

2007 MCG Tax Statement Guide:

Essential information to help you complete your 2007 Australian income tax return

MACQUARIE COMMUNICATIONS INFRASTRUCTURE GROUP



DISCLAIMER

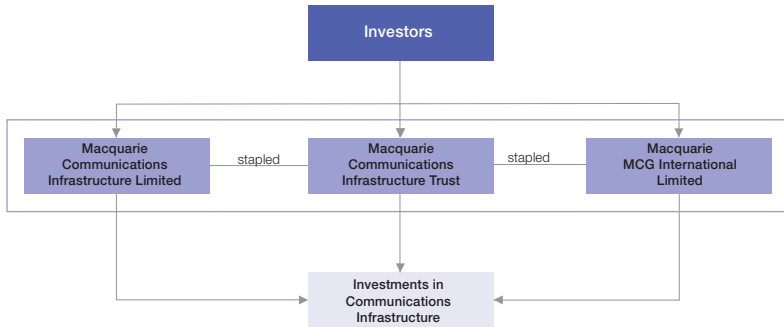
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August 2007

Dear MCG Investor,

We are pleased to enclose your 2007 Macquarie Communications Infrastructure Group (MCG) Annual Tax Statement which should be read in conjunction with this Tax Statement Guide. These contain information that will help you complete your 2007 Australian income tax return.

MCG is comprised of three entities listed on the Australian Securities Exchange: Macquarie Communications Infrastructure Limited (MCIL), Macquarie Communications Infrastructure Trust (MCIT) and Macquarie MCG International Limited (MMCGIL), collectively MCG securities. Securities in the three entities are “stapled” together. This means that the securities cannot be separated from each other and can only be traded together. A summarised structure of MCG is illustrated below.



If you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2007, you will need the following to complete your tax return:

- Your 2007 MCG Annual Tax Statement (you will not need your MCG Distribution Statements);
- This Guide; and
- A copy of TaxPack 2007 and of the TaxPack 2007 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 2007 Australian income tax return. If you meet all of the conditions set out on page 2 for using the Shortcut Guide, it should enable you to complete your 2007 Australian income tax return relevant to your MCG securities without working through all of the relevant 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 MCG distributions in your 2007 Australian income tax return are included in Part A of this Guide.

If you disposed of any or all of your MCG securities in the year to 30 June 2007 (or entered into a contract on or before 30 June 2007 to do so), you should not use the Shortcut Guide and will need to address the income tax (including capital gains tax (CGT)) consequences of that disposal. Further, even if you did not dispose of your MCG securities, the tax-deferred distributions you received during the year to 30 June 2007 may in certain circumstances be relevant to your CGT position for the year ended 30 June 2007. 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 for the year ended 30 June 2007.

If you are NOT an individual but you were a resident of Australia for income tax purposes during the year ended 30 June 2007, you will need to:

- Reflect distributions from MCG appropriately in your Australian income tax return. Your 2007 MCG Annual Tax Statement should give you the information you need;
- Reflect any relevant gain or loss on disposal of your MCG securities during the year in your 2007 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 2007, you will need to decide whether you should lodge an Australian income tax return. This decision is outside the scope of this Guide and you should consult a tax adviser if you are in any doubt. If you do lodge an Australian income tax return, the information in your 2007 MCG Annual Tax Statement and in this Guide will assist you.

If you need further factual information please contact James Dyckhoff on (02) 8232 4424.

You should consult your tax adviser if you require tax advice on any of the above points.

You should keep your 2007 MCG Annual Tax Statement and this Guide with your tax papers, in case the ATO wishes to see them at some time.

Yours sincerely,



Scott Davies

Chief Executive Officer

Macquarie Communications Infrastructure Group

2007 MCG Tax Statement Guide

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2007 MCG Shortcut Guide for Australian Resident Individuals

Conditions for using this MCG Shortcut Guide

If you satisfy all of the following conditions, you can use this Shortcut Guide to help you complete your 2007 Australian income tax return in relation to your MCG securities:

- you are an individual, and you hold your MCG securities for your own benefit (and not as a trustee for anyone else);
- you held your MCG securities on capital account (ie not as trading stock or otherwise on revenue account — refer to Part B of this Guide for further information or consult your tax adviser if you are not sure);
- you were a resident of Australia for tax purposes at all times during the year ended 30 June 2007;
- you did not dispose of, or enter into a contract to dispose of, any of your MCG securities during the year ended 30 June 2007;
- you satisfy yourself that the total tax-deferred distributions that you received from MCIT during the year ended 30 June 2007 and in prior years did not exceed your CGT cost base of your units in MCIT. While it is unlikely that the tax-deferred distributions made by MCIT up to 30 June 2007 would have exceeded the cost base of MCIT units held by any MCG 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 MCG Tax Statement, you did not derive any foreign source income during the year ended 30 June 2007;
- you did not receive any dividends from any other investment (other than those from MCIL) during the year ended 30 June 2007;
- you are not entitled to any tax deductions (eg for interest on borrowings) in relation to your MCG securities for the year ended 30 June 2007;
- you do not have any brought forward domestic or quarantined foreign losses;
- you did not (either individually or with associates) have a 10% or greater interest in MCG during the year ended 30 June 2007; and
- other than your interest in MMCGIL, you did not hold any interests (either directly or indirectly) in foreign entities, assets or property.

