April 2002	Initial Allotment*	2.00	100	1.98	99.00	0.01	0.50	0.01	0.50
13 Aug 2002	Institutional Placement	1.53	100	1.51	98.70	0.01	0.65	0.01	0.65
13 Aug 2002	Priority Entitlement	1.50	100	1.48	98.66	0.01	0.67	0.01	0.67
5 Sep 2002	Priority Entitlement	1.50	100	1.48	98.66	0.01	0.67	0.01	0.67
21 July 2003	Institutional Placement	1.50	100	1.48	98.66	0.01	0.67	0.01	0.67
17 Nov 2003	Institutional Placement	1.73	100	1.71	98.84	0.01	0.58	0.01	0.58
18 Feb 2004	DRP	1.70	100	1.68	98.82	0.01	0.59	0.01	0.59
5 May 2004	MAG Acquisition	1.85	100	1.83	98.92	0.01	0.54	0.01	0.54
18 Aug 2004	DRP	2.01	100	1.81	90.18	0.19	9.28	0.01	0.54
17 Nov 2004	Institutional Placement	2.78	100	2.55	91.68	0.22	7.82	0.01	0.50
17 Dec 2004	Security Purchase Plan	2.78	100	2.54	91.43	0.21	7.67	0.03	0.90
18 Feb 2005	DRP	3.09	100	2.58	83.30	0.51	16.67	0.00	0.03
12 May 2005	Institutional Placement	3.25	100	2.45	75.50	0.54	16.55	0.26	7.95
27 June 2005	MAFT acquisition	3.52	100	1.82	51.89	0.56	15.81	1.14	32.30
30 June 2005	MAFT acquisition	3.55	100	1.84	51.89	0.56	15.81	1.15	32.30

\* These securities were issued on an instalment basis. The initial instalment due was \$1 per stapled security, with \$0.005 allocated to a share in MAHBL, \$0.005 allocated to a unit in MAT(2) and the remainder allocated to a unit in MAT(1). The second and final instalment was due and payable on 1 October 2002 and was \$1 per stapled security, with \$0.005 allocated to a share in MAHBL, \$0.005 allocated to a unit in MAT(2) and the remainder allocated to a unit in MAT(1).

## Part B: Appendix 2

### Tax-deferred distributions

#### Tax-deferred distributions made by MAT(1)

(up to 30 June 2005)

Date	Tax-deferred distribution made per unit
16 August 2002	1 cent
18 February 2003	0.9988 cents
18 August 2003	3.0436 cents
18 February 2004	1.6970 cents
18 August 2004	4 cents
18 February 2005	7.8176 cents
24 June 2005	59.2132 cents*

\* Non-cash distribution; ie in specie distribution of MAHBL RPS. Refer Part F of this Guide for further details.

#### Tax-deferred distributions made by MAT(2)

(up to 30 June 2005)

MAT(2) did not make any tax-deferred distributions up to 30 June 2005.

#### Tax-deferred distributions made by MAHBL

(up to 30 June 2005)

MAHBL did not make any tax-deferred distributions up to 30 June 2005.



## Part C: Foreign Investment Funds

### NOTE

You do NOT need to read this Part C if you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2005 (as you have already dealt with Foreign Investment Funds in Part A).

MAHBL, being a company that is not a resident of Australia for Australian tax purposes, is a foreign investment fund or a "FIF". If you held any MAp stapled securities at 30 June 2005, you are regarded as holding an interest in a FIF (MAHBL) for Australian tax purposes (provided that 30 June 2005 is your tax year end and/or you did not make an election under the FIF rules to use 31 December, being the date to which MAHBL makes out its accounts, as the 'notional accounting period' of MAHBL).

On the basis that shares in MAHBL were listed on the ASX at 30 June 2005 in a class of entities designated as being engaged in "Industrials/Transportation/Transportation Infrastructure/Airport Services" activities, it is considered that a MAHBL shareholder is entitled to an exemption from FIF taxation under section 497 of the Income Tax Assessment Act 1936 for the year ended 30 June 2005.

### IMPORTANT NOTE

Any investor in MAp that either individually or with associates had a 10% or greater interest in MAp at any time should seek further assistance from Andrew Kropman (02 8232 5270) of Macquarie Airports Management Limited. If you are unsure whether you held such an interest, you should consult your tax adviser.

# Part D: Controlled Foreign Companies

## NOTE

You do NOT need to read this Part D if you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2005.

Investors who are NOT individuals, but who are resident in Australia for tax purposes, may need to know details in relation to the Controlled Foreign Companies (CFCs) of MAT(1) - for example, to complete a Schedule 25A as part of an Australian income tax return. Relevant details are set out below.

## CFC details

MAT(1) had direct or indirect interests in the following number of CFCs at 1 July 2004:

- four CFCs in listed countries;
- two CFCs in section 404 countries; and
- two CFCs in unlisted countries.

As at 30 June 2005, MAT(1) held no interests in CFCs.

