Sydney Airport

2014 SYD Tax Statement Guide:

Essential information to help you complete your 2014 Australian income tax return

DISCLAIMER

CEO’s message

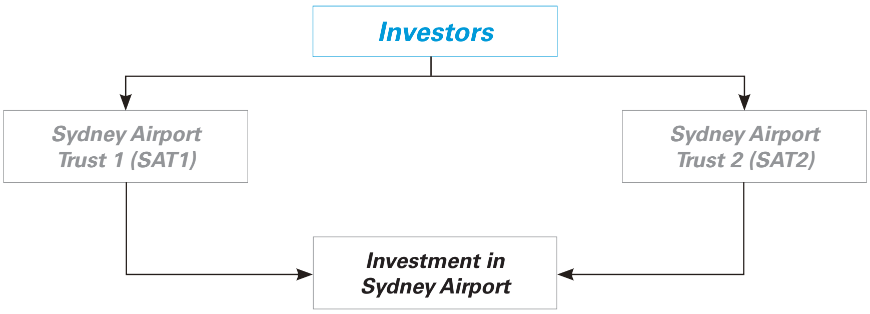
Dear SYD Investor,

We have sent you your 2014 SYD Tax Statement, which contains information you need to help you complete your 2014 Australian income tax return. This 2014 SYD Tax Statement Guide will help you to use that information to complete that return.

If you were a holder of SYD securities at 28 June 2013 and/or 31 December 2013, you received distributions from Sydney Airport Trust 1 that were paid on 16 August 2013 and/or 14 February 2014 and an unfranked dividend from Sydney Airport Limited on 14 February 2014. These amounts need to be taken into account for the purposes of your 2014 income tax return.

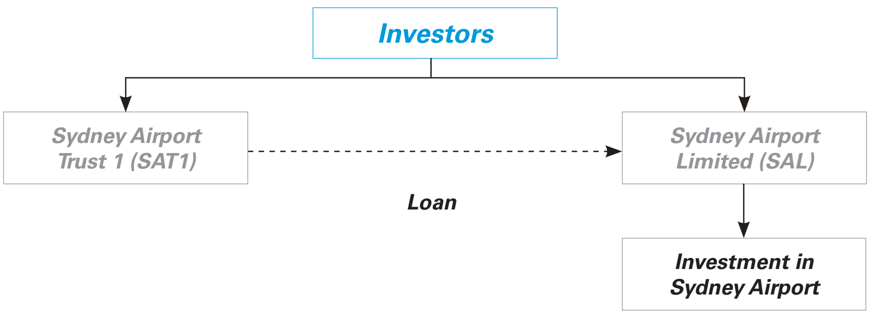
Parts A and B of this Guide will assist in relation to this.

Up to 2 December 2013, and since the simplification transaction for SYD on 19 December 2011 (“the 2011 Simplification”)[1], SYD has consisted of two entities listed on the Australian Securities Exchange (“ASX”): Sydney Airport Trust 1 (“SAT1”) and Sydney Airport Trust 2 (“SAT2”). The units in SAT1 and SAT2 were stapled, meaning they could not be traded separately, and could only be traded as stapled securities. SAT1 and SAT2 have a 31 December tax year end. The following illustrates a summarised structure of SYD and its investments since 19 December 2011, and up to 2 December 2013.



Following SYD moving to 100% ownership of Sydney Airport, further structural simplification was possible. Under the simplification of 3 December 2013 (“the 2013 Simplification”), all SYD investors received shares in Sydney Airport Limited (“SAL”) in exchange for their units in SAT2. For further information on the 2013 Simplification please refer to the Explanatory Memorandum located at www.sydneyairport.com.au/investors.

Since 3 December 2013, each SYD security held by security holders has consisted of one share in SAL stapled to one unit in SAT1, meaning they cannot be traded separately, and can only be traded as stapled securities. SAT1 and SAL have a 31 December tax year end. The following illustrates a summarised structure of SYD and its investments since 3 December 2013.



All SYD investors who participated in the 2013 Simplification need to address the capital gains tax (“CGT”) consequences of their disposal of their units in SAT2 as part of the 2013 Simplification.

Part B of this Guide will assist in relation to this. You should also be aware that SYD obtained a Class Ruling (“CR2013/102”) from the Australian Taxation Office (“ATO”) that confirmed the Australian income tax outcomes for SYD security holders who participated in the 2013 Simplification. The class ruling can be found at www.ato.gov.au.

1. The 2011 Simplification relates to SYD disposing of its interests in Brussels and Copenhagen airports and increasing its interest in Sydney Airport. SYD changed its name from MAp (MAp Airports) to SYD (Sydney Airport) and simplified its structure. For further information on the 2011 Simplification, please refer to the 2012 SYD Tax Statement Guide.

CEO's message (continued)

This Guide has been prepared specifically for individuals who were tax residents of Australia throughout the year ended 30 June 2014 and who held their SYD investments on capital account.

However, the information in the Guide should also be of assistance to other investors.

If you are an individual who was a resident of Australia for income tax purposes throughout the year ended 30 June 2014, you will need:

- Your 2014 SYD Tax Statement;
- This Guide; and
- A copy of the ATO Individual tax return instructions 2014 ("the ATO instructions") and the ATO Individual tax return instructions supplement 2014 ("the online ATO instructions supplement") available from the ATO website, and (possibly) copies of certain other ATO publications.

If you disposed of any or all of your SYD stapled securities during the year ended 30 June 2014 (or entered into a contract on or before 30 June 2014 to do so) you also need to address the income tax (including CGT) consequences of that disposal. Part B of this Guide will give you information which will assist you. **Please note that the 2011 Simplification affected the cost base of SYD stapled securities held by investors at that time. You may have already calculated the cost base of your SYD securities as at 19 December 2011 as part of preparing your 30 June 2012 or 30 June 2013 income tax return. If you did not, then we recommend you refer to section B4 of your 2012 SYD Tax Statement Guide to assist you to calculate the cost base of your SYD stapled securities as at 19 December 2011.**

If you are NOT an individual but you were a resident of Australia for income tax purposes throughout the year ended 30 June 2014, you will need to:

- Reflect distributions from SYD appropriately in your 2014 Australian income tax return. Your 2014 SYD Tax Statement should give you the information you need; and
- Reflect any relevant gain or loss on disposal of any or all of your SYD stapled securities during the year in your 2014 Australian income tax return. Part B of this Guide will give you information which will assist you in computing any CGT results.