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

Even if you do not satisfy all of the above conditions, this Shortcut Guide may assist you to complete your 2007 Australian tax return. However, we strongly recommend you work through the relevant parts of this Guide.

MCG Shortcut Guide

Provided you satisfy all of the above conditions, the information set out in the following MCG Shortcut Guide is a summary of the amounts and disclosures that you should include in your 2007 Australian income tax return in respect of your MCG securities.

Items as shown in 2007 Tax return for individuals	2007 Tax Return Item No.	Amount on MCG Annual Tax Statement	MCG Tax Statement Guide Reference
11. Dividends			
Unfranked amount	11S	Items (5)	Part A, Section 5
Tax file number amounts withheld from dividends	11V	Items (6)	Part A, Section 6

Items as shown in 2007 Tax return for individuals (supplementary section)	2007 Tax Return (supplementary section) Item No.	Amount on MCG Annual Tax Statement / Action required	MCG 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 7
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
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 8

MCG Shortcut Guide

If you are using this Shortcut Guide, the following diagram may assist you to complete your 2007 Australian income tax return for individuals.

	Six months ended 30 Jun 2006 (paid 14 Aug 2006) (as relevant for the 2006/2007 year)	Six months ended 31 Dec 2006 (paid 16 Feb 2007)	Six months ended 30 Jun 2007 (paid 14 Aug 2007)	Total payments for year ended 30 Jun 2007	2007 Tax Return Item No.
Distribution rate (cents per unit / share)					
- MCIT		14.00 cents	15.50 cents	29.50 cents	
- MCIL		7.00 cents	5.50 cents	12.50 cents	
- MMCGIL ^(a)		0.00 cents	0.00 cents	0.00 cents	
		21.00 cents	21.00 cents	42.00 cents	
MCIT Distributions					
Australian non-primary production income ^(b)		XXX	XXX	XXX⁽¹⁾	12U
Foreign source income ^(c)		XXX	XXX	YYY⁽²⁾	19E/19M
Tax-deferred amounts - MCIT ^(d)	XXX ⁽³⁾	XXX ⁽³⁾	XXX	XXX	
Gross distribution - MCIT		XXX	XXX	XXX	
<u>Less:</u> Resident withholding tax at the highest marginal tax rate (plus Medicare Levy) on part of distribution from MCIT ^(e)		XXX.XX	XXX.XX	ZZZ.ZZ⁽⁴⁾	12R
<u>Less:</u> Non-resident withholding tax on part of distribution from MCIT ^(f)		XXX.XX	XXX.XX	XXX.XX	
Net distribution received from MCIT		XXX.XX	XXX.XX	XXX.XX	
MCIL Distributions					
Unfranked Dividend received from MCIL ^(g)		WWW ⁽⁵⁾	XXX	XXX	11S
<u>Less:</u> Resident withholding tax at the highest marginal tax rate (plus Medicare Levy) on dividend from MCIL ^(h)		VVV.VV ⁽⁶⁾	XXX.XX	XXX.XX	11V
<u>Less:</u> Non-resident withholding tax on dividend from MCIL ⁽ⁱ⁾	0.00	0.00	0.00	0.00	
Net distribution received from MCIL		XXX	XXX	XXX	
Total net MCG Distributions (in respect of year ended 30 June 2007)		XXX	XXX	XXX	

11 Dividends

If you are a non-resident make sure you have printed your country of residence on page 1 of your tax return.

Tax file number amounts withheld from dividends **V**

Unfranked amount **S**

Franked amount **T**

Franking credit **U**

12 Partnerships and trusts

Include any deferred non-commercial business losses from a prior year at **X** or **Y** as appropriate and insert the relevant code in the **TYPE** box.

Primary production

Distribution from partnerships **N**

Distribution from trusts **L**

Landcare operations and deduction for decline in value of water facility **I**

Other deductions relating to distributions **X**

Non-primary production

Net primary production distribution

Distribution from partnerships, less foreign income **O**

Distribution from trusts, less net capital gains and foreign income **U**

Landcare operations expenses **J**

Other deductions relating to distributions shown at **O** and **U** **X**

Share of credits from income

Net non-primary production distribution

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**

Share of credit for tax paid by trustee **S**

Share of credit for amounts withheld from foreign resident withholding **A**

If you have a net loss from a partnership business activity, complete items **P3** and **P9** in the *Business and professional items schedule for individuals 2007* in addition to item **12**.

