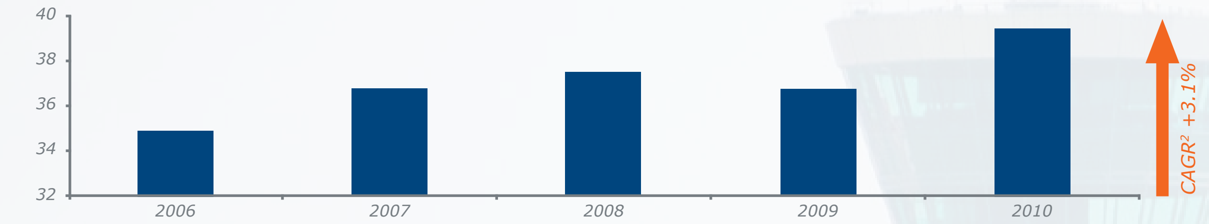
ANNUAL REPORT 2010

MAp

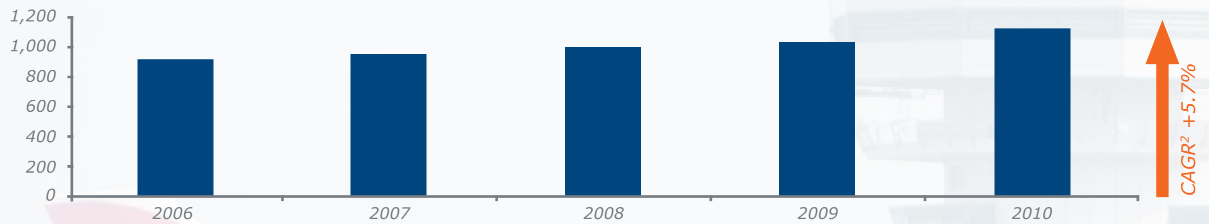
MAp PERFORMANCE HIGHLIGHTS

Traffic (m)[1]



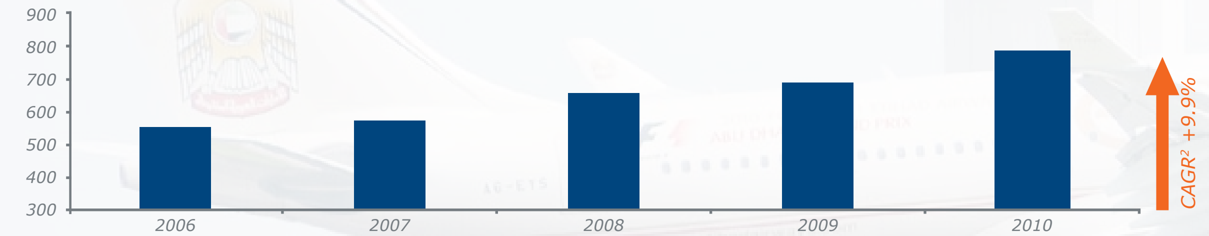
[1] Pro forma results are derived by restating current period ownership interests and foreign exchange rates.
[2] Compound Annual Growth Rate.

Revenue (A$m)[1]



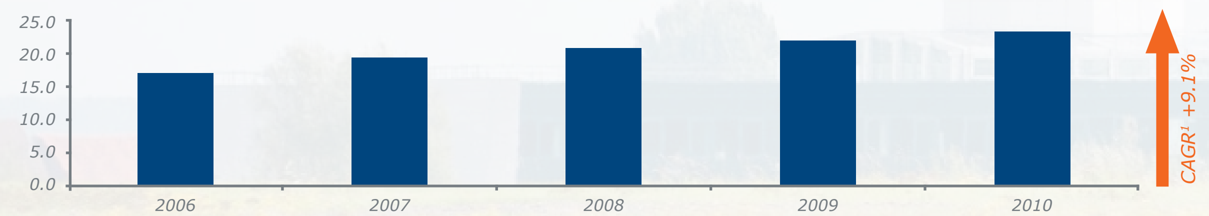
[1] Pro forma results are derived by restating current period ownership interests and foreign exchange rates.
[2] Compound Annual Growth Rate.

Operating profit (A$m)[1]



[1] Pro forma results are derived by restating current period ownership interests and foreign exchange rates.
[2] Compound Annual Growth Rate.

Proportionate EPS (A$c)



[1] Compound Annual Growth Rate.

MAp has delivered earnings per security growth of 9.1% per annum between 2006 and 2010.

CONTENTS

MAp SNAPSHOT

2 April 2002	Over 34,000	A$5.8 billion
Date listed	No. of security holders	Market capitalisation

Sydney	Copenhagen	Brussels
74% interest	30.8% interest	39% interest
73% of MAp's portfolio	13% of MAp's portfolio	14% of MAp's portfolio
35.6m passengers per annum	21.5m passengers per annum	17.2m passengers per annum

MAp is one of the world's largest private airport owners and operators, with ownership of three major airports – Sydney, Copenhagen and Brussels. We work closely with the airports' management teams to improve services and facilities for airline partners and the 74 million passengers who use the airports each year, and to increase returns for investors.

VISION, MISSION AND VALUES

Vision

Our vision is to be the global investor, owner and partner of choice for airports, providing world-class facilities and services for the benefit of stakeholders.

Mission

MAp is committed to meeting the responsibilities of a leading airport investor, owner and partner to create long-term value at our airports and by working to:

- Deliver market leading performance for our investors through sustainable long-term growth of the airports in which we invest;
- Ensure each airport is managed responsibly and delivers the requirements of passengers, airlines and airport businesses;
- Ensure the highest standards of safety and security;
- Provide a rewarding and safe workplace for MAp employees by encouraging personal development, recognising good performance, valuing teamwork and fostering equality of opportunity;
- Promote proactive and transparent engagement with all levels of government and the communities in which our airports operate; and
- Be socially and environmentally responsible.

Values

Our values underpin the way we do business and the way in which we achieve our vision:

- Integrity;
- Sustainability;
- Transparency;
- Excellence;
- Respect;
- Innovation; and
- Teamwork.

LETTER FROM THE CHAIRMAN AND THE CEO

FINANCIAL HIGHLIGHTS

- Proportionate earnings of A$445.4 million, up 19.3% on 2009
- Proportionate Earnings Per Security (EPS) of 23.9 cents, up 10.9%
- Revenue, operating profit and earnings growth outperformed traffic growth of 6.9%
- Combined airport and corporate expenses declined 3%
- Full year regular distribution of 21 cents per stapled security, more than 90% covered by operating cash flow, and a special distribution of 12.5 cents per stapled security from the ASUR sale proceeds
- Cash balance of A$755 million
- Statutory profit of A$100.8 million

OPERATIONAL HIGHLIGHTS

- Record levels of traffic at Sydney and Copenhagen airports towards the end of 2010
- A$1.9 billion refinancing of all 2011 and 2012 debt maturities completed at Sydney Airport
- Successful completion of aeronautical charges agreements at Brussels and Copenhagen airports
- Completed Sydney Airport's international terminal redevelopment and the opening of CPH Go, a low cost facility at Copenhagen Airport
- Continued cost management

A year of delivery

2010 was a landmark year for MAp. We delivered an outstanding financial performance, growing traffic, revenue and proportionate earnings. While there was clear evidence of recovery in the aviation market, the backdrop remained a challenging one. Our airports continued to show resilience in the face of struggling European economies; the depreciation of the Euro; adverse weather conditions including record snowfall across Europe; and the eruption of Iceland's Eyjafjallajökull volcano, which shut down European air space for several days and had an unprecedented impact on airlines and airports around the world.

We continued to make important investments in our airports, to improve services and facilities for airlines and passengers. Revenue, operating profit and earnings all outperformed traffic growth. Growth across the three airports was driven by new airlines and increased flight frequencies, revenue increases across all major business lines and ongoing cost management.

LETTER FROM THE CHAIRMAN AND THE CEO CONTINUED

Key success factors

The strong results for the year reflected MAp's active management model driving:

- traffic growth, with all three airports now recovering strongly from the global financial crisis and continuing to attract new airlines and services;
- foresight to invest in our airports through a challenging environment;
- commercial business expansion; and
- ongoing cost discipline, resulting in improved margins.

Strategic focus

Throughout 2010 we focussed on our existing airports. Sydney, Copenhagen and Brussels airports each delivered improved services and facilities through targeted and efficient investment programmes. We continued to build on our sustainable growth platform to ensure our airports maintain strong long-term earnings growth, with a focus on:

- ensuring our airports are well positioned to take advantage of structural changes within the aviation industry, including new aircraft technology delivering larger and more efficient aircraft, the liberalisation of air rights, the growth of low cost carriers, alliance expansion and airline integration;
- working with our airline partners to agree long-term commercial arrangements that include charges, facilities, investment and service levels;
- ensuring ongoing certainty of retail returns through long-term contracts with quality operators; and
- delivering investment programmes that meet the needs of passengers and airlines.

MAp finished the year in a strong financial position, with a robust balance sheet, substantial cash reserves of A$755 million, no corporate debt and no debt maturities at our airports until December 2012. This gives us significant flexibility.

Distribution

MAp continued to deliver an attractive yield to its investors. A regular distribution of 21 cents per stapled security was paid. This was fully covered by proportionate earnings and more than 90% covered by operating cash flow.

In August, MAp sold its 16% direct interest in Mexico's Grupo Aeroportuario del Sureste (ASUR) for A$230 million. Proceeds of the sale were returned to investors in October through a special distribution of 12.5 cents per stapled security.

Airport highlights

MAp's airports delivered an impressive performance with earnings growth across the board. Our airports continued to demonstrate their resilience with Sydney and Copenhagen airports delivering strong traffic growth, and Brussels Airport recovering strongly in the final quarter of 2010.

Growth

Full year operating profit[1] growth of 12% at Sydney Airport was the result of 7.8% traffic growth supported by a successful investment programme. Our European airports also performed very well, despite the challenging environment and impact of the ash cloud-related closures. Copenhagen Airport grew operating profit by 12.6% driven by traffic growth of 9.1%, while Brussels Airport delivered 1.1% traffic growth and 1.4% operating profit growth.

Airline networks

All three airports continued to attract new airlines, routes and services. Sydney Airport boosted its capacity from China and the US. Sydney now has seven airlines serving China and, with the speed of uptake of bilateral air rights, further demand is likely to drive more capacity. We have also developed the widest direct route network to North America and will become the first Australian airport to serve Dallas-Fort Worth. Copenhagen expanded its long haul network and now serves a record 22 intercontinental destinations. Brussels Airport has started to develop as an important European Star Alliance hub, which has boosted transfer traffic substantially.

Investment

We completed a number of major investments in 2010, to improve services and facilities for passengers and airlines. These include Sydney Airport's international terminal redevelopment and the CPH Go low cost facility. Each of these investments will play a major role in driving future growth.