If you were NOT a resident of Australia throughout the year ended 30 June 2014, you will need to decide whether to lodge a 2014 Australian income tax return. The information in your 2014 SYD Tax Statement and in this Guide will assist you to complete your tax return, if necessary.

If you need further factual information please contact the SYD Investor Relations team on the toll free number 1800 181 895. You should consult your tax adviser if you require general tax advice on any of the points discussed.

You should keep your 2014 SYD Tax Statement and a copy of this Guide with your tax papers, in case the ATO wishes to see them.

Yours sincerely,

Kerrie Mather

CEO

Table of Contents

Pictorial Overview: Australian resident individuals reporting their distributions from SYD	4
Part A: How to complete your Individual tax return 2014 using your 2014 SYD Tax Statement	**6**
Section 1 – Australian non-primary production income	7
Section 2 – Tax-deferred amounts	7
Section 3 – Unfranked dividends	7
Section 4 – Share of credits from income and tax offsets (for tax withheld)	7
Part B: Capital gains and losses	**8**
Section B1 – Summary of capital gains and losses from your SYD investment	8
Section B2 – Tax-deferred amount paid by SAT1 on 16 August 2013	10
Section B3 – Capital gains or losses on a disposal of SYD stapled securities prior to the 2013 Simplification	11
Section B4 – Capital gains or losses from the 2013 Simplification	13
Section B5 – Tax-deferred amount paid by SAT1 on 14 February 2014	13
Section B6 – Capital gains or losses on a disposal of SYD stapled securities after the 2013 Simplification	14
Definitions	**16**
Appendix 1	17
Appendix 2	18
Appendix 3	18

Pictorial Overview: Australian resident individuals reporting their distributions from SYD

The pictorial overview on the next page shows where the relevant parts of an investor's distributions from SYD are to be included in an Individual tax return (supplementary section) 2014. Alternatively, an investor can choose to follow Sections 1 to 4 of Part A of this Guide to report the relevant parts of their distributions in their Individual tax return (supplementary section) 2014.

Comments about capital gains and losses

All SYD investors will need to go to Part B of this Guide to address their CGT results in relation to SYD for the year ended 30 June 2014.

Part B assists an investor in calculating your overall CGT results for the year in relation to SYD. The overall CGT results in relation to SYD are then to be taken into account, along with any other capital gains and losses of the investor, in working out the amounts to be reported at item 18 of the Individual tax return (supplementary section) 2014.

Pictorial Overview: Australian resident individuals reporting their distributions from SYD (continued)

Extract from 2014 SYD Tax Statement

2014 SYD Tax Statement
Information for your 2014 Tax Return

2014 SYD Tax Statement Guide can be downloaded at
http://www.sydneyairport.com.au/investors/stock-information/tax-guides.aspx

This statement has been prepared to assist with the completion of 2014 Australian income tax returns by persons who, for income tax purposes, were residents of Australia throughout the year ended 30 June 2014 and held their SYD investments on capital account. This statement should be read together with the 2014 SYD 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.

SYD Distributions for the year ended 31 December 2013 - paid on 16 August 2013 and 14 February 2014

	Cash Distributions	Taxable Income	Tax Return for Individuals (supp. section)
Australian Income*			
Non-primary production income	$0.000000	$0.000000(1)	13U
Capital Gains*			
Discounted (non - TAP)	$0.000000 (A)	$0.000000(2)	18H
CGT concession amount	$0.000000 (B)		
Tax-deferred distributions*			
Paid on 16 August 2013	$0.000000(3) (C)		
Paid on 14 February 2014	$0.000000(4) (C)		
Gross Cash Distribution from SAT1	$ xxx		
Less TFN tax withheld - SAT1	$ xxx(5) (D)		13R
Unfranked dividend paid by SAL	$0.00 (E)	$0.000000(6)	11S
Less TFN tax withheld - SAL	$0.00(7) (D)		11V
Less Non-resident tax withheld (SAT1 & SAL)	$ xxx (F)		
Net Cash Distributions	$ xxx		

* Paid by SAT1 on 16 August 2013 and/or 14 February 2014 (to be taken into account in your 2014 income tax return).

Extract from 2014 tax return for individuals (supplementary section)

Supplementary section

Income

Refer to the supplement instructions before you complete item **13**. If you are required to complete item **13** include deferred non-commercial business losses from a prior year at either **X** or **Y** as appropriate. Refer to the supplement instructions for the relevant code.

13 Partnerships and trusts

Primary production

- Distribution from partnerships **N** .00
- Share of net income from trusts **L** .00
- Landcare operations and deduction for decline in value of water facility **I** .00
- Other deductions relating to amounts shown at **N** and **L** **X** .00 TYPE
- Net primary production amount .00 LOSS

Note: If you have a net loss from a partnership business activity, complete items P3 and P9 in the **Business and professional items** section of this tax return in addition to item **13**.

Non-primary production

- Distribution from partnerships less foreign income **O** .00
- Share of net income from trusts less capital gains, foreign income and franked distributions **U** .00
- Franked distributions from trusts **C** .00
- Landcare operations expenses **J** .00
- Other deductions relating to amounts shown at **O**, **U** and **C** **Y** .00 TYPE
- Net non-primary production amount .00 LOSS

Show amounts of: Capital gains from trusts at item **18** on page 9 and Foreign income at item **19** or **20** on page 9-10.

