

2006 MAp Tax Statement Guide:
Essential information to help you complete
your 2006 Australian income tax return

MACQUARIE AIRPORTS



MACQUARIE





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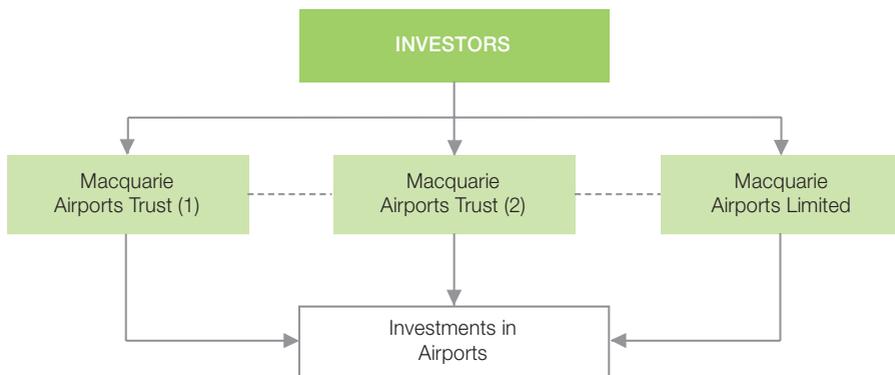
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Dear MAp Investor,

We are pleased to enclose your Macquarie Airports (“MAp”) Tax Statement, which contains information you need to help you complete your 2006 Australian income tax return. This 2006 MAp Tax Statement Guide will help you to use that information and complete your 2006 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 Limited (“MAL”) (formerly named Macquarie Airports Holdings (Bermuda) Limited, or MAHBL). Securities in the three entities are stapled together. The following illustrates a summarised structure of MAp and its investments.



The units in MAT(1) and MAT(2) and the shares in MAL 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 2005 and/or 31 December 2005, you received distributions from MAT(1) in respect of the year ended 31 December 2005 (paid on 18 August 2005 and 20 February 2006 respectively). No distribution was paid by MAT(2) or MAL in respect of that year.

The principal activity of MAp is investment in airports, including direct and indirect interests in Sydney Airport, Brussels Airport, Rome Airports, Copenhagen Airports, Bristol Airport and Birmingham Airport. Should you require further details of MAp’s activities and investments, please refer to the MAp 31 December 2005 Annual Report.

If you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2006, you will need:

- Your MAp Tax Statement;
- This Guide; and
- A copy of TaxPack 2006 and of the TaxPack 2006 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 2006 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 2006 Australian income tax return for individuals relevant to your MAp investment without working through all of the related parts of this Guide (Parts A, B, and C).

If you are unable to use the Shortcut Guide or require further information, detailed steps for you to follow in order to correctly report your MAp distributions in your 2006 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 2006 (or entered into a contract on or before 30 June 2006 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 2006. Part B of this Guide will give you information which you will need for this purpose.

Part C of this Guide contains information which may be of benefit to some investors. You do not need to read this section if you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2006.

If you are NOT an individual but you were a resident of Australia for income tax purposes during the year ended 30 June 2006, you will need to:

- Reflect distributions from MAp appropriately in your 2006 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 2006 Australian income tax return. Part B of this Guide will give you information which will assist you in computing any CGT result; and
- Read Part C of this Guide (in relation to Foreign Investment Funds).

If you were NOT a resident of Australia during the year ended 30 June 2006, you will need to decide whether you should lodge a 2006 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 Bill Starr (02 8232 8611) of Macquarie Airports Management Limited. You should consult your tax adviser if you require general tax advice on any of the points discussed.

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



2006 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 2006 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 2006;
- you did not dispose of, or enter into a contract to dispose of, any of your MAp investment during the year ended 30 June 2006;
- you satisfy yourself that the total tax-deferred distributions that you received from MAT(1) during the year ended 30 June 2006 and in prior years did not exceed your CGT cost base of your units in MAT(1). While it is unlikely that the tax-deferred distributions made by MAT(1) up to 30 June 2006 would have exceeded the cost base of MAT(1) units held by any MAp investor, you should confirm this for yourself. If they did exceed the CGT cost base, they would have eliminated that cost base, 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 foreign source income during the year ended 30 June 2006;
- 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 2006;
- you are entitled to a foreign tax credit for the full amount of the foreign tax paid shown beside (5) on your MAp Tax Statement. In general, you should be entitled to a foreign tax credit for the full amount of that foreign tax if your average rate of Australian tax, as measured for foreign tax credit purposes, is 1.6% or higher. (If you are not entitled to a foreign tax credit for the full amount of the foreign tax paid, you should not use this Shortcut Guide);
- you did not have foreign losses brought forward from the year ended 30 June 2005;
- 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 2006; and
- other than your interest in MAL (formerly known as 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 these conditions, you should work through this Guide and/or consult a professional tax adviser.