[1] *The term operating profit is used for consistency throughout this report. It is equivalent to earnings before interest, tax, depreciation and amortisation (EBITDA) and is not statutory or accounting operating profit.*

Aeronautical agreements

Brussels Airport reached a new five-year agreement with its airline partners, setting the annual charges increase at an average of the local inflation rate +1.43%, providing certainty through to 2016. Copenhagen agreed an amendment to its existing long-term agreement, allowing for a discount on the passenger charges at its new low cost facility, CPH Go. This is the first time any European airport has introduced a differentiated pricing option in an integrated terminal.

Refinancing

Both Sydney and Copenhagen airports completed refinancings of all 2011 and 2012 airport level debt maturities.

Asset backing per security

Net asset backing per security (NAB) increased to A$4.35 as at 31 December 2010, from A$4.00 as at 31 December 2009. This is based on directors' valuations.

Environmental sustainability

MAp remains committed to providing better service for customers at its three airports and minimising the impact of the airports on the environment and local communities. Major environmental initiatives included:

- The Australian Government approved Sydney's Environment Strategy 2010 to 2015, which outlines strategies for addressing climate change and energy management; water management; air quality; ground-based noise; ground transport; biodiversity and conservation management; heritage; waste and resource management; soil and land management; and spills response.
- Copenhagen Airports introduced a nitrogen oxide (NOx) charge to provide an incentive for airlines to operate environmentally friendly aircraft. The charge means older types of aircraft with high-emission engine technology pay a higher take-off charge.
- Brussels Airport achieved the Airports Council International (ACI) reduction rating through the Airport Carbon Accreditation initiative, as a result of reducing its carbon dioxide (CO_2) emissions by over 10,000 tonnes in 2010.

Outlook

MAp enters 2011 in an excellent position. Our sustainable platform for growth across the business will be supported by increasing traffic across all airports, based on a substantial pipeline of announced new routes and services.

We will continue to work with our airline partners to deliver the facilities needed to serve the 74 million passengers who use our airports each year.

For investors, we continue to demonstrate a strong track record, delivering a return of 13.2% per annum since listing, well ahead of the ASX 200 industrials return of 5.7%.

We thank you for your continuing support of MAp. We look forward to continuing to deliver value for our investors; providing improved services for our passengers and airline partners; and reporting on our progress in the coming year.

Max Moore-Wilton
Chairman
MAp Airports Limited

Kerrie Mather
Chief Executive Officer

OPERATIONAL REVIEW

2006-2010 ANNUAL HIGHLIGHTS

10

JANUARY
- MAp acquires an additional 3% share of Brussels Airport, taking its share to 39%

APRIL
- Sydney Airport completes the A$100 million runway safety project for its east–west runway

JUNE
- Sydney Airport completes the expansion and upgrade of the departures level of the international terminal
- Sydney Airport issues A$175 million of fixed rate MTNs, maturing July 2015. This is Sydney Airport's first unwrapped capital markets issue
- Copenhagen Airports (CPH) issues DKK1.7 billion of new bank facilities via a USPP with an eight and 10 year maturity replacing previous facilities at CPH

09

MAY
- MAp accelerates the alignment of its regular distribution and sustainable earnings

JUNE
- MAp increases its interest in Sydney Airport to 74% as part of a proactive exercise by Sydney Airport's shareholders to deleverage the airport via the repayment of A$870 million in term debt
- The Australian Government approves Sydney Airport's Master Plan for the period 2009–2029

JULY
- The MAp-led consortium exits its 19.9% interest in Japan Airport Terminal (JAT) via an off-market tender buyback, realising gross sale proceeds of A$260 million

SEPTEMBER
- Copenhagen Airports reaches a five and a half year commercial agreement on aeronautical services and charges with its airline partners
- Opening of new passenger facilities with centralised immigration and security processing at Sydney Airport's international terminal

08

FEBRUARY
- Sydney Airport announces the construction of larger runway safety areas to meet Civil Aviation Safety Authority requirements

MAY
- Macquarie Airports Group (MAG) is restructured from an airport fund to a holding company for MAp's and Ontario Teachers' Pension Plan's investment in Bristol Airport. MAp increases its interest in Bristol Airport to 35.5%

AUGUST
- MAp announces the acquisition of a 5.6% interest in ASUR, the owner and operator of nine airports in south-eastern Mexico

07

FEBRUARY
- MAp acquires a further 1.2% of Sydney Airport, taking MAp's ownership interest to 57%

MARCH
- MAp acquires a further 15.1% of Sydney Airport, taking MAp's ownership interest to 72.1%
- Sydney Airport completes T2 retail redevelopment

MAY
- Macquarie Airports Group (MAG) agrees to sell its 24.1% stake in Birmingham Airport for £210 million
- Sydney Airport and Virgin Blue reach a commercial agreement regarding domestic runway charges

JUNE
- MAG agrees to sell its 44.7% interest in Aeroporti di Roma for €1,237 million
- Copenhagen Airports sells its 20% interest in Hainan Meilan Airport for HK$544 million and a 6.1% interest in ASUR for MXP809 million
- Brussels Airport successfully refinances €1.6 billion of debt facilities

06

JANUARY
- MAp acquires a further 0.6% of Copenhagen Airports, taking MAp's ownership interest to 53.4%

MAY
- Copenhagen Airports completes new car park, while Brussels Airport completes the first phase of a new car park

AUGUST
- MAp sells its 16% direct interest in ASUR for A$230 million
- The Danish Civil Aviation Administration announces the new charges agreement – effective from October – to cover Copenhagen Airport's low cost facility CPH Go, with passenger charges 35% lower than the main terminal

OCTOBER
- MAp returns proceeds from the sale of ASUR to investors through a special distribution of 12.5 cents per stapled security
- CPH Go, Copenhagen Airport's low cost carrier facility, opens
- Sydney Airport completes the successful refinancing of its 2011 and 2012 debt maturities, expanding its capital pool with the use of US144A bonds – the first ever by a privately owned airport

DECEMBER
- Brussels Airport pursues approval of a five-year aeronautical charges agreement. The agreement, which provides an expected annual increase of CPI +1.43%, is ratified by the State Secretary for Mobility in January 2011
- Net asset backing per security is A$4.35

OCTOBER
- MAp successfully completes the internalisation of management, eliminating volatile future base management and performance fees
- Sydney Airport is voted one of the world's top 10 airports by readers of UK Condé Nast *Traveller* magazine

NOVEMBER
- MAp's 1-11 entitlement offer raising A$356 million is significantly oversubscribed, with total applications of A$670 million

DECEMBER
- MAp completes the disposal of its 35.5% interest in Bristol Airport and the acquisition of a 3.9% additional interest in Copenhagen Airports, bringing its beneficial interest to 30.8%, realising net proceeds of A$98 million
- TICkETS are fully redeemed
- Net asset backing per security is A$4.00

SEPTEMBER
- TICkETS withdrawal offer is successfully completed

OCTOBER
- MAp announces changes to its corporate governance framework

NOVEMBER
- MAp sells 42% of its interest in Brussels Airport and 50% of its interest in Copenhagen Airports
- Sydney Airport successfully refinances A$485 million of existing capex facilities and raises A$859 million of new capex funding
- TICkETS defeasance successfully implemented

DECEMBER
- Net asset backing per security is A$4.70

JULY
- A MAp-led consortium acquires a 9.6% interest in JAT

SEPTEMBER
- Sydney Airport and the Board of Airline Representatives of Australia reach agreement on the terms and conditions for international aeronautical services

OCTOBER
- Sydney Airport and Qantas conclude a five-year commercial aeronautical charges agreement
- MAp increases its interest in Brussels Airport to 58.9%
- The MAp-led consortium increases its interest in JAT to 19.9%

NOVEMBER
- MAp increases its interest in Brussels Airport to 62.1% and its interest in Copenhagen Airports to 53.7%

DECEMBER
- Net asset backing per security is A$5.06

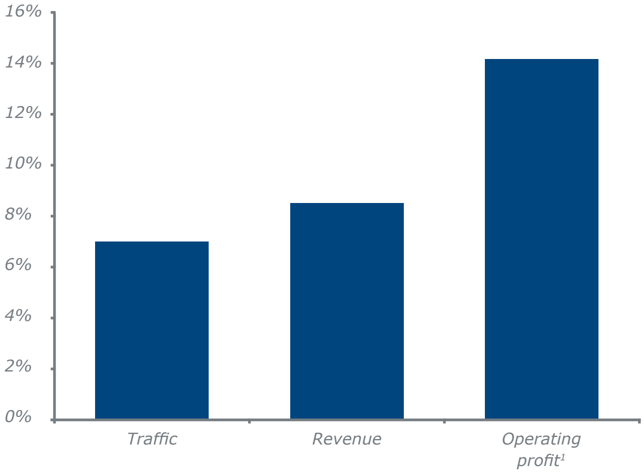
SEPTEMBER
- MAp acquires a further 1.9% of Brussels Airport, taking MAp's ownership interest to 53.9%

NOVEMBER
- Aeroporti di Roma sells AdR Handling

DECEMBER
- Sydney Airport successfully refinances A$3.68 billion of debt facilities
- Net asset backing per security is A$3.93

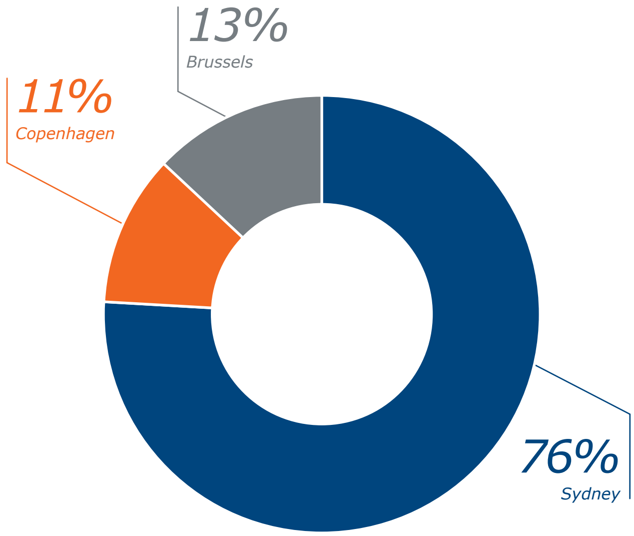
OPERATIONAL REVIEW AND FINANCIAL HIGHLIGHTS

2010 PROPORTIONATE PORTFOLIO PERFORMANCE



[1] Excluding specific items, post corporate expenses

2010 OPERATING PROFIT BY AIRPORT[1 2]



[1] Excluding specific gains/(losses).

[2] The term operating profit is used for consistency throughout this report. It is equivalent to earnings before interest, tax, depreciation and amortisation (EBITDA) and is not statutory or accounting operating profit.

Financial reports

Financial information

MAp prepares two reports that cover the operational and financial performance of the organisation and its investments:

1. The statutory financial report, which has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.
2. The Management Information Report (MIR), a quarterly report on MAp and its airports' financial and operating performance on a proportionately consolidated basis.