Share of credits from income and tax offsets

- Share of credit for tax withheld where Australian business number not quoted **P**
- Share of franking credit from franked dividends **Q**
- Share of credit for tax file number amounts withheld from interest, dividends and unit trust distributions **R**
- Credit for TFN amounts withheld from payments from closely held trusts **M**
- Share of credit for tax paid by trustee **S**
- Share of credit for amounts withheld from foreign resident withholding **A**
- Share of National rental affordability scheme tax offset **B**

11 Dividends

- Unfranked amount **S** .00
- Franked amount **T** .00
- Franking credit **U** .00
- Tax file number amounts withheld from dividends **V**

Part B of this Guide (Page 8)

	Discount capital gains	Non-discount capital gains	Capital losses
Row 2 The amount shown at (2) on your 2014 SYD Tax Statement is a discounted capital gain that you need to take into account. You should multiply the amount shown at (2) by two, and put your answer here.		N/A	N/A
TOTALS: add up each column and insert the totals here.			

To question 18 in the ATO's individual tax return instructions supplement

Part A

How to complete your Individual tax return 2014 using your 2014 SYD Tax Statement

The relevant sections in this Guide depend on where amounts appear on your 2014 SYD Tax Statement.

If there is an amount next to the number below on your 2014 SYD Tax Statement, you can go to the relevant section of Part A or Part B of this Guide.

Reference number on 2014 SYD Tax Statement	Nature of item	Part and Section of this Guide
(1)	Australian non-primary production income	Part A, Section 1
(2)	Capital gains – Discounted (non-TAP)	Part B, Section B1 (row 2 in table)
(3) & (4)	Tax-deferred amount	Part A, Section 2
(5) & (7)	Tax withheld	Part A, Section 4
(6)	Unfranked dividends	Part A, Section 3

Part A (continued)

SECTION 1 – Australian non-primary production income

This amount is shown beside (1) on your 2014 SYD Tax Statement.

Step A

Go to question 13 on the online ATO instructions supplement and answer 'YES' to the question on that page.

Step B

Work through question 13. The amount shown beside (1) on your 2014 SYD Tax Statement is covered at Step 2 of Part B of the online ATO instructions supplement. It is to be included in the amount to be shown at U in item 13 on page 8 of your Individual tax return (supplementary section) 2014.

Step C

Continue working through question 13. When you come to Part E, see Section 4 (opposite).

SECTION 2 – Tax-deferred amounts

On your SYD Tax Statement, you will find (3) and (4) beside any tax-deferred amounts you received from SAT1. Assuming you held your SYD investment on capital account for income tax purposes, these parts of SAT1's distributions were "tax deferred". This means that they should not form part of your assessable income for tax purposes, and do not have to be reported in your 2014 Australian income tax return, except possibly as described below.

It is the current general practice of the Commissioner of Taxation that a tax-deferred amount that is received reduces the cost base and reduced cost base of the units on which it is received for CGT purposes. To the extent that a tax-deferred amount exceeds your cost base, then you will make an immediate capital gain equal to that excess. For most SYD investors it is unlikely that such a capital gain would have arisen in the year ended 30 June 2014. However, investors should check this for themselves by going to Part B, Sections B2 and B5.

SECTION 3 – Unfranked dividends

This amount is shown beside (6) on your 2014 SYD Tax Statement.

Step A

Go to question 11 of the Individual tax return instructions 2014 and answer 'YES' to the question on that page.

Step B

Work though question 11. The amount shown beside (6) on your 2014 SYD Tax Statement is covered at Step 1 of the Individual tax return instructions. It is to be included in the amount to be shown at S in Item 11 on page 3 of your Individual tax return 2014.

SECTION 4 – Share of credits from income and tax offsets (for tax withheld)

If tax was withheld from your distribution(s), it is shown beside (5) and (7) on your 2014 SYD Tax Statement.

If there is an amount beside (5) on your 2014 SYD Tax Statement, the amount relates to a distribution from SAT1 and it is relevant at Part E (as you are working through question 13 of the online ATO instructions supplement). If the amount of tax withheld shown beside item (5) on your 2014 SYD Tax Statement has not previously been refunded to you, you should include it at R, question 13 on page 8 of your Individual tax return (supplementary section) 2014.

This amount represents TFN withholding tax deducted from your distribution from SAT1 because you did not provide a TFN or (where relevant) Australian Business Number ("ABN") or claim an exemption for your SYD investment.

If there is an amount beside (7) on your 2014 SYD Tax Statement, the amount relates to the unfranked dividend paid by SAL and it is relevant at Step 4 (as you are working through question 11 of the online ATO instructions supplement). If the amount of tax withheld shown beside (7) on your 2014 SYD Tax Statement has not previously been refunded to you, you should include it at V, question 11 on page 3 of your Individual tax return 2014.

This amount represents TFN withholding tax deducted from your unfranked dividend paid by SAL because you did not provide a TFN or (where relevant) Australian Business Number ("ABN") or claim an exemption for your SYD investment.

Part B: Capital gains and losses

- **CAPITAL GAINS (IF ANY) ARISING IN RESPECT OF TAX-DEFERRED DISTRIBUTIONS MADE BY SYD**
- **CAPITAL GAINS OR LOSSES ON DISPOSALS OF INVESTMENTS IN SYD**
- **CAPITAL GAINS OR LOSSES ON THE 2013 SIMPLIFICATION**
- **CAPITAL GAINS DISTRIBUTED BY SYD**

SECTION B1: Summary of capital gains and losses from your SYD investment

There are various matters you need to work through in order to compute your CGT outcomes for the year ended 30 June 2014 in relation to your SYD investment. This Part B has been prepared to assist you to do this, on the assumptions that you are an individual who was a resident of Australia[2] for income tax purposes throughout the year ended 30 June 2014 and that you held your investment in SYD on capital account.