Show distributions of:
 net capital gains at item **17** and
 foreign income at item **18** or **19**.

18 Foreign entities

Did you have either a direct or indirect interest in a controlled foreign company (CFC)? **I** NO YES

CFC income **K**

Have you ever, either directly or indirectly, caused the transfer of property – including money – or services to a non-resident trust estate? **W** NO YES

Transferor trust income **B**

Did you have an interest in a foreign investment fund (FIF) or a foreign life assurance policy (FLP)? **J** NO YES

FIF and FLP income **C**

19 Foreign source income and foreign assets or property

Assessable foreign source income **E**

Net foreign employment and net foreign pension or annuity income WITHOUT an undeducted purchase price **L**

Net foreign pension or annuity income WITH an undeducted purchase price **D**

Other net foreign source income **M**

Also include at **F** Australian franking credits from a New Zealand company that you have received indirectly through a partnership or trust distribution.

Australian franking credits from a New Zealand company **F**

Exempt foreign employment income **N**

Foreign tax credits **O**

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? **P** NO YES

Part A: Australian Resident Individuals – How to complete your 2007 Australian Income Tax Return using your 2007 MCG Annual Tax Statement

The sections you need to follow in this Guide depend on where amounts appear on your 2007 MCG Annual Tax Statement.

If there is an amount next to this item on your 2007 MCG Annual Tax Statement then you need to go to the relevant section of Part A of this Guide.

Number on MCG Annual 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 from trust distributions	4
(5)	Unfranked dividends	5
(6)	Tax withheld from dividends	6

Regardless of what amounts appear on your 2007 MCG Annual 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	7
Foreign assets	8

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 MCG securities nor does it address any deduction for brought forward domestic or quarantined foreign losses. If you are entitled to any such deductions, you should follow the instructions in TaxPack 2007 and the TaxPack 2007 supplement and/or consult your tax adviser in order to claim those deductions.

Part A, Section 1

Australian non-primary production income (from MCIT)

The total of these amounts is marked with (1) on your MCG Annual Tax Statement.

Step 1

Go to question 12 on page s2 of the TaxPack 2007 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. In Step 2 on page s4, include the total amount marked with (1) on your MCG Tax Statement in the amount to be shown at U, item 12 on page 9 of your 2007 tax return for individuals (supplementary section).

Part A, Section 2

Foreign source income (from MCIT)

The total of these amounts is marked with (2) on your MCG Annual Tax Statement.

Step 1

Go to question 19 on page s20 of the TaxPack 2007 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, the amount marked with (2) on your MCG Tax Statement should be included as "all other assessable foreign income" on your notepaper.

Please note that you did not have foreign tax taken away from this foreign source interest income.

If you had expenses and/or carried forward foreign or domestic losses which are deductible against a category of foreign source income, take them into account at question 19, Part D, Step 2.

Part D, Step 3 will require you to include an amount at M, item 19 on page 10 of your 2007 Australian tax return for individuals (supplementary section). Part E will require you to include an amount at E, item 19 on page 10 of your 2007 tax return for individuals (supplementary section).

Question 19, Part H is dealt with in Part A, Section 8 of this Guide.

IMPORTANT NOTE

The above steps regarding question 19 and foreign source income may not apply to any investor in MCG that either individually or with associates had a 10% or greater interest in MCG at any time. If you did hold such an interest in MCG, you should seek further assistance from your tax adviser and if you need further factual information you should contact James Dyckhoff on (02) 8232 4424. If you are unsure whether you held such an interest, you should consult your tax adviser.

Part A, Section 3

Tax-deferred amounts (from MCIT)

During the year ended 30 June 2007, MCIT made two tax-deferred distributions, one on 14 August 2006 (as advised in your 2006 and 2007 MCG Annual Tax Statements), and another on 16 February 2007 (as advised in your 2007 MCG Annual Tax Statement). These are both marked with (3) on your 2007 MCG Annual Tax Statement. These distributions reduced the cost base and reduced cost base of your MCIT units. Assuming that you held your MCG securities on capital account for income tax purposes (i.e. not as trading stock or otherwise on revenue account – refer to Part B of this Guide for further information or consult your tax adviser if you are not sure), these distributions were tax-deferred and, except as described below, do not form part of your assessable income for tax purposes and do not have to be reported in your 2007 Australian income tax return for individuals.

The tax-deferred components of your distributions reduced the cost base and reduced cost base of your investment in units in MCIT 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. While it is unlikely that the tax-deferred distributions made by MCIT up to 30 June 2007 would have exceeded the cost base of MCIT units held by any MCG investor, you should confirm this for yourself. You should read 'Tax-deferred distributions' on pages 15-18 of Part B of this Guide if you think this may have occurred in your circumstances.

The tax-deferred distribution made by MCIT on 14 August 2007 is not relevant for your 2007 tax return but may be relevant for your 2008 tax return.