The operational review and financial highlights are primarily based on information from the MIR. A copy of the MIR and full statutory financial report can be downloaded from *www.mapairports.com.au*. The concise financial report is presented on pages 39 to 79 of this report.

Statutory financial results

The net result attributable to MAp investors for the year ended 31 December 2010 was a statutory profit of A$101 million. This largely reflects the absence of downward re-valuations of MAp's European airports and the expensing of the internalisation fees in the previous year.

Operational performance

MAp's operational performance reflects proportionate earnings. It is a proportionate consolidation of MAp's and its airports' results based on MAp's ownership over the period. Proportionate earnings show the earnings the airports generate to support the distributions paid to investors.

MAp's operational performance for the year to 31 December 2010 included[1,2]:

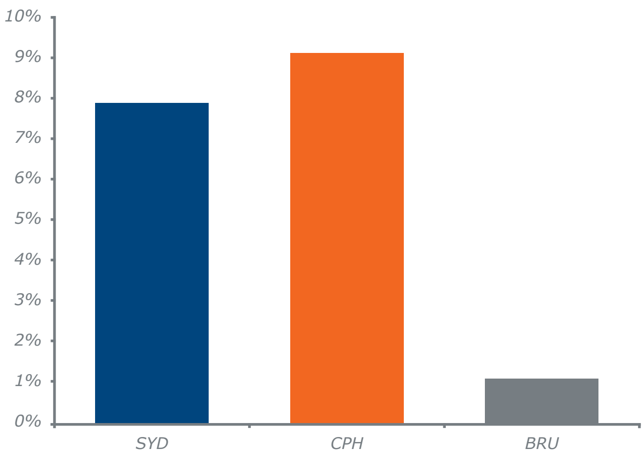
- Traffic growth of 6.9%;
- Revenue growth of 8.4%;
- Operating profit growth of 14.2%; and
- Operating expenditure decline of 3%.

Overall growth has demonstrated the resilience of MAp's airports to recover rapidly from the difficult 2009 operating environment. Copenhagen and Brussels grew operating profit and traffic, despite the one-off impacts of the volcanic ash cloud and severe European winter conditions. Operating profit continued to outperform traffic, reinforcing the benefits of MAp's active management model.

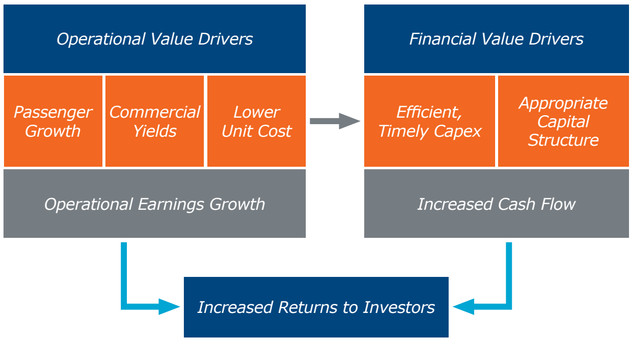
Operational performance is supported by MAp's team of airport managers and technical specialists who come from a range of backgrounds, including airlines and airports. Their experience covers the full range of airport operations, strategy, commercial business and finance. MAp works closely with its airports' management teams to deliver results.

[1] Excluding specific gains/(losses).
[2] This proportionate portfolio consolidated information shows the growth between the 12 months ended 31 December 2009 and 31 December 2010 for those airports held by MAp based on MAp's interests in those airports calculated on a weighted average basis according to the number of days in the relevant period during which MAp held an interest. The proforma proportionate earnings are delivered by restating the prior period results with the airports' ownership percentages and foreign currency exchange rates from the current period.

2010 TRAFFIC GROWTH



MAp ACTIVE MANAGEMENT CHART



Traffic

Over 74 million passengers travelled through MAp's airports during 2010, with proportionate traffic growth of 6.9%. Traffic growth was a key driver of MAp's strong financial results. Both Sydney and Copenhagen aiports managed to achieve record levels of traffic in late 2010. By December, all three airports were generating significant growth.

Sydney Airport has almost fully recovered from the effects of the global financial crisis, with average traffic growth of almost 4% per annum over the last two years. Copenhagen Airport is now performing above pre-global financial crisis levels, despite the impact of the volcanic ash cloud. It was one of the fastest growing major airports in Europe in 2010 and continues to grow at above trend rates. Brussels' performance improved in the final quarter of 2010, indicating an acceleration of recovery.

All three airports continued to attract new airlines and services. Sydney Airport continued to demonstrate its position as Australia's gateway. Emirates, Jetstar, China Southern, United Airlines, Air China and Cathay Pacific expanded their existing services, while Air Mauritius and Brindabella Airlines commenced services.

At Copenhagen, seven new long haul routes were opened including Qatar Airways to Doha, Air Canada to Toronto, Delta Airlines to New York JFK, EGYPTAIR to Cairo, Norwegian to Marrakesh and Agadir and Cimber to Tel Aviv – bringing the total number of long haul routes to a record 22 and strengthening Copenhagen's position as the Scandinavian hub.

Brussels continued to strengthen its position as a European hub. Star Alliance carriers have been a major driving force for growth with new routes or frequencies offered by Air Canada, Blue1, Brussels Airlines, Lufthansa, SAS, Turkish Airlines, United Airlines, US Airways, Aer Lingus, Air Arabia, Air Lipsia, Alitalia, AnadoluJet, British Airways, Cyprus Airways, easyJet, Hainan Airlines, Icelandair, Jetairfly, MRS, MEA, Vueling and Ukraine International Airlines.

MAp's airports remain well positioned to benefit from key trends in the aviation market including:

- New aircraft technology;
- Further opening up of bilateral air rights;
- Low cost carrier development; and
- Continued alliance integration.

OPERATIONAL REVIEW AND FINANCIAL HIGHLIGHTS CONTINUED

Aeronautical charges

All of MAp's airports operate under light-handed regulatory frameworks for aeronautical charges. A number of important initiatives were progressed in 2010:

- Copenhagen successfully concluded a supplementary charges agreement with airlines. Passenger charges for using the new low cost facility CPH Go were set at approximately 35% lower than the regular passenger charge. Copenhagen is the first major European airport to offer differentiated charges in an integrated terminal. The airport now accommodates the interests of both network carriers and low cost carriers.
- Brussels reached a commercially negotiated agreement with its airline partners for April 2011 to March 2016. The agreement sets the annual charges increase at an average local inflation rate + 1.43%.
- Sydney completed commercial agreements with a number of airlines. In addition, terms of reference for the Productivity Commission's review of the Economic Regulation of Airport Services were announced in December 2010. The draft report will be released in August 2011. Interested parties including Sydney Airport and MAp have been invited to make initial submissions by early April 2011.

Retail, food and beverage

MAp's airports have approximately 400 retail and food and beverage outlets across 55,000m^2. All of MAp's airports offer travellers a wide range of retail options across major local and global brands. Retail and food and beverage revenues represent around 20% of the combined total proportionate revenue.

MAp continues to actively develop the range of retail and food and beverage options available to passengers at its airports. In 2010, the following initiatives were undertaken:

- The redevelopment of the international terminal at Sydney was completed. The project has delivered a new centralised departures processing hall for Customs and a new security screening area. Among the many new retail and food and beverage outlets are the world's first Lonely Planet bookstore and Wiggles shop, Australia's first Victoria's Secret and a new McDonald's concept.
- Copenhagen has focused its retail efforts on improving the product range, wayfinding and signage and tailoring marketing campaigns. In addition, a number of new specialist concepts have been introduced including Joe & the Juice and Pandora.
- Brussels has introduced an improved airside food and beverage offering and introduced targeted product ranges for its rapidly expanding long haul passenger base.

From 2007 to 2010, all airports achieved a strong compound annual growth rate in retail revenue per passenger. This has been driven by new operational initiatives such as walk-through stores, expanded targeted offerings and improved signage. MAp's airports continue to work closely with retail concessionaires to implement growth strategies and ensure projects are complementary to the wider terminal plans. A large proportion of the retail revenues are supported by minimum guarantees.

Car parking

Air travellers require a wide range of ground transport options for their arrival at, and departure from, the airport. MAp's airports seek to deliver products to suit all needs.

Sydney introduced a 15-minute free car parking initiative at the international terminal. This change was made following the successful introduction of the T2 Domestic Terminal pick-up area.

Following Copenhagen's acquisition of the car parking management contract from a third party, new prices and product groups have been introduced to target specific customer needs.

Property

MAp's airports all have large and valuable landbanks. Approximately 2.4 million m^2 of land across the three airports has been identified as surplus to aviation requirements and suitable for commercial development.

MAp will continue to assess projects on an individual basis and pursue a mix of site leases, joint ventures and self-development.

The Central Terrace Building, an office tower in the Sydney Airport international precinct, is under construction. Completion is planned for the third quarter of 2011 and the building has been substantially pre-let to an Australian Government agency. Brussels Airport has successfully tendered the rights to develop the Gateway office building. This development will provide a high quality office building and additional car parking areas.

Operating expenses

MAp and its airports have continued to take a disciplined approach to cost management. Many measures implemented during the challenging 2009 environment had full year effects in 2010, and a number of new programmes were initiated. Combined airport and corporate operating expenses were lowered by 3% and the operating profit margin, after corporate expenses, exceeded 70%.

Brussels Airport has achieved significant operating expense reductions due to the Financial Performance Improvement Plan implemented in the fourth quarter of 2009. Further savings have been made by retendering the cleaning contracts, and through close management of the maintenance programme.

Proportionate earnings

Proportionate earnings increased by 19.3% to A$445.4 million, and significantly outperformed traffic growth of 6.9%. MAp has consistently delivered operating profit outperformance against traffic.

Capital management

2010 was another year of active capital management for MAp and its airports. There is no corporate level debt. There are no debt maturities across the airports until December 2012.

MAp's annual regular distribution of 21 cents per stapled security was fully covered by earnings and more than 90% covered by operating cashflow.

Sydney Airport successfully refinanced all 2011 and 2012 term debt maturities. The refinancing was undertaken using both bank debt and the bond market. Sydney Airport became the first privately-owned airport to access the US144A bond market, further diversifying its sources of capital.

Copenhagen Airports successfully completed the issuance of DKK1.7 billion equivalent in the US Private Placement (USPP) market. The proceeds were used to repay existing bank debt and cancel existing bank commitments maturing in March 2012. This has substantially reduced Copenhagen Airports' refinancing risk and dependency on the bank loan market.

Copenhagen Airports sold its 49% interest in Inversiones y Tecnicas Aeroportuarias SA de CV (ITA) in October. Copenhagen Airport held approximately 3.75% of Grupo Aeroportuario del Sureste (ASUR) through ITA. The sale is in line with Copenhagen's strategy of realising attractive values for non-core assets. The proceeds were mainly used to retire debt.

In August, MAp sold its 16% interest in ASUR through a book build and public offering. The sale proceeds were returned to MAp investors in the form of a special distribution paid in October. MAp continues to hold approximately A$755 million cash on its balance sheet, after the distribution paid in February 2011.