Step A

You should complete the following summary table:

	Discount capital gains	Non-discount capital gains	Capital losses
Row 1 Did you receive the distribution that SYD paid on 16 August 2013? If you did, it is possible (but unlikely for the vast majority of investors) that the tax-deferred amount included in that distribution gave rise to a capital gain for you. If necessary, Section B2 will assist you to work out if you had such a capital gain (and, if you had, whether it was a discount capital gain or a non-discount capital gain). If you had such a capital gain, you should copy your answer from Section B2 to here.			N/A
Row 2 The amount shown at (2) on your 2014 SYD Tax Statement is a discounted capital gain that you need to take into account. You should multiply the amount shown at (2) by two, and put your answer here.		N/A	N/A
Row 3 Did you dispose of any or all of your SYD investment in the period 1 July 2013 to 25 November 2013[3]? If so, Section B3 will assist you to work out your capital gains or capital losses. You should work through Section B3 and copy your answer from Section B3 to here.			
Row 4 If you participated in the 2013 Simplification on 3 December 2013, you should disregard any capital gain or loss you made on the disposal of your SAT2 units in exchange for SAL shares. Instead, your cost base of your SAL shares received under the 2013 Simplification will be equal to the cost base of the SAT2 units that were disposed of. Section B4 provides further detail.	N/A	N/A	N/A
Row 5 Did you receive the distribution that SYD paid on 14 February 2014? If you did, it is possible (but unlikely for the vast majority of investors) that the tax-deferred amount included in that distribution gave rise to a capital gain for you. If necessary, Section B5 will assist you to work out if you had such a capital gain (and, if you had, whether it was a discount capital gain or a non-discount capital gain). If you had such a capital gain, you should copy your answer from Section B5 to here.			N/A
Row 6 Did you dispose of any or all of your SYD investment in the period 26 November 2013 to 30 June 2014? If so, Section B6 will assist you to work out your capital gains or capital losses. You should work through Section B6 and copy your answer from Section B6 to here.			
TOTALS: add up each column and insert the totals here.			

2 If you were not a resident of Australia for tax purposes at any time in the year ended 30 June 2014 and held your investment in SYD on capital account, it is likely that any capital gains or losses you made on your SYD investment should be disregarded for Australian CGT purposes – but you should consider this for yourself in light of your own circumstances. If you were a tax resident of Australia but were not an individual (e.g. a company), the information in this Guide and in the 2014 SYD Tax Statement should still assist you.

3 Trades made on the ASX on or before 25 November 2013 settled before the 2013 Simplification and disposals under those trades fall into row 3 in the table. Trades made on the ASX on or after 26 November 2013 and before 4 December 2013 were on a deferred settlement basis. This means that the sellers participated in the 2013 Simplification before their sales were settled such that they need to address the 2013 Simplification first (at row 4 in the table) and then treat the sales as falling in row 6 in the table.

Part B: Capital gains and losses (continued)

Step B

Go to question 18 of the online ATO instructions supplement and answer 'YES' to the question on that page. Use the publication *Personal investors guide to capital gains tax 2014 (NAT4152)* to assist you to calculate your capital gain. Work through question 18 of that supplement. Doing this will assist you to report all your capital gains and losses, including from your SYD investment, at question 18 of your Individual tax return (supplementary section) 2014.

When you come to Step 2 of the online ATO instructions supplement, take into account the TOTALS from Part B, Section B1, Step A (on page 8 of this Guide). Those amounts represent, for your SYD investment, the totals of:

- your discount capital gains, (if any) (these are eligible for a CGT discount);
- your non-discount capital gains if any (these are not eligible for a CGT discount); and
- your capital losses (if any).

At Step 3 of the online ATO instructions supplement remember that, when working out how to apply any unapplied net capital losses from earlier years and/or any current year capital losses, it is usually advantageous to apply them first against any capital gains that are not eligible for a CGT discount. After that is done, any remaining capital losses are applied against capital gains eligible for a CGT discount. After that is done, for any capital gains that remain the 50% discount is taken into account (for individuals who are tax residents of Australia) i.e. those remaining capital gains are reduced by 50%.

Other comments that may assist you

The following comments may assist you as you address your capital gains or losses.

Revenue vs capital account

As stated above, this Part B has been prepared to assist individuals who were investors in SYD who held their SYD investment on capital account and who were tax residents of Australia throughout the year ended 30 June 2014.

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

If you held your SYD 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 SYD investment on revenue account, or you are in any doubt, you should consult your tax adviser.

Time of disposal

Rows 3 and 6 in the table from Part B, Section B1, Step A (on page 8 of this Guide) asked whether you had disposed of some or all of your SYD investment. For CGT purposes, the time of disposal of an investment under a contract is the time of the contract to make the disposal. For example, if you entered into such a contract by 30 June 2014 but it did not settle until after that date, you need to take the resultant capital gain or loss into account for the year ended 30 June 2014 (in Section B6).

Discount capital gain

A discount capital gain is a capital gain that arises on an investment that has been held for 12 months[4] or more such that it is eligible for a 50% CGT "discount" if you are an individual. This means that, after you apply any available capital losses against a discount capital gain, the part (if any) of the discount capital gain remaining is then reduced (or "discounted") by half for purposes of working out the amount to be included in your taxable income.

4 The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

Part B: Capital gains and losses (continued)

SECTION B2: Tax-deferred amount paid by SAT1 on 16 August 2013

If you received the distribution that SYD paid on 16 August 2013, you will find (3) on your 2014 SYD Tax Statement beside the tax-deferred amount you received in that distribution. You received this from SAT1. This part of that SAT1 distribution was "tax deferred". This means that it does not form part of your assessable income for tax purposes and does not have to be reported in your 2014 Australian income tax return, except possibly as described below.

Tax-deferred amounts reduce the cost base and reduced cost base of your units in SAT1 for CGT purposes. To the extent that a tax-deferred amount exceeds your cost base, then you will make an immediate capital gain equal to that excess.

For the vast majority of SYD investors, it is unlikely that the tax-deferred amount paid by SAT1 on 16 August 2013 would have given rise to a capital gain. However, SYD investors should check this for themselves having regard to their own circumstances, and compute any capital gain that might have arisen for them.

In the unlikely event that such a capital gain did arise for a SYD investor, it would very probably be a discount capital gain (on SAT1 units that had been held for more than 12 months)[5].

You should complete the following table (by inserting "0", or the appropriate positive amounts, in the boxes).

		Discount capital gains	Non-discount capital gains	Capital losses
Row 1	Did you receive the distribution that SYD paid on 16 August 2013? If you did, it is possible (but unlikely for the vast majority of investors) that the tax-deferred amount included in that distribution gave rise to a capital gain for you. If you had such a capital gain, insert it in the relevant box or boxes here; otherwise insert "0".			N/A

You should copy the amounts in the boxes above to Row 1 in the table in Section B1.