Even if you do not satisfy all of the conditions, this Shortcut Guide may assist you to complete your 2006 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 outlined 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 2006 Australian income tax return in respect of your MAp investment.

Items as shown in TaxPack 2006 (supplementary section)	2006 Tax Return (supplementary section) Item No.	Item on MAp Tax Statement/Action Required	MAp Tax Statement Guide Reference
12 Partnerships and trusts			
Non-primary production			
Distribution from trusts, less net capital gains and foreign income	12U	Item (1)	Part A, Section 1
Share of credits from income			
Share of credit for tax file number amounts withheld from interest, dividends, and unit trust distributions	12R	Item (4)	Part A, Section 4
18 Foreign entities			
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 6
19 Foreign source income and foreign assets or property			
Assessable foreign source income	19E	Item (2)	Part A, Section 2
Other net foreign source income	19M	Item (2)	Part A, Section 2
Foreign tax credits	19O	Item (5)	Part A, Section 5
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 7

MAp Shortcut Guide (Diagram)

If you are using this Shortcut Guide, the following diagram may assist you to complete your 2006 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 Limited (MAL); Macquarie Investment Management (UK) Limited (Registered No. 3976881)

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 www.computershare.com

Holder Number:
 Statement Date:

Tax Statement Information for your 2006 Tax Return

This statement has been prepared to assist with the completion of the 2006 Australian Income Tax Return for Individuals. This statement should be read together with the 2006 MAp Tax Statement Guide. A copy can be found on the MAp website at http://www.macquarie.com.au/au/map/acrobat/map_taxguide06.pdf. 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	Australian Non-primary Production Income	Foreign Source Income	Tax-Deferred Amount	Gross Cash Distribution	Tax Withheld	Net Cash Distribution	Foreign Tax Paid
			\$	\$	\$	\$	\$	\$
30 Jun 2005	18 Aug 2005							
31 Dec 2005	20 Feb 2006							
Total		\$AAA⁽¹⁾	\$BBB⁽²⁾	(3)	\$YYY.YY⁽⁴⁾		\$ZZZ.ZZ⁽⁵⁾	
Tax Return for Individuals (Supplementary Section)		12U	19E & 19W			12R		19O
Note		A	B	C		D		E

NOTES

- A If you were an Australian resident for income tax purposes, you will need to include this amount as assessable income in your Australian income tax return.
- B This amount relates to foreign source income (consisting of both interest and dividend income) distributed by MAT(1). For further information that you may require to complete your tax return in relation to the foreign source income amount, you should refer to Part A, Section 2 of your 2006 MAp Tax Statement Guide.
- C 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 3 of your 2006 MAp Tax Statement Guide. If you were not an individual, or you were an individual who was not a resident of Australia for income tax purposes, refer to Part B of the 2006 MAp Tax Statement Guide for further details.
- D Australian resident security holders had tax withheld from parts of their distributions at the highest marginal tax rate (including Medicare levy) of 48.5% where no tax file number (TFN) or Australian Business Number (ABN) (where relevant) or exemption was supplied. Non-resident security holders had tax withheld (at the relevant rates) from parts of their distributions that related to Australian source income.
- E Foreign withholding tax was suffered by MAT(1) with respect to foreign dividend income. A foreign tax credit may be available to investors for the foreign tax paid. For further information that you may require to complete your tax return in relation to the availability of a foreign tax credit, you should refer to Part A, Section 5 of your 2006 MAp Tax Statement Guide.

(1), (2), (3), (4), (5) These references are explained in Part A of your 2006 MAp Tax Statement Guide.

Part A: Australian Resident Individuals

- How to complete your 2006 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)	Australian non-primary production income	1
(2)	Foreign source income	2
(3)	Tax-deferred amounts	3
(4)	Tax withheld	4
(5)	Foreign tax credits	5

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	6
Foreign assets	7

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 2006 and the TaxPack 2006 supplement and/or consult your tax adviser in order to claim those deductions.