Part A, Section 4

Tax withheld (from MCIT distributions)

The total of these amounts is marked with (4) on your 2007 MCG Annual Tax Statement.

If there is an amount marked with (4) on your MCG Tax Statement, go to question 12, Part E on page s5 of the TaxPack 2007 supplement and work through that part. Assuming that any tax withheld has not previously been refunded to you, you should include the amount marked with (4) on your MCG Annual Tax Statement in the amount to be shown at R, item 12 on page 9 of your 2007 tax return for individuals (supplementary section).

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

Part A, Section 5

Unfranked Dividends (from MCIL)

During the year ended 30 June 2007 MCIL paid two unfranked dividends, one on 14 August 2006 (as advised in your 2006 and 2007 MCG Annual Tax Statements) and another on 16 February 2007 (as advised in your 2007 MCG Annual Tax Statement). Each of these two amounts is marked with (5) on your 2007 MCG Annual Tax Statement. There were no franking credits attached to the dividends.

If there is an amount or amounts marked with (5) on your MCG Annual Tax Statement, go to question 11 on page 30 of TaxPack 2007 and answer 'YES' to the question on the page. Work through question 11 and, for Step 1 on page 32, include the total of the amounts marked with (5) in the total amount to be shown at S, item 11 on page 2 of your 2007 Australian income tax return for individuals.

Please note that the unfranked dividend paid by MCIL on 14 August 2007 is assessable in the 2007/2008 year. Accordingly, it is to be included in your assessable income in your 2008 income tax return (and not your 2007 income tax return). You will be advised in your 2008 MCG Annual Tax Statement and 2008 MCG Tax Statement Guide of the disclosure required in your 2008 tax return in respect of this unfranked dividend.

Part A, Section 6

Tax Withheld (from MCIL dividends)

During the year ended 30 June 2007 MCIL paid two unfranked dividends, one on 14 August 2006 (as advised in your 2006 and 2007 MCG Annual Tax Statements) and another on 16 February 2007 (as advised in your 2007 MCG Annual Tax Statement). Amounts of tax withheld from these dividends are marked with (6) on your 2007 MCG Annual Tax Statement.

If there is an amount or amounts marked with (6) on your MCG Tax Statement, go to step 4 of question 11 on page 32 of TaxPack 2007 and work through that part. Assuming that any tax withheld has not previously been refunded to you, you should include the total of the amounts marked with (6) on your MCG Annual Tax Statement in the amount to be shown at V, item 11 on page 2 of your 2007 Australian income tax return for individuals.

This amount represents withholding tax deducted from your MCIL dividends because you did not provide a TFN or where relevant an ABN or exemption for your MCG investment.

Part A, Section 7

Foreign Entities

MMCGIL, being a company that is not a resident of Australia for Australian tax purposes, is a foreign investment fund (FIF). Therefore, if you held any MCG securities at 30 June 2007, you are regarded as holding an interest in a FIF (MMCGIL) for the purposes of your 2007 Australian income tax return.

If you held any MCG securities at 30 June 2007, go to question 18 on page s19 of the TaxPack 2007 supplement and answer 'YES' to the first question on the page.

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

For Part A, if your only interest in companies that were non-residents of Australia during the year ended 30 June 2007 was in MMCGIL, 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.

When you come to 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 2007 tax return (supplementary section).

Continue working through the four steps of Part C. When addressing Step 2, please note that your attributed foreign income from MMCGIL under the FIF rules was nil for the year ended 30 June 2007. This is because your interest in MMCGIL 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 MMCGIL.

IMPORTANT NOTE

The above comments may not apply to any investor in MCG that either individually or with associates had a 10% or greater interest in MCG at any time. If you did hold such an interest in MCG, you should seek further assistance from your tax adviser and if you need further factual information you should contact James Dyckhoff on (02) 8232 4424. If you are unsure whether you held such an interest, you should consult your tax adviser.

Part A, Section 8

Foreign Assets

You need to address Part H of question 19 on page s25 of the TaxPack 2007 supplement, as your interest in MMCGIL is an interest in assets located outside Australia.

At Part H of question 19 on page s25 of the TaxPack 2007 supplement, you should answer 'NO' to the question if your only interest in assets outside Australia during the year ended 30 June 2007 was in MMCGIL. 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 MMCGIL 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 MMCGIL at 30 June 2007, you may choose to adopt the Adviser to MMCGIL's view that the allocation of value between the entities, applied to the 29 June 2007 closing stock exchange pricing, suggests a value of \$1.59¹ per share for MMCGIL at that date.