## Attributable foreign source income

Further details regarding the amounts of attributable foreign source income from MAT(1)'s CFCs that are included in your MAp Tax Statement are set out in the table in Part E on page 22 of this Guide.

## Part E: Attribution Accounts

### NOTE

You do NOT need to read this Part E if you held less than 549 MAp stapled securities during the year ended 31 December 2004.

You do not need to disclose the following information in your Australian income tax return. However, you should retain this information for your files.

If you held at least 549 MAp stapled securities during the year ended 31 December 2004, you are entitled to maintain attribution accounts in respect of MAT(1)'s CFCs if you so wish, in accordance with Australia's special foreign income attribution rules known as the Controlled Foreign Company or 'CFC' rules.

However, the maintenance of attribution accounts may be time consuming. Before deciding whether to maintain attribution accounts you should be aware that the potential benefits available to you from maintaining such accounts may be minimal. For example, if an individual investor on the highest marginal tax rate held 1,000 MAp stapled securities at 30 June 2004 and 31 December 2004, the maximum tax benefit that might be available in future years to that investor through the maintenance of attribution accounts is less than \$1 in respect of amounts distributed to you by MAT(1) in respect of the year ended 31 December 2004.

Amounts of attributed foreign income were included in your 18 February 2005 MAp distribution (in respect of the year ended 31 December 2004). These amounts were required to be included in MAT(1)'s assessable income under the CFC rules in respect of MAT(1)'s interest in MAHBL.

You may choose to maintain 'attribution accounts' in respect of MAHBL.

Attribution accounts may be beneficial to you. In the 2005 year or in future years you may be able to use the balances on your attribution accounts to do one or both of the following:

- in some circumstances, reduce the amounts of your distributions from MAT(1) that are assessable; and/or
- reduce your sales proceeds for CGT purposes if you dispose of some or all of your MAp investment.

An example of an attribution account is set out below.

Date of Attribution	Details	Debit	\$	Credit	\$	Balance	\$
31-12-04	Amount referable to attributable income included in 2005 assessable income of MAT(1) in respect of MAHBL.			<XX>		<XX>	

We will advise you each year of the relevant amounts on a per unit basis that you will be entitled to record in your attribution accounts for each CFC in respect of MAp distributions. For the year ended 31 December 2004, the relevant details for your attribution accounts are as follows:

<b>CFC</b>	<b>Country of residence</b>	<b>Date of Attribution Credit</b>	<b>Attributable foreign income per MAT(1) unit (ie credit entry)</b>
MAHBL	Bermuda	31 December 2004	0.18245 cents

The CFC rules are extremely complex and, therefore, you may wish to consult your tax adviser and/or ATO publications for further information.

**NOTE**

If you are a partnership or trustee of a trust, you will need to determine whether you should advise the partners or beneficiaries of any entitlement to maintain attribution accounts. If you decide to do so, the information set out above will assist you.

# Part F: MAp Reorganisation

On 24 June 2005, MAp completed the reorganisation described in the Explanatory Memorandum dated 7 March 2005. The reorganisation involved the conversion of MAHBL to a mutual fund company and the removal of the MAHBL redeemable preference shares ("RPS") previously held by MAT(1).

Following the reorganisation, MAp stapled security holders continue to hold the same number of MAp stapled securities and there is no change to MAp stapled security holders' beneficial interest in MAp's airport assets. Furthermore, the reorganisation had no impact on the total underlying value of MAp's assets.

However, the reorganisation will impact the calculation of capital gains on the disposal of MAp stapled securities and in some cases on receipt of tax-deferred distributions from MAp, for MAp stapled securities acquired on or prior to 24 June 2005 (the date of the reorganisation) and subsequently disposed of.

## Impact on the calculation of capital gains

The impact of the MAp reorganisation on the calculation of capital gains on disposal of MAp stapled securities and in some cases on receipt of tax-deferred distributions from MAp, for MAp stapled securities acquired on or prior to 24 June 2005 is as follows:

- a reduction in the cost base or reduced cost base of your MAT(1) units of 59.2132 cents per unit, as a result of the in specie tax-deferred distribution by MAT(1) on 24 June 2005;
- an adjustment to the cost base or reduced cost base of your MAHBL shares to increase it by 59.2132 cents per share (as a result of the reinvestment of the MAT(1) in specie distribution in MAHBL);
- a requirement to split the sales proceeds attributable to your MAHBL shares between the original MAHBL shares cost base or reduced cost base and the new MAHBL shares cost base or reduced cost base; and
- if you dispose of your MAp investment on or prior to 24 June 2006 (ie within 12 months from the date of the reorganisation) the proportion of the capital gain relating to the new MAHBL shares cost base will not be eligible for the CGT discount.