Asset backing per security

Net asset backing per security (NAB) has increased to A$4.35 as at 31 December, from A$4.00 in the previous corresponding period. This is based on directors' valuations. Independent valuations of MAp's airports are obtained regularly, with Sydney Airport independently valued in December 2010, Brussels Airport in December 2009 and Copenhagen Airport in September 2008.

OPERATIONAL REVIEW AND FINANCIAL HIGHLIGHTS CONTINUED

Proportionate earnings for 12 months ended 31 December 2010

	Actual Results 12 months to 31 Dec 10[1] A$'000	Proforma Results 12 months to 31 Dec 09 A$'000	Change vs pcp %	Actual Results 12 months to 31 Dec 09[2] A$'000
Passenger traffic ('000)	**41,360**	38,695	+6.9%	44,782
Airport investments revenue	**1,129,020**	1,041,118	+8.4%	1,261,599
Airport investments operating expenses	**(317,158)**	(306,259)	+3.6%	(456,157)
Total airport investments EBITDA (pre specific gains/(losses))	**811,862**	734,859	+10.5%	805,442
Corporate net expenses	**(16,740)**	(38,005)	-56.0%	(38,005)
Total operating profit[3] (pre specific gains/(losses))	**795,122**	696,854	+14.1%	767,437
Airports specific gains/(losses)	**10,257**	(9,689)	nm[4]	(10,825)
Total operating profit[3]	**805,379**	687,165	+17.2%	756,612
Airport economic depreciation	**(28,557)**			(35,258)
Airport net interest expense	**(334,734)**			(346,970)
Airport net tax expense	**(35,638)**			(34,391)
Corporate net interest income	**45,707**			34,438
Corporate net tax expense	**(6,717)**			(985)
Proportionate earnings	**445, 440**			373,446
Concession airport net debt amortisation[1]	**(1,278)**			(1,197)
Non-recurring internalisation payment[2]	**–**			(351,055)
Proportionate Earnings less allowance for net debt amortisation	**444,162**			21,194

[1] Relates to Sydney Airport only.

[2] Termination fee of A$345m (excluding GST) that was paid to Macquarie Group Limited in respect of the internalisation of MAp management, which reached financial close on 15 October 2009. Includes A$6m in transaction costs.

[3] The term operating profit is used for consistency throughout this report. It is equivalent to earnings before interest, tax, depreciation and amortisation (EBITDA) and is not statutory or accounting operating profit.

[4] The reference nm means not meaningful.

Enterprise value

	Actual as at 31 Dec 10 A$m	Actual as at 30 Jun 10 A$m	Actual as at 31 Dec 09 A$m
Airport investments net debt	**5,365.4**	5,483.4	5,524.5
Corporate net debt/(cash)	**(755.9)**	(769.7)	(875.3)
Equity value attributable to MAp security holders	**8,100.0**	7,751.6	7,440.8
Enterprise value	**12,709.5**	12,465.3	12,090.0
Gearing (%)	**36.3%**	37.8%	38.5%

Portfolio valuation

Asset	Discount Rate (%) As at 31 Dec 10	Discount Rate (%) As at 31 Dec 09	Valuation A$m 31 Dec 10	Valuation A$m 31 Dec 09	Valuation Change vs pcp (%)	Valuation % of portfolio 31 Dec 10	Ownership (%) As at 31 Dec 10	Ownership (%) As at 31 Dec 09
Sydney Airport	**14.3**	15.1	**5,405.6**	4,370.9	+23.7%	**73.6**	**74.0**	74.0
Copenhagen Airports	**13.2**	13.0	**924.5**	972.4	-4.9%	**12.6**	**30.8**	30.8
Brussels Airport	**11.8**	12.2	**1,014.0**	947.3	+7.0%	**13.8**	**39.0**	36.0
ASUR[1]	**n/a**	n/a	**–**	274.9	n/a	**–**	**–**	16.0
Portfolio valuation			**7,344.1**	6,565.5	+11.9%	**100.0**		
Working capital			**942.0**	1,024.2	-8.0%			
Distribution			**(186.1)**	(148.9)	+25.0%			
Equity value attributable to MAp security holders			**8,100.0**	7,440.8	+8.9%			

[1] The ASUR valuation is based on the market price as at each reporting date. MAp announced the divestment of ASUR on 12 August 2010.


ICELANDAIR
Hekla

SYDNEY AIRPORT

74%
MAp's interest

73%
% of MAp's portfolio

A$773.3m
Operating profit

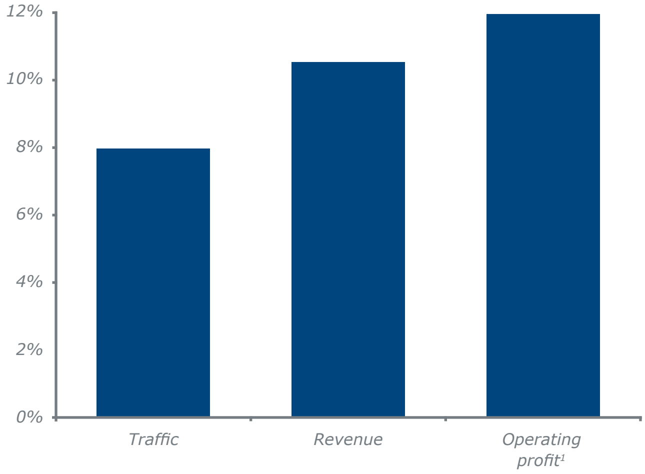
35.6m
Passenger numbers per annum

3
Runways

3
Terminals

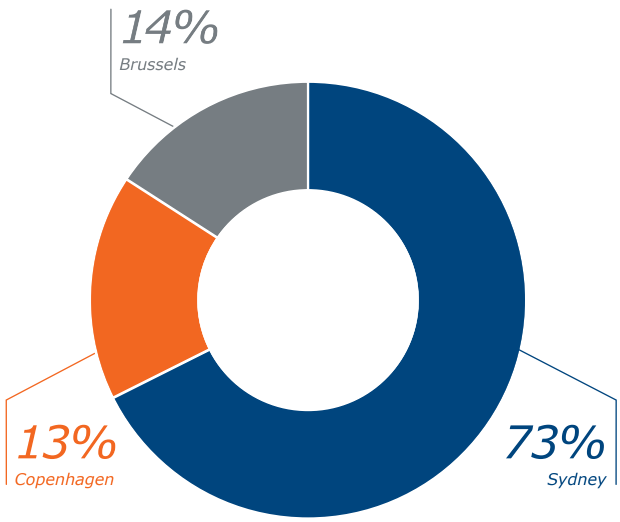
907ha
Land area

SYDNEY AIRPORT 2010 PERFORMANCE



[1] Excluding specific expenses.

PORTFOLIO WEIGHTINGS



Facility overview

Runways and taxiways

Three runways:

- Main north–south runway (3,962m)
- Parallel north–south runway (2,438m)
- East–west runway (2,530m)

Terminals

Three terminals:

- T1 (International) – 25 contact gates
- T2 (Domestic) – 18 gates
- T3 (Domestic) – 16 gates, owned and operated by Qantas

Car parks

- 13,358 spaces in four car parks

Other buildings and facilities

- A range of other aviation and commercial property facilities, such as maintenance hangars and six international airline lounges.
- There is 25,789m² of retail space with 201 retail and catering outlets (150 retail and catering outlets in T1 and 51 in T2).

Sydney Airport is Australia's busiest airport, serving 37 international airlines, eight domestic and regional airlines and 10 dedicated freight carriers. It is the operations base for Qantas, Australia's largest domestic and international carrier.

Sydney Airport is located eight kilometres south of Sydney's CBD and has road and rail infrastructure links to Sydney's population and business centres. Connection times with the Sydney CBD and the population centre of western Sydney are excellent, with road access through the Eastern Distributor and the M5 East Motorway, and rail access through the airport rail link.

Sydney Airport is located on 907 hectares with twin north–south runways extending into Botany Bay on reclaimed land, and an east–west runway.

In 2010, Sydney Airport delivered a 12% increase in operating profit before specific expenses to A$773.3 million and 35.6 million passengers, a 7.8% increase. International traffic grew by 7% to 11.4 million passengers and domestic traffic grew by 8.1% to 24.2 million.

Sydney continued to attract new airlines and services, with a major focus on the US and China. Sydney Airport now has seven airlines serving China. It also has the widest direct route network to North America and will become the first Australian airport to serve Dallas-Fort Worth in 2011.

Sydney Airport welcomed two new airlines in 2010:

- Air Mauritius, which commenced services between Sydney and Mauritius in July.
- Brindabella Airlines, which launched a regional service between Sydney and Cobar.

Several existing airlines also added new and additional services including China Southern, Air China, China Eastern, Cathay Pacific, Malaysia Airlines, Thai Airways International, LAN Chile, Hawaiian Airlines, Vietnam Airlines, Garuda Indonesia, Air New Zealand, Jetstar and Qantas.

In 2010, Sydney Airport invested A$136.4 million in two major initiatives – the completion of the international terminal redevelopment and the runway end safety works. The A$500 million international terminal upgrade, commenced in 2007 and completed in 2010, was a major investment to provide a world-class travel experience for passengers and state-of-the-art facilities for airlines and involved building a new landside food court, refurbishing 30,000m^2 of the existing departures level and opening a new outbound hall for the Australian Customs and Border Protection Service.

Sydney Airport also opened the new Qantas seamless transfer facility, making it easier for international passengers to transfer to domestic flights.

Other passenger service initiatives included the introduction of 15-minute free parking at the international terminal, free Wi-Fi service in both T1 and T2 and the commencement of an upgrade to the taxi rank at the international terminal, to provide additional capacity for passengers and improved access for taxi drivers.