¹ The MCG closing price on 29 June 2007 was \$6.33. MMCGIL's share is estimated to be 25.13% based on MCIML's draft splits. The splits are subject to finalisation. Details of the final splits will be provided on the MCG website www.macquarie.com.au/au/mcg/investor/distributions.htm

Part B: Capital Gains Tax on disposals of MCG securities and, in some cases, on receipt of tax-deferred distributions from MCG

If you disposed of (or entered into a contract to dispose of) any or all of your MCG securities in the year ended 30 June 2007, you need to address the tax consequences of that disposal. Tax consequences may also have arisen from the receipt of tax-deferred distributions in the year ended 30 June 2007.

Revenue vs capital account

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

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

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

Whether or not you held your MCG securities on revenue account, you will need to do a CGT calculation. The remainder of this Part B is concerned with CGT and your MCG securities.

Recognition of capital gain or loss

You will need to reflect in your 2007 Australian income tax return the CGT result of any disposal of part or all of your MCG securities.

The time of disposal for CGT purposes is the time of the contract to make the disposal (or if no contract exists, the time of the disposal). If you disposed of any or all of your MCG securities in the year ended 30 June 2007 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 2007, you need to reflect the result in your 2007 Australian income tax return.

Tax-deferred distributions

During the year ended 30 June 2007, MCIT made two tax-deferred distributions, one on 14 August 2006 (as advised in your 2006 and 2007 MCG Annual Tax Statements) and another on 16 February 2007 (as advised in your 2007 MCG Annual Tax Statement).

These distributions reduced the cost base and reduced cost base of your MCIT units. In the event that the cost base of a unit is reduced to nil by tax-deferred distributions (either in the year to 30 June 2007 or earlier years), the remainder of the tax-deferred distribution which caused the reduction to nil, and subsequent tax-deferred distributions, will generally constitute capital gains. This means that such tax-deferred distributions (after your cost base has been reduced to nil) have to be included in your capital gains for the purposes of working out your overall CGT result to be included in your 2007 Australian income tax return.

This is the case even though you might not have disposed of your MCG securities. While it is unlikely that the tax-deferred distributions made by MCIT up to 30 June 2007 would have exceeded the cost base of MCIT units held by any MCG investor, all investors are encouraged to check for themselves on this point.

In addition, MCIT also made a tax-deferred distribution on 14 August 2007, which is not relevant for your 2007 tax return but which may be relevant for your 2008 tax return.

Technically, the receipt of a tax-deferred distribution is a 'CGT event' known as 'CGT Event E4'. If you are an Australian resident individual, you only need to answer 'Yes' to having a capital gains tax event at G, item 17 on page 10 of your 2007 Australian tax return (supplementary section) if you had a capital gain or loss in respect of a CGT event (refer to the instructions for this question which are on page s16 of the TaxPack 2007 supplement). This means that if you are an individual taxpayer and did not have any other CGT events during the year ended 30 June 2007 (other than the receipt of the MCIT tax-deferred distribution amounts), you will only need to answer 'YES' to having a capital gains tax event if your tax-deferred distribution amounts exceeded the cost base of your units in MCIT.

Eligible investors should be entitled to the CGT discount concession for any capital gains which arose in this way (assuming relevant requirements are met).

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 MCG securities.

One MCG security comprises three separate assets for CGT purposes - one unit in MCIT, stapled to one share in MCIL and to one share in MMCGIL.

If you disposed of, or entered into a contract to dispose of, your MCG investment in the year ended 30 June 2007, you will need to do separate CGT calculations for each of your investments in MCIT, MCIL and MMCGIL.

For the purpose of calculating your CGT result in relation to the disposal of your MCG securities, you will need to split your acquisition cost and your sales proceeds between your units in MCIT, your shares in MCIL and your shares in MMCGIL.

Splitting your acquisition cost and sales proceeds

a) Splitting your acquisition cost

Appendices 1 and 2 will help you to split your MCG security acquisition cost between a unit in MCIT, a share in MCIL and a share in MMCGIL. Appendix 1 sets out all the relevant dates and prices at which MCG securities have been issued up to 30 June 2007 and shows the proportion of the issue price of each MCG security to a unit in MCIT, a share in MCIL and a share in MMCGIL. Appendix 2 sets out the view of Macquarie Communications Infrastructure Management Limited (MCIML), in its capacity as the Responsible Entity of MCIT, the Manager of MCIL and the Adviser to MMCGIL, of the allocation of MCG trading prices between the entities up to 30 June 2007.

If you acquired your MCG securities through the Australian Securities Exchange you will need to decide how much of your purchase price for each MCG security related to a unit in MCIT, how much related to a share in MCIL and how much related to a share in MMCGIL.

MCIML is of the view that the allocation of MCG trading prices between the entities up to 30 June 2007 was as detailed in Appendix 2. To determine the split of the acquisition cost of your MCG securities between MCIT, MCIL and MMCGIL, you may wish to refer to the relevant percentage split for the month in which you acquired your MCG securities.

b) Calculating the cost base of your MMCGIL shares for the MCG restructure on 27 January 2005

If you acquired some or all of your MCG Securities on or before 27 January 2005, you will need the following details in relation to your shares in MMCGIL as a result of the MCG restructure that happened on that day.