5 The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

Part B: Capital gains and losses (continued)

SECTION B3: Capital gains or losses on a disposal of SYD stapled securities prior to the 2013 Simplification

Since the 2011 Simplification and before the 2013 Simplification, a SYD stapled security comprised one unit in SAT1 stapled to one unit in SAT2. For CGT purposes, a unit in SAT1 and a unit in SAT2 are two separate assets.

If you disposed of SYD stapled securities by a trade made on the ASX in the period 1 July 2013 and ending on 25 November 2013, you will need to perform separate CGT calculations for each of your investments in SAT1 and SAT2.

This means that, for each SYD stapled security, you will need to know the cost base, reduced cost base and date of acquisition (for CGT purposes) of the unit in SAT1 and of the unit in SAT2.

Establishing your cost base

a) SYD stapled securities held on completion of the 2011 Simplification

For any SYD stapled securities that you held on completion of the 2011 Simplification on 19 December 2011, you need to know:

- the cost base, reduced cost base, and date of acquisition (for CGT purposes) of each parcel of SAT1 units as at 19 December 2011 (immediately after the 2011 Simplification); and
- the cost base, reduced cost base, and date of acquisition (for CGT purposes) of each parcel of SAT2 units as at 19 December 2011 (immediately after the 2011 Simplification).

You may already have all of this information from your 30 June 2012 tax return if you followed Section B4 of your 2012 SYD Tax Statement Guide[6]. If you did not, then we recommend you refer to Section B4 of the 2012 SYD Tax Statement Guide to assist you to obtain the information required above.

Provided that you obtained all of the information recommended in Section B4 of the 2012 SYD Tax Statement Guide, you do not need to do anything further in relation to any tax-deferred distributions you received (on your SAT1 units) prior to 19 December 2011. This is because the cost base and reduced cost base of those units that were worked out at Section B4 of the 2012 SYD Tax Statement Guide have already taken any such distributions into account.

b) Splitting your acquisition cost (for acquisition after the 2011 Simplification but before the 2013 Simplification)

If you acquired SYD stapled securities by subscription, Appendix 3 will help you to split your SYD stapled security acquisition cost between a unit in SAT1 and a unit in SAT2. Appendix 3 sets out all the dates and prices at which SYD stapled securities have been issued and shows the proportion of the price of each SYD stapled security that related to a unit in SAT1 and a unit in SAT2.

If you acquired SYD stapled securities under a trade made on the ASX on or after 6 December 2011, you will need to decide the proportion of your purchase price for each SYD stapled security that related to the unit in SAT1 and the unit in SAT2. Appendix 1 is an allocation of value between the entities that you may choose to use for this purpose. (SYD considers that Appendix 1 reflects the allocation implied by the traded prices on the ASX). Note that the SAL column represents the SAT2 value allocation prior to the 2013 Simplification.

c) Tax-deferred distributions

Appendix 2 shows the tax-deferred amounts distributed by SAT1 since 19 December 2011. If you received any of these distributions, reduce the cost base and the reduced cost base of your units in SAT1 (if you held those units on capital account) in respect of that tax-deferred distribution. Parts of the distributions made by SAT1 on 16 August 2013 and 14 February 2014 were tax-deferred.

Please note that SAT2 (and SAL from 3 December 2013) has never made any tax-deferred distributions.

Remember that, provided you obtained all the recommended information in Section B4 of your 2012 SYD Tax Statement Guide, you should not need to address any tax-deferred distributions you received before 19 December 2011 – see "(a) SYD stapled securities held on completion of the 2011 Simplification" above.

d) Inclusions in cost base

Remember that any incidental costs of acquisition and disposal (such as broker fees) should be included in the cost base and the reduced cost base of your SAT1 and SAT2 units acquired or sold on the ASX.

Sales proceeds

a) Splitting your sales proceeds

Regardless of whether you held your SYD stapled securities at the time of the 2011 Simplification or acquired them after it, you will need to split the sales proceeds of each SYD stapled security into the part referable to the unit in SAT1 and the part referable to the unit in SAT2. Appendix 1 is an allocation of value between the entities that you may choose to use for this purpose. (SYD considers that Appendix 1 reflects the allocation implied by the traded prices on the ASX). Note that the SAL column represents the SAT2 value allocation prior to the 2013 Simplification.

6 Available on SYD's website at www.sydneyairport.com.au/investors/stock-information/tax-guides.aspx

Part B: Capital gains and losses (continued)

SECTION B3: Capital gains or losses on a disposal of SYD stapled securities prior to the 2013 Simplification (continued)

b) Reduction of sales proceeds where attribution credits had arisen

If you disposed of SYD stapled securities during the 30 June 2014 year and you had a credit balance in your attribution account(s) in respect of any of the Controlled Foreign Companies ("CFCs") held by SAT1 (previously known as MAT1) in prior years, you should be entitled to reduce the sales proceeds in respect of your SAT1 units by the amount(s) of those credit balances.

The information in your 2005 MAp Tax Statement Guide[7] will assist you if you wish to work out whether you had a credit balance in your attribution account(s) from 2005 or earlier years in respect of CFCs of SAT1. Please note that no further CFC attribution credits arose after the 2005 year. If you choose to explore this further, you may wish to seek professional assistance.

Working out your capital gains or losses on a disposal of SYD stapled securities by a trade on the ASX in the period 1 July 2013 to 25 November 2013 if you are an individual holding your SYD securities on capital account.

If you are an individual and during the period 1 July 2013 to 25 November 2013 you entered into a trade on the ASX to sell some or all of your SYD investment, your CGT result in respect of that sale should generally be as follows in respect of your units in each of SAT1 and SAT2:

- If you held your units for less than 12 months[8]: your capital gain or loss is the difference between your sales proceeds and your cost base or reduced cost base (after reduction, in both cases, for any tax-deferred amounts); or
- If you held your units for 12 months[8] or more, and your sales proceeds were less than your reduced cost base (after reduction for any tax-deferred amounts): your capital loss is the difference between the two amounts; or
- If you held your units for 12 months[8] or more, and your sales proceeds exceeded your cost base (after reduction for any tax-deferred amounts): your capital gain is the difference between the two amounts and is called a discount capital gain.

