



ASX Release

09 August 2019

Update on SAT1 indemnity in relation to historical investments

Sydney Airport Limited (SAL) and Sydney Airport Trust 1 (SAT1) announced on 24 May 2019 that recent decisions of the Court of Justice of the European Union (ECJ decisions) after finalisation and release of Sydney Airport's 31 December 2018 Financial Report had prompted reconsideration of the status of the indemnities provided by SAT1 in relation to the 2011 sale of Copenhagen Airport. The ECJ decisions were not in relation to Copenhagen Airport Denmark Holdings' (CADH) interest and dividend withholding tax disputes being contested in the Danish High Court.

Following analysis of all relevant information now available to it, SAT1 has determined that based on a conservative view:

- the \$119.1 million non-current receivable in the 31 December 2018 Financial Report relating to the interest withholding tax indemnity should be expensed; and
- a \$62.6 million¹ non-current provision should be raised for a possible call on the indemnity in respect of the dividend withholding tax matter. This provision reflects management's estimate of a final indemnity call which would be payable if an unfavourable resolution of the dispute had occurred as at 30 June 2019, including primary tax and additional interest accrued to that date. This amount is expected to increase by approximately \$6.5 million per annum while the matter remains unresolved in the Danish High Court.

Notwithstanding the recent ECJ decisions and consideration of the status of the indemnities, CADH (in agreement with SAT1) continues to vigorously contest these matters in the Danish High Court. There remains uncertainty as to the outcome of the litigation which has the potential to change SAT1's current position.

Sydney Airport confirms that the indemnities will have no material impact on Sydney Airport's future Net Operating Receipts and will not impact the 2019 distribution guidance of 39 cents per stapled security. The matters in dispute have not yet been finally considered by the Danish High Court and a determination may be several years away.

¹ Previously estimated as at 24 May as \$61 million. Updated number reflects change in AUD/DKK exchange rate (4.60 as at 30 June 2019)

Sydney Airport

Sydney Airport Limited ACN 165 056 360 (SAL) and The Trust Company (Sydney Airport) Limited (ACN 115 967 087) (AFSL 301162) (TTCSAL) as responsible entity for Sydney Airport Trust 1 (ARSN 099 597 921) (SAT1) (together "SYD")
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