- (i) Your shares in MMCGIL were acquired on 27 January 2005 (being the time that MCIT made the in-specie distribution of the shares to you). Your CGT cost base of those MMCGIL shares is equal to the market value of those shares on that day. MCIML is of the view that the market value was 76.0356 cents per share in MMCGIL. Please also note that the cost base and reduced cost base of each unit that you held in MCIT at the start of that day was reduced by 76.0356 cents.
- (ii) Work out the number of shares in MMCGIL that you acquired on 27 January 2005 as part of the MCG restructure on that date – this is the same as the number of MCG securities that you held at the start of that day.

If you require further information in relation to the MCG restructure and its impact on the disposals of MCG stapled securities, please refer to the 2005 MCG Tax Statement Guide (a copy is included on the MCG website - http://www.macquarie.com.au/au/mcg/acrobat/tax_guide_2005.pdf)

c) Splitting your sales proceeds

Regardless of how you acquired your MCG securities, you will also need to split the sales proceeds into the part referable to the units in MCIT, the part referable to the shares in MCIL and the part referable to the shares in MMCGIL. MCIML is of the view that the allocation of value between the entities up to 30 June 2007 was as detailed in Appendix 2. To determine the split of the sales proceeds of your MCG securities between MCIT, MCIL and MMCGIL, you may wish to refer to the relevant percentage split for the month in which you disposed of your MCG securities.

Tax-deferred distributions

Parts of the distributions made by MCIT were tax-deferred, and reduced the cost base and the reduced cost base for CGT purposes of your units in MCIT.

Please refer to Appendix 3 which sets out the tax-deferred amounts distributed by MCIT up to 30 June 2007. Please also note that neither MCIL nor MMCGIL has ever made any tax-deferred distributions.

Inclusions in cost base

Don't forget that any incidental costs of acquisition and disposal (such as broker fees and stamp duty) should be included in the cost base and reduced cost base of your units and shares.

The operation of the CGT provisions is complex. You may wish to read the ATO's publications, which are available on its website (including *Guide to capital gains tax 2007* (NAT 4151-6.2007) and *Personal investors guide to capital gains tax 2007*(NAT 4152-6.2007)), and/or obtain professional assistance to ensure you deal with the CGT issues correctly in your 2007 Australian income tax return.

Other general comments

If you are an individual

If you are an individual and in the year ended 30 June 2007 you sold, or entered into a contract to sell, your MCG securities, then your CGT result in respect of that sale should generally be as follows in respect of your units in MCIT and your shares in each of MCIL and MMCGIL:

- 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 (as reduced by the receipt of 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 (as reduced by the receipt of 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 (as reduced by the receipt of any tax-deferred amounts): your CGT gain is computed using the discount method.

The Discount Method

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

Completing your 2007 Australian income tax return

If you are an individual, the following comments will help you deal with TaxPack 2007 and associated publications.

You will need the TaxPack 2007 supplement. Question 17 on page s16 in the TaxPack 2007 supplement assists you to complete your 2007 Australian income tax return for individuals in relation to CGT. The question asks you about capital gains, and suggests you might need to get further ATO publications, which are available on its website.

If you are not an individual

If you are not an individual and if you disposed, or entered into a contract to dispose, of your investment in MCG securities in the year ended 30 June 2007, the ATO publications mentioned above may assist you. Alternatively, you may choose to have your tax agent complete your return. The ATO website can assist you in finding a tax agent. Please bear in mind that, while unlikely, it is possible that some investors had capital gains in the year ended 30 June 2007 from the receipt of tax-deferred distributions from MCIT, even though they may not have disposed of their MCG securities. This is explained under “Tax-deferred distributions” on pages 15–18 of this Guide.

Part B: Appendix 1

MCG Issue Prices

Split of MCG issue prices (to 30 June 2007) between MCIT, MCIL and MMCGIL

Date of Issue	Type of Issue	Issue Price per Stapled Security		Issue Price of Unit in MCIT		Issue Price of Unit in MCIL		Issue Price of Share in MMCGIL	
		\$	%	\$	%	\$	%	\$	%
13 August 2002	Initial Placement	2.00	100	1.98	99.00	0.02	1.00	0.00	0.00
12 August 2003	Distribution Reinvestment Plan (DRP)	2.86	100	2.32	81.26	0.54	18.74	0.00	0.00
2 February 2004	DRP	3.12	100	2.51	80.50	0.61	19.50	0.00	0.00
12 August 2004	DRP	3.73	100	3.01	80.56	0.72	19.44	0.00	0.00
5 January 2005	Retail Entitlement Offer	4.70	100	3.59	76.39	1.11	23.61	0.00	0.00
5 January 2005	Institutional Placement	5.40	100	4.13	76.39	1.27	23.61	0.00	0.00
25 January 2005	Retail Entitlement Offer	4.70	100	3.59	76.39	1.11	23.61	0.00	0.00
25 January 2005	Institutional Placement	5.40	100	4.13	76.39	1.27	23.61	0.00	0.00
14 February 2005	DRP	5.69	100	3.14	55.22	1.35	23.68	1.20	21.10
16 February 2007	DRP	5.95	100	1.98	33.24	2.48	41.76	1.49	25.00
30 April 2007	Institutional Placement	6.10	100	2.03	33.21	2.58	42.35	1.49	24.44
19 June 2007	Institutional Placement	6.10	100	1.94	31.77	2.84	46.65	1.32	21.58
27 June 2007	Share Purchase Plan	6.10	100	1.94	31.77	2.84	46.65	1.32	21.58