Part A, Section 1 – Australian non-primary production income (from MAT (1))

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

Step 1

Go to question 12 on page s2 of the TaxPack 2006 supplement and answer 'YES' to the question on the page.

Step 2

Work through question 12. When you come to Part B of question 12 on page s3, answer 'YES' and proceed to read that part. For Step 2 on page s4, include the total amount shown beside (1) on your MAp Tax Statement in the amount to be shown at U, in item 12 on page 9 of your 2006 Australian income tax return for individuals (supplementary section).

Step 3

Continue with question 12. When you come to Part E of question 12 on page s5, refer to Part A, section 4 of this Guide, if your MAp Tax Statement shows any amount at item (4).

Part A, Section 2 – Foreign source income

The total of these amounts is shown beside (2) on your MAp Tax Statement.

Step 1

Go to question 19 on page s20 of the TaxPack 2006 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 s23, you should answer 'YES' and proceed to read that part. Then, in Part D, step 1, work out the assessable amount for each category of foreign income you received from MAp as follows:

- If you received a distribution on 18 August 2005 (in respect of the six months ended 30 June 2005):
 - 12.10% of the amount shown as the 30 June 2005 distribution amount in the Foreign Source Income column on your MAp Tax Statement is assessable foreign income in the "interest income" class; and
 - the remaining 87.90% of the amount shown as the 30 June 2005 distribution amount in the Foreign Source Income column on your MAp Tax Statement is assessable foreign income in the "modified passive income" class, being foreign dividends.
- If you received a distribution on 20 February 2006 (in respect of the six months ended 31 December 2005):
 - 87.99% of the amount shown as the 31 December 2005 distribution amount in the Foreign Source Income column on your MAp Tax Statement is assessable foreign income in the "interest income" class; and
 - the remaining 12.01% of the amount shown as the 31 December 2005 distribution amount in the Foreign Source Income column on your MAp Tax Statement is assessable foreign income in the "modified passive income" class, being foreign dividends.

These calculated amounts must be included in the assessable amount for each category of foreign income on your notepaper. If you received distributions on both 18 August 2005 and 20 February 2006, you should add the above amounts together for each category of foreign income and include the total amounts on your notepaper.

Please note that you had foreign tax taken away from your modified passive income. However, the modified passive income calculated above is after that foreign tax has already been added back, so you should not add it back again. You may be entitled to a credit for some or all of that foreign tax (see Section 5 of Part A of this Guide).

If you had expenses and/or carried forward foreign losses which are deductible against a category of 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 2006 Australian income tax return for individuals (supplementary section). Part E will require you to include an amount at E, item 19 on page 10 of your 2006 Australian income tax return for individuals (supplementary section).

Question 19, Part G is dealt with in Part A, Section 5 of this Guide, and Part H is dealt with in Part A, Section 7 of this Guide.

IMPORTANT NOTE

The 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 information from Bill Starr (02 8232 8611) of Macquarie Airports Management Limited. If you are unsure whether you held such an interest, you should consult your tax adviser.

Part A, Section 3 – Tax-deferred amounts

On your MAp Tax Statement, you will find (3) beside the total of the tax-deferred amounts you received during the year ended 30 June 2006. In the case of the 18 August 2005 distribution, the tax-deferred amount represents a distribution to you out of the accounting profits of MAT(1). In the case of the 20 February 2006 distribution, the tax-deferred amount represents a distribution to you out of both the accounting profits and paid-up capital of MAT(1). Assuming you held your MAp investment on capital account for income tax purposes, these distributions were 'tax-deferred'. This means that they do not form part of your assessable income for tax purposes and do not have to be reported in your 2006 Australian income tax return, except as described below.

The tax-deferred components of your distributions reduced the cost base and reduced cost base of your 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 17 to 18 of Part B of this Guide if you think this may have occurred in your circumstances.

Part A, Section 4 – Tax withheld

This amount is shown beside (4) on your MAp Tax Statement.

If there is an amount beside (4) on your MAp Tax Statement, go to question 12, Part E on page s5 of the TaxPack 2006 supplement and work through that part. If the amount of tax shown beside item (4) on your MAp Tax Statement has not previously been refunded to you, you should include this amount at R, item 12 on page 9 of your 2006 Australian income 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.

Part A, Section 5 – Foreign Tax Credits

The total of these amounts is shown beside (5) on your MAp Tax Statement.