"Sales proceeds" is the amount after any reduction in respect of CFC attribution account credit balances.

After working out your discount capital gains, non-discount capital gains, and capital losses (if any) from your disposals of SYD investments under trades made on the ASX on or before 25 November 2013, you should complete the following table by inserting relevant amounts, or "0" if applicable, in the boxes.

		Discount capital gains	Non-discount capital gains	Capital losses
Row 3	Did you dispose of any or all of your SYD investment in the period 1 July 2013 to 25 November 2013? If so, insert your capital gains or capital losses on disposal here, otherwise insert "0".			

You should copy the amounts in the boxes above to Row 3 in the table in Section B1.

7 Available on SYD's website at www.sydneyairport.com.au/investors/stock-information/tax-guides.aspx
8 The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

Part B: Capital gains and losses (continued)

SECTION B4: Capital gains or losses from the 2013 Simplification

Since the 2011 Simplification, a SYD stapled security has comprised one unit in SAT1 stapled to one unit in SAT2. For CGT purposes, a unit in SAT1 and a unit in SAT2 were two separate assets.

Security holders who took part in the 2013 Simplification, were issued one new share in SAL for every unit that they previously held in SAT2. There was no disposal by security holders of SAT1 units. The exchange of SAT2 units for SAL shares gave rise to a CGT event being the disposal of your SAT2 units, however you should disregard any capital gain or loss you made on the disposal of the SAT2 units in exchange for SAL shares. This is because roll-over relief under Subdivision 124-G of the Income Tax Assessment Act 1997 automatically applied to defer recognition of any capital gain or loss until a subsequent disposal of the SAL shares acquired. Any profit or loss for investors who held their SYD stapled securities on revenue account is also deferred until such a future disposal.

Cost base of your new SAL share

As a consequence of the roll-over, the cost base of your SAL share will be equal to the cost base of your SAT2 unit just prior to the 2013 Simplification. Section B3 provides guidance on how to calculate your cost base of your SAT2 units.

Acquisition date of your new SAL share

For the purposes of determining whether the CGT discount concession is available on a subsequent disposal of the SAL shares, you will be taken to have acquired your SAL shares at the time that your SAT2 units were originally acquired. Note that if you held your SAT2 units at the time of the 2011 Simplification, then section B3 will assist you to determine the date of acquisition of each parcel of SAT2 units as at 19 December 2011.

Class Ruling

You should be aware that SYD obtained a ruling class (CR2013/102) from the ATO that confirmed the Australian income tax outcomes for SYD security holders who participated in the 2013 Simplification. The class ruling can be found at www.ato.gov.au.

SECTION B5: Tax-deferred amount paid by SAT1 on 14 February 2014

If you received the distribution that SYD paid on 14 February 2014, you will find (4) on your 2014 SYD Tax Statement beside the tax-deferred amount you received in that distribution. You received this from SAT1. This part of that SAT1 distribution was "tax deferred". This means that it does not form part of your assessable income for tax purposes and does not have to be reported in your 2014 Australian income tax return, except possibly as described below.

Tax-deferred amounts reduce the cost base and reduced cost base of your units in SAT1 for CGT purposes. To the extent that a tax-deferred amount exceeds your cost base, then you will make an immediate capital gain equal to that excess.

For the vast majority of SYD investors, it is unlikely that the tax-deferred amount paid by SAT1 on 14 February 2014 would have given rise to a capital gain. However, SYD investors should check this for themselves having regard to their own circumstances, and compute any capital gain that might have arisen for them.

In the unlikely event that such a capital gain did arise for a SYD investor, it would very probably be a discount capital gain (on SAT1 units that had been held for more than 12 months).[9]

You should complete the following table (by inserting "0", or the appropriate positive amounts, in the boxes).

		Discount capital gains	Non-discount capital gains	Capital losses
Row 5	Did you receive the distribution that SYD paid on 14 February 2014? If you did, it is possible (but unlikely for the vast majority of investors) that the tax-deferred amount included in that distribution gave rise to a capital gain for you. If you had such a capital gain, insert it in the relevant box or boxes here; otherwise insert "0".			N/A

You should copy the amounts in the boxes above to Row 5 in the table in Section B1.

9 The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

Part B: Capital gains and losses (continued)

SECTION B6: Capital gains or losses on a disposal of SYD stapled securities after the 2013 Simplification

Since the 2013 Simplification, a SYD stapled security has comprised one share in SAL stapled to one unit in SAT1. For CGT purposes, a unit in SAT1 and a share in SAL are two separate assets.

If you disposed of SYD stapled securities by a trade made on the ASX on or after 26 November 2013 (and on or before 30 June 2014), you will need to perform separate CGT calculations for each of your investments in SAT1 and SAL.

This means that, for each SYD stapled security, you will need to know the cost base, reduced cost base and date of acquisition (for CGT purposes) of the unit in SAT1 and of the share in SAL.

Establishing your cost base

a) SYD stapled securities held on completion of the 2011 Simplification

For any SYD stapled securities that you held on completion of the 2011 Simplification on 19 December 2011, you need to know:

- the cost base, reduced cost base, and date of acquisition (for CGT purposes) of each parcel of SAT1 units as at 19 December 2011 (immediately after the 2011 Simplification); and
- the cost base, reduced cost base, and date of acquisition (for CGT purposes) of each parcel of SAL (formerly SAT2) shares as at 19 December 2011 (immediately after the 2011 Simplification).

You may already have all of this information from your 30 June 2012 tax return if you followed Section B4 of your 2012 SYD Tax Statement Guide[10]. If you did not, then we recommend you refer to Section B4 of the 2012 SYD Tax Statement Guide to assist you to obtain the information required above.