Part B, Appendix 2

MCG allocation of trade prices to 30 June 2007 as estimated by MCIML in its capacity as the Responsible Entity of MCIT, the Manager of MCIL and the Adviser of MMCGIL)

Percentage of a value of a MCG security which related to	A Unit in MCIT	A Share in MCIL	A Share in MMCGIL ²
13 August 2002 to 30 June 2003 ¹	\$1.98	Remainder of trade price	N/A
Jul-03	81.26%	18.74%	N/A
Aug-03	80.75%	19.25%	N/A
Sep-03	80.93%	19.07%	N/A
Oct-03	81.18%	18.82%	N/A
Nov-03	81.35%	18.65%	N/A
Dec-03	80.50%	19.50%	N/A
Jan-04	79.72%	20.28%	N/A
Feb-04	79.89%	20.11%	N/A
Mar-04	80.03%	19.97%	N/A
Apr-04	80.16%	19.84%	N/A
May-04	80.25%	19.75%	N/A
Jun-04	80.56%	19.44%	N/A
Jul-04	79.92%	20.08%	N/A
Aug-04	76.88%	23.12%	N/A
Sep-04	76.54%	23.46%	N/A
Oct-04	76.70%	23.30%	N/A
Nov-04	76.71%	23.29%	N/A
Dec-04	76.39%	23.61%	N/A
1 January 2005 to 26 January 2005	76.39%	23.61%	N/A
27 January 2005 (MCG Restructure) to 31 January 2005	55.22%	23.68%	21.10%
Feb-05	55.55%	25.03%	19.42%
Mar-05	55.83%	25.01%	19.16%
Apr-05	55.67%	25.02%	19.31%
May-05	56.54%	24.62%	18.84%
Jun-05	57.57%	24.34%	18.09%
Jul-05	59.72%	18.28%	22.00%
Aug-05	57.06%	19.60%	23.34%
Sep-05	58.27%	19.02%	22.71%

Percentage of a value of a MCG security which related to	A Unit in MCIT	A Share in MCIL	A Share in MMCGIL ²
Oct-05	57.88%	19.16%	22.96%
Nov-05	58.42%	19.04%	22.54%
Dec-05	37.99%	41.76%	20.25%
Jan-06	36.53%	42.40%	21.07%
Feb-06	37.23%	41.84%	20.93%
Mar-06	36.24%	42.60%	21.16%
Apr-06	36.58%	42.47%	20.95%
May-06	36.01%	42.71%	21.28%
Jun-06	35.78%	42.74%	21.48%
Jul-06	33.94%	40.14%	25.92%
Aug-06	33.51%	41.00%	25.49%
Sep-06	33.98%	43.62%	22.40%
Oct-06	33.29%	43.53%	23.18%
Nov-06	33.33%	43.37%	23.30%
Dec-06	33.24%	41.76%	25.00%
Jan-07	32.68%	41.67%	25.65%
Feb-07	32.54%	42.65%	24.81%
Mar-07	33.21%	42.35%	24.44%
Apr-07	30.90%	45.87%	23.23%
May-07	31.77%	46.65%	21.58%
Jun-07 ³	31.13%	43.74%	25.13%

- 1 If the listed price was below \$1.98 per MCG security between listing and 30 June 2003, the value attributable to a share in MCIL was nil and the value attributable to a unit in MCIT was the traded price.
- 2 From 27 January 2005, MCG became a triple stapled security – ie a unit in MCIT is stapled to a share in MCIL and to a share in MMCGIL. Prior to this date, MCG was a double stapled security – ie a unit in MCIT was stapled to a share in MCIL.
- 3 The June 2007 split is draft and subject to finalisation. Details of the final split will be provided on the MCG website www.macquarie.com.au/au/mcg/investor/distributions.htm

Part B, Appendix 3

Tax-deferred distributions

Tax-deferred distributions made by MCIT (up to 30 June 2007)