Sydney Airport financial performance

Year to December	*2008*	*2009*	***2010***
Financial performance (A$m)			
Aeronautical revenue	*390.1*	*417.4*	***468.0***
Other revenue	*422.7*	*436.0*	***475.1***
Total revenue	*812.8*	*853.4*	***943.1***
Cost of sales	*(1.2)*	*(3.1)*	***(2.8)***
Operating costs[1]	*(158.3)*	*(160.1)*	***(167.0)***
Operating profit[1 2]	*653.3*	*690.2*	***773.3***
Key performance indicators (A$)			
Revenue/passenger	*24.72*	*25.86*	***26.52***
Operating costs/passenger[1]	*(4.81)*	*(4.85)*	***(4.70)***
Operating profit/passenger[1]	*19.87*	*20.92*	***21.75***
Operating profit margin[1]	*80.4%*	*80.9%*	***82.0%***

[1] *Excluding specific items.*

[2] *The term operating profit is used for consistency throughout this report. It is equivalent to earnings before interest, tax, depreciation and amortisation (EBITDA) and is not statutory or accounting operating profit.*

COPENHAGEN AIRPORTS

30.8%
MAp's interest

13%
% of MAp's portfolio

DKK1,758m
Operating profit

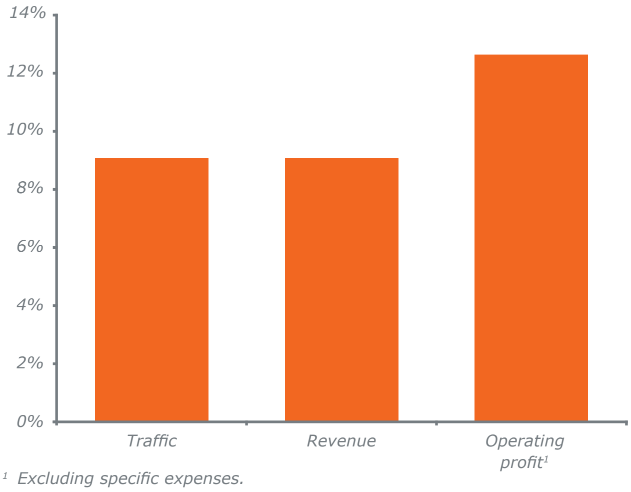
21.5m
Passenger numbers per annum

3
Runways

3
Terminals

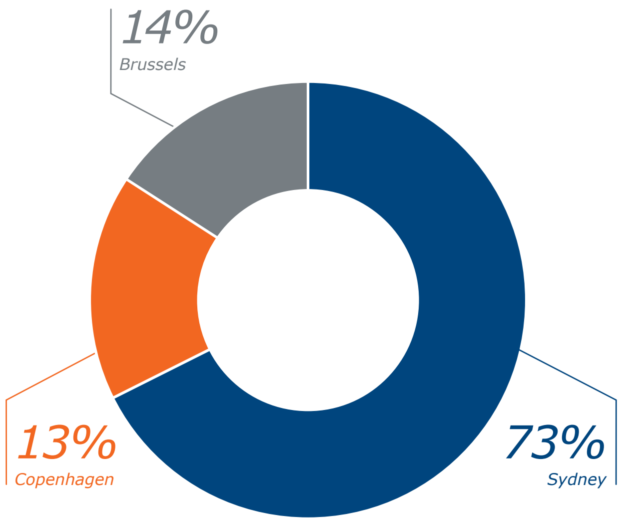
1,180ha
Land area

COPENHAGEN AIRPORTS 2010 PERFORMANCE



[1] Excluding specific expenses.

PORTFOLIO WEIGHTINGS



Facility overview

Runways and taxiways

Three runways:
- 04L/22R south-west–north-east (3,500m)
- 04R/22L south-west–north-east (3,300m)
- 12/30 north-west–south-east (2,800m)

Terminals

- Three passenger terminals, including a domestic terminal – comprising nine domestic stands, 43 international stands (with permanent passenger loading bridges), 54 remote stands and two helicopter stands as well as two dedicated freight terminals.

Car parks

11,944 car parking spaces, most of which are in multi-storey car parks and comprise 9,119 private and 2,825 for staff.

Other buildings and facilities

- 110 retail and catering outlets including seven duty free shops, 68 specialty shops, 29 food and beverage outlets, four currency exchanges and two VAT refund outlets with a total retail space of approximately 14,000m².
- Airport services include a 376-room Hilton Hotel, which also offers restaurant and conference facilities.

Copenhagen Airport is located eight kilometres south-east of Copenhagen's city centre and has a terminal capacity of 30-35 million passengers per annum. Copenhagen Airports also owns and operates Roskilde Airport and has a 49% interest in Newcastle International Airport in the UK.

Copenhagen Airports' operating profit excluding specific items increased by 12.6% in 2010 to DKK1,758 million with passenger traffic increasing 9.1% to 21.5 million, one of the highest growth rates of all European airports. Excluding the impact of the volcanic ash cloud and weather-related flight cancellations, the growth rate would have been above 11.6%.

Copenhagen Airport experienced strong traffic growth throughout the year with a recovery across all traffic segments. SAS, Norwegian and easyJet passenger numbers grew in the year through increased load factors and new routes and frequencies. A number of long haul routes were introduced in 2010 including new routes to New York, Toronto and Doha with Delta, Air Canada and Qatar respectively. 2010 also saw strong recovery of domestic traffic and a return to growth of transfer traffic, highlighting the strength of Copenhagen Airport as a key Scandinavian hub. Copenhagen now serves a record 22 long haul destinations.

On 31 October 2010 Copenhagen Airport opened its new DKK230 million low cost facility, CPH Go, with easyJet the first airline to operate from the new facility. This facility has opened at an important point in Copenhagen Airport's development, with low cost carrier growth of 34% in 2010 and their market share growing to 18%. CPH Go will service an estimated one million passengers in its first year of operation and has the capacity for six million passengers.

Copenhagen Airport continues to be a market leader in the use of cutting-edge technology. Electronic and self-service check-in now account for over half of passengers; 34% of passengers now use self-service check-in kiosks, more than double the European average of 14%.

The Danish Civil Aviation Authority approved a new charges agreement relating to CPH Go, which is supplementary to the main charges agreement announced in September 2009 and covers the period from 1 October 2009 to 31 March 2015. This is the first time a European airport has introduced a differentiated pricing option in an integrated terminal.

All the airport level 2012 maturities were refinanced with a US private placement (USPP).

In 2010, the airport's shopping centre, CASC, welcomed 13 new outlets as part of the strategy to increase the range of products. New outlets included Dixons Travel, Pandora (the Danish jewellery chain), Pieces (an accessories outlet), Tiger (a fashion brand) and Joe & the Juice (a well-known Danish juice and sandwich bar). Together with the announcements of H&M (the international fashion retailer) and Hamleys (the UK toy store) opening early in 2011, CASC will be fully occupied for the first time since the global financial crisis.

Copenhagen Airports financial performance

Year to December	*2008*	*2009*[4]	***2010***
Financial performance (DKKm)			
Aeronautical revenue	*1,676*	*1,566*	***1,693***
Other revenue	*1,438*	*1,357*	***1,549***
Total revenue	*3,114*	*2,923*	***3,242***
Operating costs[1]	*(1,421)*	*(1,362)*	***(1,484)***
Operating profit[2 3]	*1,693*	*1,561*	***1,758***
Key performance indicators (DKK)			
Revenue/passenger	*144.6*	*150.8*	***150.8***
Operating costs/passenger[1]	*(66.0)*	*(71.6)*	***(69.0)***
Operating profit/passenger[3]	*78.6*	*79.2*	***81.7***
Operating profit margin[3]	*54.4%*	*52.5%*	***54.2%***

[1] Operating costs are net of other income after one-offs.

[2] The term operating profit is used for consistency throughout this report. It is equivalent to earnings before interest, tax, depreciation and amortisation (EBITDA) and is not statutory or accounting operating profit.

[3] Before specific items.

[4] Results restated to reflect the impact of the LPK acquisition at the end of 2009.

BRUSSELS AIRPORT

39%
MAp's interest

14%
% of MAp's portfolio

€206.0m
Operating profit

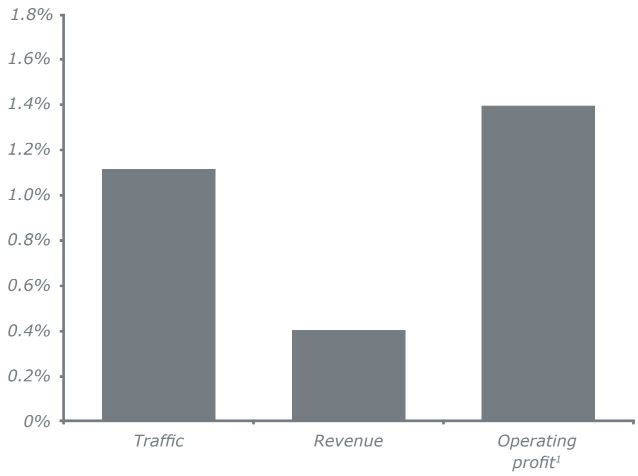
17.2m
Passenger numbers per annum

3
Runways

1
Terminal

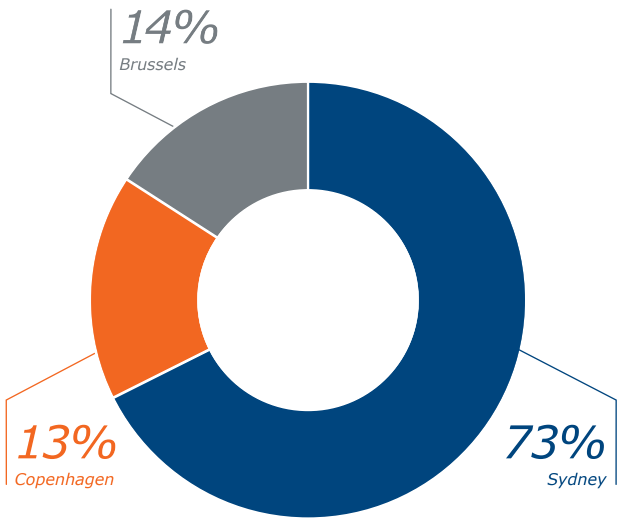
1,245ha
Land area

BRUSSELS AIRPORT 2010 PERFORMANCE



[1] Excluding specific expenses

PORTFOLIO WEIGHTINGS



Facility overview

Runways and taxiways

Three runways:
- Main runway (3,638m)
- Parallel east–west runway (3,211m)
- Cross runway (2,984m)

Terminals

Two piers:
- Pier A (Schengen and Brussels Airlines intercontinental services)
- Pier B (non-Schengen services)

A single arrivals/departures terminal houses a direct service train.

In total, 54 contact stands and 55 remote stands (via 18 bus gates). An additional 30 dedicated cargo stands and the old terminal building, which is only partially used.

Car parks

A total of 18,011 spaces comprised of eight public car parks with a total of 12,174 spaces and an airport community car park with 5,837 spaces.

Other buildings and facilities

- Approximately 17,000m² of retail space with a total of 86 retail and catering outlets including 42 retail, 29 food and beverage and 15 service outlets.
- 32,000m² of office space inside and more than 500,000m² of building and office concessions outside the terminal.
- Progressive implementation of the property strategy in line with the identified opportunity to provide 850,000m² of warehousing, office and logistics space over the next 20 years.

Brussels Airport is located approximately 12 kilometres north-east of Brussels' city centre and situated on approximately 1,245 hectares, about the same area as London's Heathrow Airport. Brussels Airport owns both the airport infrastructure and the airport land. A licence to operate the airport for an unlimited time has been granted by the Belgian Government via Royal Decree.

Brussels Airport has a single midfield terminal complex consisting of two major piers operated through a single arrivals/departures building, which also houses a direct service train station. The terminal has a capacity of approximately 30 million passengers per annum.

Brussels Airport delivered a 1.4% increase in operating profit excluding specific items in 2010 to €206 million, on the back of a 1.1% increase in passenger traffic to 17.2 million passengers. Without the estimated one-off impact of €7.5 million from the volcanic ash cloud, operating profit growth before specific items would have been 5.1%, while traffic growth would have been 3.6%.

