

ASX Release

21 December 2012

Receipt of ATO Position Paper

On 20 December 2012, the Australian Tax Office (ATO) delivered to the Sydney Airport Trust 2 (SAT2) Tax Consolidated Group (the TCG) a position paper related to the tax years ended 31 December 2010 and 31 December 2011. The position paper forms part of a continuing specific issue tax audit by the ATO on the tax deductibility of distributions on certain redeemable preference shares (RPS) issued by members of the TCG to Sydney Airport Trust 1 (SAT1).

Sydney Airport Holdings Limited (SAHL) as responsible entity for SAT1 and SAT2 is confident that the relevant distributions on RPS are tax deductible.

The quantum of RPS principal in question in the position paper is \$872 million, or 28% of the total RPS currently issued by members of the TCG to SAT1. The ATO has not quantified a tax payable amount in the position paper. However, if the conclusions of the position paper carry forward to an adverse determination by the ATO, and that determination is ultimately sustained, SAHL estimates that it would result in additional primary income tax payable by the TCG for the two years to 31 December 2011 of up to \$79 million¹ plus any interest and penalties. The provision of the position paper by the ATO does not give rise to a current liability on the part of the TCG.

The ATO is continuing its specific issue tax audit in relation to the remainder of the RPS issued by members of the TCG to SAT1. However, the ATO has confirmed that no tax years prior to the year ended 31 December 2010 are subject to audit in respect of RPS distributions. Neither the position paper nor the specific issue tax audit relate to or impact Southern Cross Airports Corporation Holdings Limited (SCACH) or its subsidiaries.

¹ Calculated at 30% – the effective tax rate could be less than 30% due to other expenses and tax losses in the TCG.

SAHL has debt facilities in place which are available to be utilised to fund any potential tax liabilities if they were to arise.

SAHL is confident of its legal position. If the position paper results in an amended assessment being issued to the TCG, SAHL will pursue all available options to protect the interests of investors.

For further information, please contact:

Hugh Wehby
Head of Investor Relations

Tel: +612 9667 9873
Mob +61 427 992 538
Email hugh.wehby@syd.com.au