If you received foreign income that is taxable in Australia, and foreign tax was paid in respect of that income, you may be entitled to a foreign tax credit.

A portion of the foreign source income shown beside (2) on your MAp Tax Statement was subject to foreign tax. The foreign tax paid is shown beside (5) on your MAp Tax Statement. You may be entitled to a credit for some or all of that foreign tax.

To work out the amount you can claim in your income tax return as a foreign tax credit involves going through a series of steps as set out in the ATO publication *“How to claim a foreign tax credit 2006”*. These steps are designed to ensure, broadly, that the foreign tax credit you claim in respect of a class of foreign source income, is less than the amount calculated by applying your average rate of Australian tax to the foreign source income of that class included in your taxable income.

Step 1

Go to Part G of question 19 on page s24 of the TaxPack 2006 supplement. Read the ATO publication *“How to claim a foreign tax credit 2006.”* Once you have worked out the total foreign tax credit you can claim, write the amount at O, Item 19 on page 10 of your 2006 Australian income tax return for individuals (supplementary section). However, if you have shown exempt foreign employment income at N, Item 19 on page 10 of your 2006 Australian income tax return for individuals (supplementary section), you will not be able to work out your foreign tax credit and you should go to Step 2.

Step 2

If you have shown exempt foreign employment income at N, Item 19, the ATO will work out your foreign tax credit for you if you follow its instructions at Part G of question 19 on page s24 of the TaxPack 2006 supplement.

Please note that the only foreign tax paid¹ in relation to your MAp distribution was with respect to the foreign dividend income you received in your distribution. The amount of foreign tax paid is shown beside (5) on your MAp Tax Statement, and the amount of foreign dividend income is the amount you calculated as modified passive income in Section 2 of Part A of this Guide.

Note

You should find that you are entitled to a foreign tax credit for the full amount shown beside (5) on your MAp Tax Statement if:

- (i) you did not receive any foreign source income other than the foreign source income shown beside (2) on your MAp Tax Statement;
- (ii) you were not entitled to any deductions in relation to that foreign source income;
- (iii) your foreign source income is less than your taxable income; and
- (iv) your average rate of Australian tax payable on your adjusted net foreign income (as measured for tax purposes) is at least 1.6%.

As outlined in the ATO publication *"How to claim a foreign tax credit 2006"*, your average rate of Australian tax payable on your taxable income is calculated as follows:

$$\text{Average rate of Australian tax} = \frac{\text{Gross tax + Medicare levy surcharge - qualifying tax offsets}}{\text{Taxable income}}$$

However, you may still be entitled to a foreign tax credit for the full amount shown beside (5) on your MAp Tax Statement even if your circumstances differ from those described.

1. Danish tax at a rate of 28% was withheld in accordance with Danish legislation. Although it may be possible for Australian resident investors to apply for and obtain a refund from the government of Denmark of a portion of this tax, it is extremely unlikely that the costs and resources required would be justified in doing so. Should you wish to pursue a claim for a potential refund you should consult your tax advisor.

Part A, Section 6 – Foreign entities

MAL (previously known as 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 2006, you are regarded as holding an interest in a FIF (MAL) for the purposes of your 2006 Australian income tax return.

Step 1

If you held any MAp stapled securities at 30 June 2006, go to question 18 on page s19 of the TaxPack 2006 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 2006 was your interest in MAL, 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 2006 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 MAL under the FIF rules was nil for the year ended 30 June 2006. This is because your interest in MAL 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 MAL.

IMPORTANT NOTE

These 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 information from Bill Starr (02 8232 8611) of Macquarie Airports Management Limited. If you are unsure whether you held such an interest, you should consult your tax adviser.

These 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 MAL makes out its accounts) as the ‘notional accounting period’ of MAL. If you are such an investor, you should consult your tax adviser to determine the appropriate treatment.

Part A, Section 7 – Foreign assets

As your interest in MAL (previously known as MAHBL) is an interest in assets located outside Australia, you need to address question 19, Part H on page s25 of the TaxPack 2006 supplement.

At question 19, Part H on page s25 of the TaxPack 2006 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 2006 was your interest in MAL. 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 MAL 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 MAL at 30 June 2006, you may choose to adopt the Responsible Entity's view that the allocation of value between the entities implied by the 30 June 2006 stock exchange pricing suggests a value of \$1.32 per MAL 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 2006, 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 2006.

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 should 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 2006 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 2006 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 2006, you need to reflect the result in your 2006 Australian income tax return.