Capacity was boosted by new and expanded routes, with eight new long haul routes added in 2010. The airport continued to enhance its long haul and leisure offering with, in particular, new long haul services from Royal Jordanian and additional services from Etihad and easyJet, which was the airport's fastest growing carrier. Brussels Airlines expanded its African network, adding a fifth Airbus A330 to its fleet and four additional routes. The new services to Beirut, Chicago, Montreal and Shanghai and the conversion of seasonal services to year-round operations have benefited the long haul segment, which grew 10.1% in the last quarter. Brussels Airport's 24% growth in transfer traffic for the year continued to show its growing importance as a European Star Alliance hub, following the entrance of Brussels Airlines into the alliance.

Brussels Airport reached a five-year aeronautical agreement with its partner airlines. The agreement, which runs from April 2011 until 2016 and provides an expected average annual increase of CPI +1.43%, was ratified by the State Secretary for Mobility in January 2011. The agreement includes the opportunity to undertake the Pier A West investment, an extension of the existing Pier A. The project will deliver substantially increased capacity including 20 additional contact gates and an improved transfer product.

Brussels Airport financial performance

Year to December	*2008*	*2009*	***2010***
Financial performance (€m)			
Aeronautical revenue	*247.6*	*236.5*	***235.5***
Other revenue	*131.5*	*129.2*	***131.5***
Total revenue[1]	*379.3*	*365.7*	***367.0***
Operating costs[1]	*(163.7)*	*(162.6)*	***(161.1)***
Operating profit[1 2]	*215.6*	*203.1*	***206.0***
Key performance indicators (€)			
Revenue/passenger	*20.48*	*21.51*	***21.36***
Operating costs/passenger[1]	*(8.84)*	*(9.56)*	***(9.37)***
Operating profit/passenger[1]	*11.64*	*11.95*	***11.99***
Operating profit margin[1]	*56.8%*	*55.5%*	***56.1%***

[1] *Excluding specific items.*

[2] *The term operating profit is used for consistency throughout this report. It is equivalent to earnings before interest, tax, depreciation and amortisation (EBITDA) and is not statutory or accounting operating profit*

ENVIRONMENTAL SUSTAINABILITY AND GOVERNANCE

ENVIRONMENTAL SUSTAINABILITY

MAp is committed to meeting its environmental and social obligations to provide better service for customers at its three airports and minimise the impacts of the airports on the environment and local communities.

MAp's airports operate in a highly regulated environment that covers all aspects of each airport's businesses. Strict consultative processes are in place at each airport to satisfy environmental and social obligations. Airport projects undergo extensive social and environmental impact reviews throughout their life cycle.

In addition, environmental and social obligations are at the forefront of MAp's investment decisions. The following framework is applied to the investment process:

- **Airport selection** – environmental and social responsibilities are reviewed as part of the acquisition due diligence process.
- **Ongoing airport management** – regular board reporting from each airport enables compliance with environmental requirements to be monitored and environmental and social responsibility issues to be identified.
- **Stakeholder reporting** – policies, social and environmental initiatives and compliance performance are reported internally and, where appropriate, externally.

MAp is not aware of any breaches of relevant environmental and social-related regulatory standards by its airports during the year ended 31 December 2010.

Environmental sustainability initiatives during 2010

Examples of new environmental and social responsibility initiatives undertaken during the past financial year at MAp's airports include:

Sydney Airport

Environmental strategy 2010–2015

The Airport Environment Strategy (AES) was approved by the Australian Government on 24 May 2010. The AES was prepared following an extensive community and stakeholder consultation process. It details Sydney Airport's environmental objectives and commitments for the next five years, builds on the environmental achievements made over previous years and promotes the continual improvement of environmental management at Sydney Airport.

The AES is the primary document for ensuring Sydney Airport's facilities, services and economic benefits are delivered in an environmentally responsible and sustainable manner.

The AES covers a wide range of ground-based environmental issues including:

- **Climate change and energy management** – reducing energy and greenhouse gas emissions by continuing to implement cost-effective energy efficiency opportunities and cleaner energy usage.
- **Water management** – building on existing water recycling initiatives by continuing to explore water efficiency opportunities, as outlined in Sydney Airport's Water Savings Action Plan and Water Cycle Management System. A formal water quality monitoring programme will also be implemented.
- **Air quality** – minimising ground-based air emissions, conducting a comprehensive air quality study and identifying opportunities to reduce pollution, including reviewing options for the use of alternative fuels for vehicles.
- **Ground-based noise** – continuing to increase the use of fixed electrical ground power units to minimise the use of the noisier on-aircraft auxiliary power units. This also improves air quality and reduces greenhouse gas emissions.
- **Ground transport** – continuing to encourage the use of sustainable transport options as outlined in the Airport Ground Travel Plan and working with the NSW Government to improve the quality and frequency of bus and train services to and from Sydney Airport.
- **Biodiversity and conservation management** – continuing to implement the successful programme to enhance the environmentally significant Sydney Airport Wetlands, including weed and carp control, native fish restocking and revegetation works.
- **Heritage** – ensuring all items listed in Sydney Airport's Heritage Management Plan that have heritage value are actively managed.
- **Waste and resource management** – building on existing recycling initiatives by continuing to implement innovative waste minimisation options identified in Sydney Airport's Resource Recovery Plan.
- **Soil and land management** – continuing to minimise the potential for soil contamination and actively managing acid sulphate soils.
- **Spills response** – implementing best-practice environmental controls for preventing and managing spills and the release of hazardous materials.

For a copy of the AES, please visit the Community and Environment section of Sydney Airport's website:

www.sydneyairport.com

Copenhagen Airports

Aircraft emissions

In the charges agreement announced in 2009 and the revised agreement in August 2010, Copenhagen Airports implemented a nitrogen oxide (NOx) charge to provide an incentive for airlines to operate environmentally friendly aircraft.

The existing take-off charge has been reduced by 5%, and a NOx charge of DKK16.50 per kilo of NOx emitted will be levied, to ensure airlines using the most environmentally friendly aircraft and engines will pay a lower take-off charge. Older types of aircraft with older engine technology will pay a higher take-off charge.

The NOx charge will be used to support Copenhagen Airports' environmental initiatives.

Waste removal

Copenhagen has implemented a new waste removal plan. The main focus of the plan for 2011–2014 is:

- Recycling – a more efficient and effective collection of cardboard, paper and plastic bottles.
- Visibility – reducing sorting errors with a more transparent waste system.
- Dynamics – continually adapting waste-handling procedures to meet the airports' needs.

Noise emissions

The Danish Environmental Protection Agency (EPA) has set a limit of the noise exposure at Copenhagen Airports. Night flights in particular are monitored and logged by the noise and monitoring system. In 2010 Copenhagen Airports operated well below the limits set by the EPA.

For more details and the latest environmental report, please visit the Environment section of Copenhagen's website:

www.cph.dk

Brussels airport

Carbon accreditation

In October 2010, Brussels Airport achieved the Airports Council International (ACI) reduction rating through the Airport Carbon Accreditation initiative. The carbon accreditation scheme has become the European standard for carbon management and reduction by airports. It is an independent, annual certification programme comprised of four progressive levels of accreditation: Mapping, Reduction, Optimism and Neutrality.

Brussels Airport achieved the second level of accreditation - reduction – as a result of reducing its CO_2 emissions by over 10,000 tonnes in 2010.

Water treatment

Brussels Airport constructed a water treatment plant to treat wastewater from sanitary installations, aircraft and rainwater collected from the platform after de-icing aircraft. The plant, which opened in October 2010, has a maximum treatment capacity of 2.4 million litres per day, which caters for the 30,000 people and 300 aircraft that use the terminal each day.

For more details and the latest environmental report, please visit the Community and Environment section of Brussels Airport's website:

www.brusselsairport.be

CORPORATE GOVERNANCE STATEMENT

This statement outlines MAp's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Principles and Recommendations (2nd Edition) (ASX Principles).

MAp's directors and management believe that high standards of corporate governance are an essential part of their objective of sound financial performance and maximising long-term returns to investors.

This statement applies to MAp Airports Limited and MAp Airports International Limited and a reference to 'board' refers to the board of either of these entities unless otherwise stated.

Principle 1: Lay Solid Foundations for Management and Oversight

The board's roles and responsibilities are formalised in a board charter. The board charter is available on MAp's website.

Directors receive timely, regular and appropriate information to enable them to fulfil their duties. This information is provided as part of directors' board papers and regular reporting on MAp and its airports.

Each year the board typically has eight scheduled meetings, two valuation discussions and a strategy day. Unscheduled meetings are convened throughout the year to consider time-critical transactions or other issues requiring urgent consideration. Details of directors' attendance at board and committee meetings are summarised in the table on page 33.

All non-executive directors have received a letter of appointment addressing the matters recommended by the ASX Principles.

The board reviews the performance of the CEO and this occurred during the year ended 31 December 2010.

The performance of all executives is reviewed at least annually. This involves executives being evaluated by their immediate supervisors and against personal, financial and corporate goals.

All new directors and executives are required to participate in an induction and training programme about MAp and their roles and responsibilities.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle 2: Structure the Board to Add Value

It is MAp's policy that a majority of directors must be independent.

The MAp Airports Limited (MAPL) board is Australian-based and it has a majority of independent directors. MAp Airports Limited also acts as adviser to MAp Airports International Limited. The MAp Airports International Limited board is Bermuda-based and it has a majority of independent directors.

The board regularly determines whether directors are independent in view of their interests as disclosed to the board. In making this determination, the board has reference to the test for independence contained in the ASX Principles, essentially whether a director has an interest that affects their ability to exercise unfettered and independent judgement.

Directors with a range of qualifications, expertise and experience are appointed to the board to enable it to effectively discharge its duties and to add value to the board's deliberations. In 2010 the board conducted a review of the performance of the board, the retiring directors and the committees to which they were appointed in accordance with the process set out in the board charter. The performance assessment was designed to assess the effectiveness of each of the directors as well as review the skills, knowledge and experience of the board as a whole. Director selection was undertaken on the basis of those reviews, and on the basis of an independent executive search process used to identify a new director candidate for nomination to the MAPL board at the 2010 Annual General Meeting (AGM). Directors' profiles setting out their skills, experience, expertise, period of office and other directorships of listed entities are available on the MAp website and page 84 of this report.

The chairman of MAp Airports Limited is Max Moore-Wilton. Max is not independent as defined by the ASX Principles given that in the last three years he has been either a consultant or senior employee of Macquarie, which is MAp's largest investor. The board charter requires that all future chairmen must be independent.

The chairman is responsible for leading the board, facilitating the proper briefing of directors, facilitating effective discussion of matters considered by the board and managing the board's relationship with management.

The MAp Airports Limited board appointed Trevor Gerber as lead independent director in December 2009.

The chief executive officer is responsible to the board for implementation of strategies, policies and decisions determined by the board.