Provided that you obtained all of the information recommended in Section B4 of the 2012 SYD Tax Statement Guide, you do not need to do anything further in relation to any tax-deferred distributions you received (on your SAT1 units) prior to 19 December 2011. This is because the cost base and reduced cost base of those units that were worked out at Section B4 of the 2012 SYD Tax Statement Guide have already taken any such distributions into account.

b) Splitting your acquisition cost (for acquisition after the 2011 Simplification but before the 2013 Simplification)

If you acquired SYD stapled securities by subscription, Appendix 3 will help you to split your SYD stapled security acquisition cost between a unit in SAT1 and a unit in SAT2. Appendix 3 sets out all the dates and prices at which SYD stapled securities have been issued and shows the proportion of the price of each SYD stapled security that related to a unit in SAT1 and a unit in SAT2.

If you acquired SYD stapled securities under a trade made on the ASX on or after 6 December 2011[11], you will need to decide the proportion of your purchase price for each SYD stapled security that related to the unit in SAT1 and the unit in SAT2. Appendix 1 is an allocation of value between the entities that you may choose to use for this purpose. (SYD considers that Appendix 1 reflects the allocation implied by the traded prices on the ASX). Note that the SAL column represents the SAT2 value allocation prior to the 2013 Simplification.

c) Cost base of your SAL shares that you received from the 2013 Simplification

The first element of your cost base (or reduced cost base, if applicable) for the SAL shares received by you under the 2013 Simplification will be equal to the cost base (or reduced cost base) of your SAT2 units that were disposed of.

Section B3 provides guidance on how to calculate your cost base of your SAT2 units. The cost base of your SAL share will be equal to the cost base of your SAT2 unit just prior to the 2013 Simplification.

For the purposes of determining whether the CGT discount concession is available on a subsequent disposal of the SAL shares, you will be taken to have acquired your SAL shares at the time that your SAT2 units were originally acquired.

d) Splitting your acquisition cost (for acquisitions on the ASX after the 2013 Simplification)

If you acquired SYD stapled securities under the SYD Distribution Reinvestment Plan ("DRP"), Appendix 3 will help you to split your SYD stapled security acquisition cost between a unit in SAT1 and a share in SAL. Appendix 3 sets out all the dates and prices at which SYD stapled securities have been issued, or provided under the DRP, and shows the proportion of the price of each SYD stapled security that related to a unit in SAT1 or a share in SAL.

If you acquired your SYD securities by purchase on the ASX, you will need to decide the part of your purchase price for each SYD stapled security that related to a unit in SAT1 and a share in SAL. Appendix 1 is an allocation of value between the entities that you may choose to use for this purpose. (SYD considers that Appendix 1 reflects the allocation implied by the traded prices on the ASX). Note that the SAL column represents the SAT2 value allocation prior to the 2013 Simplification.

10 Available on SYD's website at www.sydneyairport.com.au/investors/stock-information/tax-guides.aspx

11 If you entered into a trade on the ASX on or after 6 December 2011 to acquire your SYD investment, then: (i) you did not participate in the 2011 Simplification; and (ii) in respect of that investment on settlement of the trade, you received SAT1 units and SAT2 units.

Part B: Capital gains and losses (continued)

e) Tax-deferred distributions

Appendix 2 shows the tax-deferred amounts distributed by SAT1 since 19 December 2011. If you received any of these distributions, reduce the cost base and the reduced cost base of your units in SAT1 (if you held those units on capital account) in respect of that tax-deferred distribution. Part of the distributions made by SAT1 on 16 August 2013 and 14 February 2014 were tax-deferred.

Please note that SAT2 (and later SAL from 3 December 2013) has never made any tax-deferred distributions.

Remember that, provided you obtained all the recommended information in Section B4 of your 2012 SYD Tax Statement Guide, you should not need to address any tax-deferred distributions you received before 19 December 2011 – see "(a) SYD stapled securities held on completion of the 2011 Simplification" above.

f) Inclusions in cost base

Remember that any incidental costs of acquisition and disposal (such as broker fees) should be included in the cost base and the reduced cost base of your SAT1 and SAT2 units (SAL share from 3 December 2013) acquired (either on the ASX or otherwise) or sold on the ASX.

Sales proceeds

a) Splitting your sales proceeds

You will need to split the sales proceeds of each SYD stapled security into the part referable to the unit in SAT1 and the part referable to a share in SAL. Appendix 1 is an allocation of value between the entities that you may choose to use for this purpose. (SYD considers that Appendix 1 reflects the allocation implied by the traded prices on the ASX). Note that the SAL column represents the SAT2 value allocation prior to the 2013 Simplification.

b) Reduction of sales proceeds where attribution credits had arisen

If you disposed of SYD stapled securities during the 30 June 2014 year and you had a credit balance in your attribution account(s) in respect of any of the Controlled Foreign Companies ("CFCs") held by SAT1 (previously known as MAT1) in prior years, you should be entitled to reduce the sales proceeds in respect of your SAT1 units by the amount(s) of those credit balances.

The information in your 2005 MAp Tax Statement Guide[12] will assist you if you wish to work out whether you had a credit balance in your attribution account(s) from 2005 or earlier years in respect of CFCs of SAT1. Please note that no further CFC attribution credits arose after the 2005 year. If you choose to explore this further, you may wish to seek professional assistance.

Working out your capital gains or losses on a disposal of SYD stapled securities by a trade on the ASX on or after 26 November 2013 (and on or before 30 June 2014) if you are an individual holding your SYD securities on capital account.

If you are an individual and you entered into a trade on the ASX to sell some or all of your SYD investment, your CGT result in respect of that sale should generally be as follows in respect of your unit in SAT1 and share in SAL:

- If you held your units or shares for less than 12 months[13]: your capital gain or loss is the difference between your sales proceeds and your cost base or reduced cost base (after reduction, in both cases, for any tax-deferred amounts); or
- If you held your units or shares for 12 months[13] or more, and your sales proceeds were less than your reduced cost base (after reduction for any tax-deferred amounts): your capital loss is the difference between the two amounts; or
- If you held your units or shares for 12 months[13] or more, and your sales proceeds exceeded your cost base (after reduction for any tax-deferred amounts): your capital gain is the difference between the two amounts and is called a discount capital gain.

If you participated in the 2013 Simplification, note that for the purposes of determining whether 'you held your SAL shares for 12 months or more', you will be taken to have acquired these SAL shares at the time that your SAT2 units were originally acquired.