Tax-deferred distributions

During the year ended 30 June 2006, two tax-deferred distributions were made by MAT(1) - on 18 August 2005 and 20 February 2006.

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, if any, of the tax-deferred distribution which caused the reduction to nil (and any future tax-deferred distributions) constitute capital gains. This means that such tax-deferred distributions in excess of your cost base would have to be included in your capital gains for the purposes of working out your overall CGT result to be included in your 2006 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 2006 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.

The receipt of a tax-deferred distribution is a 'CGT event' known as 'CGT Event E4'. However, 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 2006 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 ATO instructions for this question at question 17 on page s16 of the TaxPack 2006 supplement). This means that if you are an individual taxpayer and did not have any other CGT events during the year ended 30 June 2006 (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% for 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 2006* (NAT 4151-6.2006) and/or *Personal investors guide to capital gains tax 2006* (NAT 4152-6.2006) and/or getting professional advice to ensure you deal with the issues correctly in your 2006 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 MAL (previously known as MAHBL). For CGT purposes, a unit in MAT(1), a unit in MAT(2), and a share in MAL are three separate assets.

If you disposed of your MAp investment in the year ended 30 June 2006, you will need to do separate CGT calculations for each of your investments in MAT(1), MAT(2), and MAL.

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

Establishing your cost base 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 MAL. Appendix 1 sets out all the dates and prices at which MAp stapled securities have been issued to 30 June 2006, 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 MAL.

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 MAL. The Responsible Entity is of the view that the allocation of value implied by the traded prices on the stock exchange between the entities was as per Table B1 on page 19.

Table B1

Value of a MAp stapled security which related to:	A unit in MAT(1)	A unit in MAT(2)	A share in MAL (previously known as 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%
July 2005	46.81%	18.63%	34.56%
August 2005	46.79%	18.12%	35.09%
September 2005	47.74%	18.19%	34.07%
October 2005	47.79%	17.73%	34.48%
November 2005	48.53%	17.05%	34.42%
December 2005	43.02%	19.78%	37.20%
January 2006	43.45%	19.52%	37.03%
February 2006	42.47%	19.66%	37.87%
March 2006	42.31%	18.55%	39.14%
April 2006	42.20%	18.56%	39.24%
May 2006	42.30%	17.98%	39.72%
June 2006	36.58%	20.31%	43.11%

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 MAL based on the respective net asset backings of these units and of the share at the end of the month.

b) Adjusting your MAL shares for the 24 June 2005 MAp reorganisation

If you acquired some or all of your MAp investment on or before 24 June 2005, you need to carry out certain steps in relation to your shares in MAL as a result of the MAp reorganisation that happened on that day. These steps are as follows for each separate parcel of MAL shares that you held (a “parcel” comprises all of the shares that you acquired at the same time for the same amount):

- (i) work out the number of shares in MAL that you held at the start of 24 June 2005 – this is the same as the number of MAp stapled securities that you held at that time;
- (ii) work out the CGT cost base and reduced cost base of the MAL shares at that time;
- (iii) multiply the number of MAL shares in (i) by 8/23 and call the answer the “original MAL shares”;
- (iv) take the CGT cost base and reduced cost base from (ii) and allocate them wholly to the “original MAL shares”;
- (v) multiply the number of MAL shares in (ii) by 15/23 and call the answer the “new MAL shares”;
- (vi) give the “new MAL shares” a CGT cost base and reduced cost base of 59.2132 cents per share;
- (vii) treat the “original MAL shares” as having been acquired by you for CGT purposes at the time of the actual acquisition of the original MAL shares mentioned in (i); and
- (viii) treat the “new MAL shares” as having been acquired by you for CGT purposes on 24 June 2005.

If you require further information in relation to the MAp reorganisation and its impact on disposals of MAp stapled securities, please refer to Part F of the 2005 MAp Tax Statement Guide (a copy can be found on the MAp website - http://www.macquarie.com.au/au/map/acrobat/map_taxguide05.pdf).

c) 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 MAL. The Responsible Entity is of the view that the allocation of value implied by the traded prices on the stock exchange between the entities was as per Table B1.