The MAp Airports Limited board has established a Nomination & Remuneration Committee, an Audit & Risk Committee and a Compliance Committee. The MAp Airports International Limited board has established an Audit & Risk Committee. Additional committees are formed as required. Each committee has a board-approved charter setting out its roles and responsibilities, composition, structure, membership requirements and operation. Committee meeting minutes are tabled at the following board meeting. The charters contain specific board reporting requirements.

There is an agreed procedure for directors on the board and committees to obtain independent professional advice at MAp's expense.

In 2010 the performance of individual directors and the board and the committees as a whole was reviewed in accordance with the procedures set out in the board charter.

Directors' attendance at board and committee meetings in 2010

	Board scheduled		Board short notice		Audit & Risk Committee		Nomination & Remuneration Committee[9]	
	A[1]	B[2]	A[1]	B[2]	A[1]	B[2]	A[1]	B[2]
MAp Airports Limited								
Max Moore-Wilton[3] (Non-executive)	8	8	2	2	n/a	n/a	2	2
Trevor Gerber[4] (Independent)	8	8	2	2	3	3	1	1
Bob Morris (Independent)	8	8	2	2	3	3	1	1
Michael Lee (Independent)	8	8	2	2	2	2	2	2
John Roberts (Non-executive)	7	8	2	2	n/a	n/a	n/a	n/a
John Mullen[5] (Independent)	5	5	1	1	n/a	n/a	1	1
Kerrie Mather[6] (Executive)	4	5	1	1	n/a	n/a	n/a	n/a
MAp Airports International Limited								
Jeffrey Conyers[7] (Independent)	7	7	2	2	3	3		
Sharon Beesley (Independent)	7	7	2	2	3	3		
Stephen Ward[8] (Independent)	7	7	2	2	3	3		
Max Moore-Wilton (Non-executive)	7	7	2	2	n/a	n/a		

[1] Actual attendance.

[2] Number of meetings to which director was invited to attend.

[3] Chairman, MAp Airports Limited and Chairman, Nomination & Remuneration Committee.

[4] Chairman Audit & Risk Committee.

[5] John Mullen was appointed effective 1 July 2010.

[6] Kerrie Mather was appointed effective 1 July 2010.

[7] Chairman, MAp Airports International Limited.

[8] Chairman Audit & Risk Committee.

[9] The Nomination & Remuneration Committee is comprised of Max Moore-Wilton (chairman), Michael Lee and Stephen Ward, who was appointed in February 2011. Trevor Gerber and Bob Morris were members until the end of September 2010. John Mullen was a member from October 2010 until February 2011 when he resigned from the board.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle 3: Promote Ethical and Responsible Decision Making

What MAp Stands For and MAp's Guide to Business Conduct apply to all directors, employees and certain contractors and consultants. These documents set out MAp's vision, mission, values and practices that govern the way that MAp and its people carry out business and engage with stakeholders.

MAp's Guide to Business Conduct includes MAp's policy regarding whistle-blowing, anti-corruption and dealing with governments. It is underpinned by a range of additional policies reflecting MAp's values including:

- securities dealing and confidentiality policy;
- occupational health and safety (OHS) policy;
- risk management policy;
- continuous disclosure and communications policy; and
- privacy policy.

MAp's securities dealing policy applies to directors and employees and it restricts their ability to deal in MAp securities. Trading in MAp securities is not permitted during blackout periods. The blackout periods operate from 1 January until the day after full year financial results are released to ASX, and from 1 July until the day after half year financial results are released to ASX. A blackout period also operates during the four weeks prior to the AGM until the day after the AGM. Additional blackout periods may also operate when MAp is considering market-sensitive transactions. Directors and staff are required to obtain prior approval for any trade from the MAp Airports Limited company secretary. The securities dealing policy is available on MAp's website.

MAp will develop a diversity policy in 2011.

Principle 4: Safeguard Integrity in Financial Reporting

The Audit & Risk Committee is currently comprised of only independent directors and complies with the requirements of the ASX Principles. The chairman of the board cannot chair the Audit & Risk Committee. A list of the members of the Audit & Risk Committee and their attendance at committee meetings is contained in the table on page 33.

The Audit & Risk Committee charter is available on MAp's website and it sets out the committee's role, responsibilities, and composition. The Audit & Risk Committee is responsible for overseeing the structure and management systems that ensure the integrity of MAp's financial reporting. Specifically the committee:

- reviews and reports to the board on MAp's financial reports and on the external auditor's audit of the financial statements;
- recommends to the board the appointment and removal of the external auditor, reviews the auditor's terms of engagement including arrangements for the rotation of the external audit partner, and the scope and quality of the audit; and
- monitors auditor independence including the level of non-audit services provided, and reports its findings to the board.

The Audit & Risk Committee meets with the external auditors without management or executive directors present at least once a year and more frequently if required.

The auditor attends MAp's annual general meetings and is available to answer security holder questions on the conduct of the audit, and the preparation and content of the auditor's report.

Principle 5: Make Timely and Balanced Disclosure

MAp has adopted a continuous disclosure and communications policy which is available on the MAp website. It is MAp's policy to provide timely, open and accurate information to its investors, regulators and other stakeholders. This ensures that all investors have equal and timely access to material information concerning MAp and facilitates trading on an informed basis.

The continuous disclosure and communications policy facilitates compliance with ASX Listing Rules because it includes procedures for identifying potentially price-sensitive information, a process for escalation to the CEO and general counsel for determination as to disclosure required, and a management sign-off process to ensure that ASX releases are accurate and complete. The MAp Airports Limited board will approve announcements that relate to matters within the reserved powers of the board and which have not been delegated to management or which are of particular significance to MAp. The ASX liaison person is the MAp Airports Limited company secretary.

Principle 6: Respect the Rights of Shareholders

MAp's continuous disclosure and communications policy promotes a high standard of effective and accessible communication with investors, which facilitates informed investor dialogue at investor briefing sessions and general meetings.

Communication with investors occurs via ASX announcements (including publication of analyst briefings), the annual report and half-yearly update, domestic and international roadshows and webcast investor briefings held on the same day that annual and half-yearly results are released. MAp also prepares a quarterly management information report. This is a readily accessible report on MAp and its airports' financial and operating performance prepared on a proportionately consolidated basis.

All information disclosed to the ASX is promptly posted on the MAp website and investors can register on the website to receive email updates of MAp's releases. The website also contains a wealth of historic information.

Investors are encouraged to attend the AGM, which is generally held in May each year. Investors who are unable to attend in person can lodge proxy forms by post, fax or the Internet.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle 7: Recognise and Manage Risk

The board has established a policy governing MAp's approach to risk and internal control systems to minimise different categories of risks. MAp's risk management policy is available on its website.

As an investor in Australian and international airports, and as an employer of staff in Australia and the United Kingdom, MAp's risk management policy addresses a wide range of risks including: investment performance risk; financial risks (e.g. liquidity, interest rate, currency, and credit); legal risks (e.g. the enforceability of important contracts, covenants and litigation); compliance risk; operational risks (e.g. processes, information technology, outsourcing of services); environmental and social risks; OHS risks (for MAp's employees and visitors to MAp's premises); strategic risks and reputation risks.

The board requires management to design and implement the risk management and internal control systems, including undertaking a MAp-wide risk assessment. Management reports to the board on whether those risks are being managed effectively. For example, the CEO's report which is provided to the board at scheduled meetings identifies material incidents affecting both MAp and its airports as well as controls and risk mitigation plans.

The Audit & Risk Committee assists the board to monitor MAp's risk management framework as set out in the Audit & Risk Committee Charter.

During the year, management has reported to the Audit & Risk Committee regarding the effectiveness of MAp's management of its material risks. In addition, the board has received assurance from the CEO and CFO that their declaration under s295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Each airport maintains its own risk management framework and supporting infrastructure to manage its own risks. MAp's ability to influence risk management at its airport investments differs based on MAp's level of ownership and control of the particular airport investment. It is MAp's policy to confirm that each airport has an appropriate risk management framework in place to assist it in effectively managing its risks.

MAp Airports Limited has also appointed a Compliance Committee. The Compliance Committee monitors the MAT1 and MAT2 compliance plans, in particular whether policies and procedures have been followed to ensure that the trusts are operated in accordance with their constitutions, the law and ASX Listing Rules.

Principle 8: Remunerate Fairly and Responsibly

The Remuneration Report sets out MAp's policy and practices for remunerating directors and staff.

The remuneration of MAp staff is determined by the board in respect of the CEO and by the CEO in respect of other staff. Salaries are benchmarked against comparable market participants based on advice from remuneration consultants. An incentive policy has been developed to align staff performance with MAp's objectives.

The remuneration of non-executive directors is determined by investors and is described in the Remuneration Report. Non-executive director remuneration is determined with reference to external benchmarking undertaken by consultants engaged by the board. None of the non-executive directors is entitled to options, securities, bonuses or retirement benefits as part of their remuneration package from MAp.

MAp Airports Limited has a Nomination & Remuneration Committee and a copy of its charter is on the MAp website. The role of the Nomination & Remuneration Committee is to assist and advise the board on director selection and appointment practices, director performance evaluation processes and criteria, board composition and succession planning for the board and senior executives, the executive remuneration framework and remuneration reporting.

The Nomination & Remuneration Committee comprises a majority of independent directors and is chaired by the chairman of the MAp Airports Limited board, Max Moore-Wilton. Max Moore-Wilton is a non-executive director but is not considered independent for the reasons set out under Principle 2. As the Nomination & Remuneration Committee is otherwise comprised of independent directors, and Max Moore-Wilton's association is with Macquarie rather than MAp, the board does not consider that Mr Moore-Wilton's status impairs his ability to act independently of management in performing his role as chairman of this committee.

The Nomination & Remuneration Committee is comprised of Max Moore-Wilton (chairman), Michael Lee and Stephen Ward, who was appointed in February 2011. Trevor Gerber and Bob Morris were members until the end of September 2010. John Mullen was a member from October 2010 until February 2011 when he resigned from the board.


Afgange
Departures
Gates
Gates A, B
ITA
10


NOVIA
95
NOVIA
INDENRIGS

CONCISE FINANCIAL REPORT

Contents

INTRODUCTION TO THE CONCISE FINANCIAL REPORT

Overview of MAp

MAp invests in airports worldwide. MAp currently holds investments in Sydney Airport, Brussels Airport and Copenhagen Airports. During the year, MAp acquired an additional interest in Brussels Airport. MAp also held an interest in Mexican airport operator Grupo Aeroportuario del Sureste (ASUR), which was disposed of on 12 August 2010.

MAp is a triple stapled security listed on the Australian Securities Exchange. Stapled securities are two or more securities that are quoted and traded as if they were a single security. A MAp stapled security consists of a unit in MAp Airports Trust 1 (MAT1), a unit in MAp Airports Trust 2 (MAT2) and a share in MAp Airports International Limited (MAIL).

MAp's airport investments

MAp's total economic interest in each of the airports in which it has invested at 31 December 2010 is provided in the table below.