"Sales proceeds" is the amount after any reduction in respect of CFC attribution account credit balances.

After working out your discount capital gains, non-discount capital gains, and capital losses (if any) from your disposals of SYD investments in the period 26 November 2013 to 30 June 2014, you should complete the following table by inserting relevant amounts, or "0" if applicable, in the boxes.

		Discount capital gains	Non-discount capital gains	Capital losses
Row 6	Did you dispose of any or all of your SYD investment in the period 26 November 2013 to 30 June 2014? If so, insert your capital gains or capital losses on disposal here, otherwise insert "0".			

You should copy the amounts in the boxes above to Row 6 in the table in Section B1.

12 Available on SYD's website at www.sydneyairport.com.au/investors/stock-information/tax-guides.aspx
13 The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

Definitions

ABN	Australian Business Number
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
ATO instructions	The ATO Individual tax return instructions 2014
CGT	Capital Gains Tax
CR2013/102	Class Ruling 2013/102 issued by the ATO
DRP	SYD Distribution Reinvestment Plan
online ATO instructions supplement	The ATO Individual tax return instructions supplement 2014 (this is only available online from www.ato.gov.au)
SAL	Sydney Airport Limited
SAT1	Sydney Airport Trust 1
SAT2	Sydney Airport Trust 2
SYD	Sydney Airport Group
2011 Simplification	The 2011 Simplification relates to SYD disposing of its interests in Brussels and Copenhagen airports and increasing its interest in Sydney Airport. SYD changed its name from MAp (MAp Airports) to SYD (Sydney Airport) and simplified its structure. For further information on the 2011 Simplification, please refer to the 2012 SYD Tax Statement Guide available on Sydney Airport's website.
2013 Simplification	Following SYD moving to 100% ownership of Sydney Airport, further structural simplification was possible. Under the simplification of 3 December 2013, all SYD investors received shares in SAL in exchange for their units in SAT2. For further information on the 2013 Simplification please refer to the Explanatory Memorandum located at www.sydneyairport.com.au/investors.

Appendix 1

Allocation of value of SYD stapled security between its two components (since the 2011 Simplification)

Value of SYD stapled security which related to:	A unit in SAT1	A share in SAL[14]
December 2011	30.53%	69.47%
January 2012	31.04%	68.96%
February 2012	31.50%	68.50%
March 2012	32.02%	67.98%
April 2012	32.52%	67.48%
May 2012	33.05%	66.95%
June 2012	30.63%	69.37%
July 2012	31.16%	68.84%
August 2012	31.72%	68.28%
September 2012	32.25%	67.75%
October 2012	32.80%	67.20%
November 2012	33.36%	66.64%
December 2012	30.43%	69.57%
January 2013	30.78%	69.22%
February 2013	31.31%	68.69%
March 2013	31.85%	68.15%
April 2013	32.38%	67.62%
May 2013	32.97%	67.03%
June 2013	31.35%	68.65%
July 2013	32.32%	67.68%
August 2013	32.95%	67.05%
September 2013	34.32%	65.68%
October 2013	34.92%	65.08%
November 2013	35.39%	64.61%
December 2013	21.42%	78.58%
January 2014	21.68%	78.32%
February 2014	21.93%	78.07%
March 2014	22.19%	77.81%
April 2014	21.76%	78.24%
May 2014	22.01%	77.99%
June 2014	21.36%	78.64%

Assumption: it is assumed that the value of a SYD stapled security during a month or other period may fairly be allocated between a unit in SAT1 and a share in SAL (previously a unit in SAT2 prior to 3 December 2013) based on the respective net asset backings of the securities at the end of the month or other period.

14 Prior to the 2013 Simplification that was implemented on 3 December 2013, a share in SAL was instead a unit in SAT2.

Appendix 2

Tax-deferred distributions made by SAT1 since 19 December 2011

Date	Tax-deferred distribution made per unit
16 February 2012	3.2508 cents
16 August 2012	3.5910 cents
14 February 2013	2.2674 cents
16 August 2013	0.2060 cents
14 February 2014	0.1779 cents

More information is included on the SYD website at www.sydneyairport.com.au/investors.

Tax-deferred distributions made by SAL since 19 December 2011

SAL, and previously SAT2, have not made any tax-deferred distributions since 19 December 2011.

Appendix 3

Date of issue	Type of issue	Issue Price per stapled security		Issue price of Unit in SAT2 (share in SAL from 3 December 2013)		Issue price of Unit of SAT1	
		$	%	$	%	$	%
21 August 2013	Institutional Placement*	$3.60	100	2.44	67.68	1.16	32.32
21 August 2013	Allotment**	$3.55	100	2.40	67.68	1.15	32.32
23 September 2013	Allotment***	$4.06	100	2.72	67.05	1.34	32.95
14 February 2014	DRP	$3.65	100	2.82	77.34	0.83	22.66

* A placement was successfully completed, issuing 85.6 million ASX-listed Sydney Airport stapled securities to institutional investors.

** 180.2 million ASX-listed Sydney Airport stapled securities were issued to Hochtief AirPort and The Future Fund Board of Guardians as consideration for their remaining unlisted indirect 8.2% ownership of Sydney Airport.

*** 67.3 million ASX-listed Sydney Airport stapled securities were issued to MTAA and UniSuper as consideration for their remaining unlisted indirect 3.1% ownership of Sydney Airport.

Corporate Directory

Sydney Airport Limited (ACN 165 056 360)

The Trust Company (Sydney Airport) Limited (ACN 115 967 087) (AFSL 301162) as responsible entity for **Sydney Airport Trust 1** (ARSN 099 597 921)
(together **SYD**)

10 Arrivals Court

Sydney International Airport NSW 2020

Within Australia: 1800 181 895

Outside Australia: 61 2 9667 9871

Web: www.sydneyairport.com.au/investors

Registrar

Computershare Investor Services Pty Ltd

GPO Box 2975

Melbourne, VIC 3001

Telephone (Australia): 1800 102 368

Telephone (International): +61 3 9415 4195