If you acquired some or all of your MAp investment on or before 24 June 2005 (the date of the MAp reorganisation), you will need to split the portion of your sales proceeds referable to each parcel of your shares in MAL as follows:

- proceeds of “original MAL shares” = sales proceeds attributable to that parcel of MAL shares x 8/23
- proceeds of “new MAL shares” = sales proceeds attributable to that parcel of MAL shares x 15/23

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 2006. Please also note that neither MAT(2) nor MAL 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 2006* and/or *Personal investors guide to capital gains tax 2006* 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 the Controlled Foreign Companies, or CFCs, held by MAT (1) in prior years, you should be entitled to reduce the sales proceeds in respect of your MAT(1) units by the amount(s) of those credit balances.

The information in your 2005 MAp Tax Statement Guide will assist you if you wish to work out whether you had a credit balance in your attribution account(s) from the 2005 or earlier years in respect of CFCs of MAT(1). If you choose to explore this further, 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 2006 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 MAL (previously known as 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” is the amount after any reduction in respect of CFC attribution account credit balances.

If you held MAp stapled securities at 24 June 2005 (when the MAp reorganisation took place), remember that you need to follow the approach under (b) on page 20 In working out the periods for which you have held “original MAL shares” and “new MAL shares”.

The Discount Method

Under the discount method, your CGT gain is called a “discounted 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).

Completing your 2006 Australian income tax return

If you are an individual, you will need the TaxPack 2006 supplement. Question 17 on page s16 assists you to complete your 2006 income tax return in relation to CGT, and suggests you might need to obtain further ATO publications, including the ATO’s *Guide to capital gains tax 2006* or the ATO’s *Personal investors guide to capital gains tax 2006*.

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 2006, you will need the information in Part B of this Guide. The ATO publications previously mentioned may assist you. Alternatively, you may choose to have your tax agent complete your 2006 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 2006 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 17 to 18 of this Guide.

Part B: Appendix 1

MAp Issue Prices

Split of MAp issue prices (to 30 June 2006) between MAT(1), MAT(2), and MAL (previously known as 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 MAL (previously known as 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
13 July 2005	MAFT acquisition	3.44	100	1.56	45.33	0.64	18.51	1.24	36.16
18 Aug 2005	DRP	3.43	100	1.61	46.81	0.64	18.63	1.18	34.56
20 Feb 2006	DRP	3.05	100	1.33	43.45	0.59	19.52	1.13	37.03
12 May 2006	Security Purchase Plan	3.10	100	1.31	42.20	0.57	18.56	1.22	39.24

* 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 MAL, \$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 MAL, \$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 2006)

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*
18 August 2005	6.2803 cents
20 February 2006	4.0817 cents

* Non-cash distribution; ie in specie distribution of MAL (previously known as MAHBL) RPS.

Tax-deferred distributions made by MAT(2) (up to 30 June 2006)

MAT(2) did not make any tax-deferred distributions up to 30 June 2006.

Tax-deferred distributions made by MAL (previously known as MAHBL) (up to 30 June 2006)

MAL did not make any tax-deferred distributions up to 30 June 2006.

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 2006 (as you have already dealt with Foreign Investment Funds in Part A).

MAL (previously known as 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 2006, you are regarded as holding an interest in a FIF (MAL) for Australian tax purposes (provided that 30 June 2006 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 MAL makes out its accounts, as the 'notional accounting period' of MAL).

On the basis that the shares in MAL were listed on the ASX at 30 June 2006 in a class of entities designated as being engaged in "Industrials/Transportation/Transportation Infrastructure/Airport Services" activities, it is considered that a MAL 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 2006.

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 information from Bill Starr (02 8232 8611) of Macquarie Airports Management Limited. If you are unsure whether you held such an interest, you should consult your tax adviser.

History of MAP distributions up to 30 June 2006 (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 other	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 other	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 other	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
18 August 2005	11.0 cents, all from MAT(1)	per stapled security
Comprised of:	Foreign interest	0.5711 cents
	Foreign dividend**	4.1486 cents
	Tax-deferred distribution	6.2803 cents
		11.0000 cents
20 February 2006	9.0 cents, all from MAT(1)	per stapled security
Comprised of:	Australian interest	2.2891 cents
	Foreign interest	2.3133 cents
	Foreign dividend**	0.3159 cents
	Tax-deferred distribution	4.0817 cents
		9.0000 cents

* Non-cash distribution; ie: in specie distribution of MAL (previously known as MAHBL) RPS. Refer to the 2005 MAp Tax Statement Guide for further details.

** Foreign tax was paid on these dividend amounts. The 2006 MAp Annual Tax Statement provided investors their entitlements to credits that may be able to be claimed in respect of this tax.

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