Distribution Calculation Date	Distribution Payment Date	Tax-deferred amount of distribution per unit
31 December 2002	12 February 2003	7.5000 cents
30 June 2003	12 August 2003	8.0000 cents
31 December 2003	12 February 2004	2.4091 cents
30 June 2004	12 August 2004	6.1363 cents
In-specie distribution of MMCGIL shares	27 January 2005	76.0356 cents
31 December 2004	14 February 2005	11.4000 cents
30 June 2005	12 August 2005	14.6000 cents
31 December 2005	13 February 2006	9.4365 cents
30 June 2006	14 August 2006	12.1071 cents
31 December 2006	16 February 2007	9.9223 cents
30 June 2007	14 August 2007	11.3738 cents

Tax-deferred distributions made by MCIL (up to 30 June 2007)

MCIL did not make any tax-deferred distributions up to 30 June 2007.

Tax-deferred distributions made by MMCGIL (up to 30 June 2007)

MMCGIL did not make any tax-deferred distributions up to 30 June 2007.

Part C: Foreign Investment Funds

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 2007 (as you have already dealt with Foreign Investment Funds in Part A).

MMCGIL being a company that is not a resident of Australia for Australian tax purposes, is a foreign investment fund or a "FIF". Therefore, if you held any MCG securities at 30 June 2007, you are regarded as holding an interest in a FIF (MMCGIL) for Australian tax purposes.

On the basis that shares in MMCGIL were listed on the ASX at 30 June 2007 in a class of entities designated as being engaged in "Consumer Discretionary/Media/Broadcasting & Cable TV" activities, it is considered that a MMCGIL 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 2007.

IMPORTANT NOTE

Any investor in MCG that either individually or with associates had a 10% or greater interest in MCG at any time should seek further assistance from your tax adviser and if you need further factual information you should contact James Dyckhoff on (02) 8232 4424. If you are unsure whether you held such an interest, you should consult your tax adviser.

History of MCG distributions to date per MCG security

12 February 2003	7.5000 cents, all from MCIT	per MCG security
Comprised of:	Tax-deferred distribution	7.5000 cents
		7.5000 cents
12 August 2003	8.0000 cents, all from MCIT	per MCG security
Comprised of:	Tax-deferred distribution	8.0000 cents
		8.0000 cents
12 February 2004	11.2000 cents, all from MCIT	per MCG security
Comprised of:	Australian interest income	8.7909 cents
	Tax-deferred distribution	2.4091 cents
		11.2000 cents
12 August 2004	11.8000 cents	per MCG security
	9.5000 cents from MCIT	
Comprised of:	Australian interest income	3.3637 cents
	Tax-deferred distribution	6.1363 cents
		9.5000 cents
Comprised of:	2.3000 cents from MCIL	
	Unfranked dividend income	2.3000 cents
		2.3000 cents
27 January 2005	76.0356 cents, all from MCIT	per MCG security
Comprised of:	Tax-deferred (in-specie) distribution	76.0356 cents
		76.0356 cents
14 February 2005	14.4000 cents	per MCG security
	11.4000 cents from MCIT	
Comprised of:	Tax-deferred distribution	11.4000 cents
		11.4000 cents
Comprised of:	3.0000 cents from MCIL	
	Unfranked dividend income	3.0000 cents
		3.0000 cents
12 August 2005	14.6000 cents, all from MCIT	per MCG security
Comprised of:	Tax-deferred distribution	14.6000 cents
		14.6000 cents

13 February 2006	19.5000 cents	per MCG security
	16.2500 cents from MCIT	
Comprised of:	Australian interest income	5.8172 cents
	Foreign source interest income	0.9963 cents
	Tax-deferred distribution	9.4365 cents
		16.2500 cents
Comprised of:	3.2500 cents from MCIL	
	Unfranked dividend income	3.2500 cents
		3.2500 cents
14 August 2006	19.5000 cents	per MCG security
	13.5000 cents from MCIT	
Comprised of:	Australian interest income	1.0548 cents
	Foreign source interest income	0.3381 cents
	Tax-deferred distribution	12.1071 cents
		13.5000 cents
Comprised of:	6.0000 cents from MCIL	
	Unfranked dividend income	6.0000 cents
		6.0000 cents
16 February 2007	21.0000 cents	per MCG security
	14.0000 cents from MCIT	
Comprised of:	Australian interest income	3.5267 cents
	Foreign source income	0.5510 cents
	Tax-deferred distribution	9.9223 cents
		14.0000 cents
Comprised of:	7.0000 cents from MCIL	
	Unfranked dividend income	7.0000 cents
		7.0000 cents
14 August 2007	21.0000 cents	per MCG security
	15.5000 cents from MCIT	
Comprised of:	Australian interest income	1.8473 cents
	Foreign source income	2.2789 cents
	Tax-deferred distribution	11.3738 cents
		15.5000 cents
Comprised of:	5.5000 cents from MCIL	
	Unfranked dividend income	5.5000 cents
		5.5000 cents

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