## (a) Splitting your acquisition cost base

If you acquired MAp stapled securities on or prior to 24 June 2005 and you held your MAp stapled securities on capital account, the following table will assist you to calculate the impact of the MAp reorganisation on the calculation of the cost base or reduced cost base of each parcel of MAp stapled securities acquired. If you acquired MAp stapled securities at different times (eg because you participated in the MAp distribution reinvestment plan), you should use the following table to prepare a separate calculation in relation to each parcel you acquired.

### Cost Base per Unit/Share

	MAT(1) Unit	MAT(2) Unit	Original MAHBL Share Cost Base	New MAHBL Share Cost Base
Cost base prior to reorganisation on 24 June 2005 <sup>(1)</sup>	\$X	\$Y	\$Z	N/A
Cost base adjustment upon in specie tax-deferred distribution from MAT(1) on 24 June 2005 <sup>(2)</sup>	- \$0.592132	N/A	N/A	+ \$0.592132
Cost base after reorganisation on 24 June 2005	= \$X - \$0.592132	= \$Y	= \$Z	= \$0.592132 <sup>(3)</sup>
Acquisition date for CGT purposes for unit/share	Original acquisition date for MAp stapled security	Original acquisition date for MAp stapled security	Original acquisition date for MAp stapled security	24 June 2005

#### Notes

- (1) The tables provided on pages 14 and 17 of this Guide will assist you to split your MAp stapled security acquisition cost between a unit in MAT(1), a unit in MAT(2) and a share in MAHBL.
- (2) As part of the MAp reorganisation, you received an in specie tax-deferred distribution of MAHBL shares from MAT(1) on 24 June 2005 equal to 59.2132 cents per MAT(1) unit. This amount reduces the cost base or reduced cost base of your MAT(1) units and increases the cost base or reduced cost base of your MAHBL shares (for further information refer to pages 12 and 13 of this Guide).
- (3) The new MAHBL shares cost base (ie that you are taken to have acquired on 24 June 2005) is equal to 59.2132 cents per MAHBL share. The total new MAHBL shares cost base amount for your total holding of MAp stapled securities at 24 June 2005 is the amount on your 2005 MAp Tax Statement in the column titled "In specie Tax-Deferred Distribution".

## **(b) Splitting your sales proceeds**

The sales proceeds attributable to your MAHBL shares should be allocated between the original MAHBL shares cost base and the new MAHBL shares cost base (ie that you are deemed to have acquired on 24 June 2005) as follows:

- original MAHBL shares cost base -  $\frac{8}{23}$  x sales proceeds attributable to MAHBL shares; and
- new MAHBL shares cost base -  $\frac{15}{23}$  x sales proceeds attributable to MAHBL shares.

## **(c) Discount capital gain**

The proportion of the capital gain on your MAHBL shares relating to the original MAHBL shares cost base will be eligible for the CGT discount, provided you held your original MAp securities for at least 12 months at the time of disposal and satisfy other eligibility requirements.

The proportion of the capital gain on your MAHBL shares relating to the new MAHBL shares cost base (that you are deemed to have acquired on 24 June 2005 as a result of the MAp reorganisation) will not be eligible for the CGT discount if you dispose of these securities on or before 24 June 2006.

For further information on the CGT discount, you should refer to page 16 of this Guide.

## History of MAp distributions up to 30 June 2005 (per stapled security)

16 August 2002	1.0 cent, all from MAT(1)	per stapled security
Comprised of:	Tax-deferred distribution	1.0000 cent
		1.0000 cent
18 February 2003	4.5 cents, all from MAT(1)	per stapled security
Comprised of:	Australian interest	0.4573 cents
	Australian other income	2.3772 cents
	Foreign dividend	0.6667 cents
	Tax-deferred distribution	0.9988 cents
		4.5000 cents
18 August 2003	5.0 cents, all from MAT(1)	per stapled security
Comprised of:	Australian interest	1.9181 cents
	Foreign source income	0.0383 cents
	Tax-deferred distribution	3.0436 cents
		5.0000 cents
18 February 2004	3.0 cents, all from MAT(1)	per stapled security
Comprised of:	Australian interest	1.2849 cents
	Foreign source income	0.0181 cents
	Tax-deferred distribution	1.6970 cents
		3.0000 cents
18 August 2004	4.0 cents, all from MAT(1)	per stapled security
Comprised of:	Tax-deferred distribution	4.0000 cents
		4.0000 cents
18 February 2005	8.0 cents, all from MAT(1)	per stapled security
Comprised of:	Foreign source income	0.1824 cents
	Tax-deferred distribution	7.8176 cents
		8.0000 cents
24 June 2005	59.2132 cents, all from MAT(1)*	per stapled security
Comprised of:	Tax-deferred distribution	59.2132 cents
		59.2132 cents

\* Non-cash distribution; ie: in specie distribution of MAHBL RPS. Refer Part F of this Guide for further details.



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# Corporate Directory

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Web: [www.macquarie.com.au/map](http://www.macquarie.com.au/map)

Email: [map@macquarie.com](mailto:map@macquarie.com)

## Registrar

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Toll Free: 1800 102 368