MAp's economic interest in airport assets

	Sydney Airport[1] %	Brussels Airport %	Copenhagen Airports %	Bristol Airport[2] %	ASUR[3] %
MAp interest[1]					
As at 31 December 2010	***74.0***	***39.0***	***30.8***	***1.0***	**–**
As at 31 December 2009	*74.0*	*36.0*	*30.8*	*1.0*	*16.0*

The following table outlines the fair values of each of MAp's investments at 31 December 2010. The fair values have been determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework.

Fair value of MAp's airport assets

	Sydney Airport[1] A$m	Brussels Airport A$m	Copenhagen Airports A$m	Bristol Airport[2] A$m	ASUR[3] A$m
MAp interest[1]					
As at 31 December 2010	***5,405.6***	***1,014.0***	***924.5***	***5.3***	**–**
As at 31 December 2009	*4,370.9*	*947.3*	*972.3*	*6.4*	*274.9*

[1] The financial position and results of Sydney Airport are consolidated into the MAp financial report. Accordingly the value of MAp's investment in Sydney Airport does not appear in the MAp financial report at 31 December 2010.

[2] Includes a zero premium put and call option over approximately 1% of Bristol Airport which is expected to be exercised at a later date.

[3] Including 7.9% through a series of swap agreements which were converted to B shares on 28 June 2010. The entire 16% interest was divested on 12 August 2010.

DIRECTORS' REPORT

For the year ended 31 December 2010, the directors of MAp Airports Limited (MAPL or the responsible entity) submit the following report on the consolidated financial report of MAp. MAT1 has been identified as the parent of the consolidated group comprising MAT1 and its controlled entities, MAT2 and its controlled entities and MAIL and its controlled entities together acting as MAp (or the Group).

Principal activities

The principal activity of MAp is investment in airport assets. MAp's investment policy is to invest funds in accordance with the provisions of the governing documents of the individual entities within MAp.

There were no significant changes in the nature of MAp's activities during the year.

Distributions

The total distribution by MAp for the year ended 31 December 2010 was 33.5 cents per stapled security (2009: 21 cents). This distribution was paid by MAT1 (19.4 cents) and by MAIL (14.1 cents). An interim distribution of 11 cents per stapled security (2009: 13 cents) was paid by MAT1 on 18 August 2010. A final distribution of 10 cents per stapled security (2009: 8 cents) was announced on 8 December 2010 and paid by MAT1 (8.4 cents) and MAIL (1.6 cents) on 17 February 2011. A special distribution of 12.5 cents per stapled security was paid by MAIL on 21 October 2010.

No distribution was paid by the MAT2 group for the year ended 31 December 2010 (2009: nil).

Directors

The following persons were directors of the responsible entity from the period noted and up to the date of this report (unless otherwise noted):

Name	*Role*	*Period of Directorship*
Max Moore-Wilton	*Chairman, Non-executive director*	*Since April 2006*
Trevor Gerber	*Non-executive director*	*Since April 2002*
Michael Lee	*Non-executive director*	*Since June 2003*
Bob Morris	*Non-executive director*	*Since September 2002*
John Roberts	*Non-executive director*	*Since October 2009*
John Mullen	*Non-executive director*	*Since July 2010, resigned 21 February 2011*
Stephen Ward	*Non-executive director*	*Since 21 February 2011*
Kerrie Mather	*Executive director*	*Since July 2010*

The following persons were directors of MAIL during the period noted up to the date of this report:

Name	*Role*	*Period of Directorship*
Jeffrey Conyers	*Chairman, Non-executive director*	*Since July 2003*
Sharon Beesley	*Non-executive director*	*Since February 2002*
Stephen Ward	*Non-executive director*	*Since July 2006*
Max Moore-Wilton	*Non-executive director*	*Since April 2006*

Interests in the Group held by the directors of the responsible entity and MAIL during the year are disclosed in Note 5.5 of the Audited Remuneration Report.

Review and results of operations

The performance of the Group for the year, as represented by the combined result of its operations, was:

	MAp Consolidated 2010 A$'000	MAp Consolidated 2009 A$'000
Revenue	**1,006,331**	946,377
Revaluation gains/(losses) from investments	**(26,325)**	(397,860)
Other income	**16,610**	163,700
Total revenue from continuing operations	**996,616**	712,217
Profit/(loss) from continuing operations after income tax benefit	**51,751**	(615,077)
Profit/(loss) attributable to security holders	**100,830**	(572,696)
Basic earnings per stapled security	**5.42c**	(33.11c)
Diluted earnings per stapled security	**5.42c**	(33.11c)

Significant changes in state of affairs

Additional investment in Brussels Airport

On 17 December 2009 MAp received an exercise notice of a put option in respect of Global Infrastructure Fund 2's 3% economic interest in Brussels Airport. This acquisition reached financial close on 21 January 2010 for a total consideration of €46.6 million (A$75.8 million). This acquisition increased MAp's economic interest in Brussels Airport from 36% to 39%.

Divestment of ASUR

On 12 August 2010 MAp disposed of its entire 16% economic interest in ASUR by way of a joint equity offering by J.P. Morgan Securities Inc. and Macquarie Capital (USA) Inc. This divestment reached financial close on 17 August 2010 for consideration of US$206.9 million (A$230.4 million), net of underwriting fees.

Refinancing at Sydney Airport

On 6 July 2010 Sydney Airport completed an A$175 million five-year fixed rate domestic Medium Term Note (MTN) issue priced at the equivalent of 265 basis points above BBSW. The funds have been utilised to repay existing debt and the issue also involved the buyback of A$120 million in MTNs, largely due in November 2011.

On 1 October 2010 Sydney Airport priced a US$500 million guaranteed senior secured note issue in the United States 144A bond market. The notes have a coupon of 5.125% for a term of 10 years, maturing February 2021, and were priced at 99.902% of the principal amount representing a margin of 260 basis points above the equivalent US Treasuries yield. The notes are fixed and were issued by Sydney Airport Finance Company Pty Limited, a wholly owned subsidiary of Southern Cross Airports Corporation Holdings Limited (which is a subsidiary of MAp) on 7 October 2010.

Sydney Airport also received over A$1 billion in bank debt commitments from several banks with terms ranging from three to seven years and margins of 200-250 basis points over BBSW. The commitments were provided by a combination of new and existing banks. As a consequence of these refinancing activities, Sydney Airport now faces no debt maturities until October 2013.

Events occurring after balance sheet date

A final distribution of 10.0 cents (2009: 8.0 cents) per stapled security was paid by MAT1 (8.4 cents) and MAIL (1.6 cents) on 17 February 2011.

Since the end of the year, the directors of the responsible entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in periods subsequent to the year ended 31 December 2010.

Likely developments and expected results of operations

Further information on likely developments relating to the operations of the Group in future periods and the expected results of those operations has not been included in this report because the directors of the responsible entity believe it would be likely to result in unreasonable prejudice to the Group.

DIRECTORS' REPORT CONTINUED

Audited Remuneration Report

Contents

1. Introduction

This Remuneration Report includes information on MAp's non-executive directors (NEDs) and Group executives.

The MAp stapled entity is not required to prepare a remuneration report that complies with the *Corporations Act 2001*. However, the following remuneration report has been prepared voluntarily, as if MAp were statutorily required to prepare a remuneration report that complied with section 300A of the *Corporations Act 2001*. Group executive remuneration details are provided from 16 October 2009, the date on which MAp ceased to be Macquarie (MGL or Macquarie) managed and the Group executives became directly employed by MAp. Before this, MAp's Group executives were employed and remunerated by Macquarie Group Limited, which received base management and, potentially, performance fees in return.

2. Nomination & Remuneration Committee

MAp's independent board committees set the Group executive remuneration pool for the period from 16 October 2009 to 31 December 2010 (and Fixed Annual Remuneration (FAR) for 2010) as part of the internalisation. The board approved individual Group executive FAR and maximum potential remuneration.

The Nomination & Remuneration Committee assists and advises the Board on the remuneration framework, policies and practices for MAp directors and staff. The framework is designed to attract, retain and motivate staff, by having regard to MAp and individual executive's performance and aligns with current governance and legal requirements.

The Nomination & Remuneration Committee Charter is available on the MAp website at:

www.mapairports.com.au

3. Remuneration policy and structure

MAp's remuneration framework's objective is to motivate the pursuit of long-term growth and enable MAp to attract and retain high performers. The framework is designed to incentivise executives to achieve key performance indicators (KPIs), align executive rewards with the creation of long-term security holder value and attract and retain high calibre individuals.

When determining Group executive remuneration levels, the role, responsibilities, contribution, performance and experience of the individual is taken into account. Benchmarking data relevant to the individual's role, responsibilities and location as well as the nature of MAp's business is also considered.

Remuneration is divided into those components that are not directly linked to contribution and performance (FAR) and those components that are variable and directly linked to the delivery of personal KPIs and MAp's key business objectives including financial performance and security holder value creation (At Risk Remuneration).

3.1 Fixed Annual Remuneration

FAR generally consists of base salary and benefits at a guaranteed level. NEDs, Group executives and certain other executives are provided with a FAR amount and have flexibility to determine the precise amount of cash and benefits they receive within that amount.

3.2 At Risk Remuneration

In addition to FAR, a significant element of Group executives' maximum potential remuneration is required to be at risk. Currently, At Risk Remuneration (ARR) is provided to Group executives and certain other executives through a Short Term Incentive Plan (STIP).

An individual's maximum potential remuneration may be achieved only where they have achieved and surpassed challenging KPIs, including MAp's financial performance and security holder value creation.

Each MAp executive has a tailored set of KPIs, some of which may be shared with other executives. KPIs are selected for their relevance to the short- and long-term objectives of MAp and its airports and to promote security holder value creation. Executives directly responsible for airport operational management have KPIs relating to the specific airport for which they have responsibility. These KPIs may be the achievement of specific levels of financial performance but also include project and time-specific targets related to the delivery of individual initiatives. Executives with group responsibilities have KPIs related to the delivery of Group financial performance and security holder value creation such as the achievement of earnings per security targets or corporate level management targets.

The level of Short Term Incentive (STI) payments is determined by both MAp's corporate performance (financially and in terms of security holder valuation creation) and the achievement of an executive's KPIs. Where possible, performance against KPIs is measured in quantitative terms (e.g. achievement of a specific level of financial performance). Where a qualitative outcome is involved, performance is discussed with the executive's manager as part of the annual performance appraisal process. The manager then makes a recommendation to senior management with a final decision on the level of the STI payment approved by the CEO.

No STI payments were made in 2009 and 2010. However, Group executives and certain other executives are eligible to receive STI payments annually from February 2011, subject to individual and corporate performance. Payments in February 2011 reflect performance between 16 October 2009 and 31 December 2010. Maximum potential STI payments in February 2011 range up to 80% of FAR, adjusted to reflect the extended period to which they relate.

To promote executive retention, one-third of any individual's STI payment in excess of A$50,000 is deferred for three years. Resignation or termination with cause prior to the payment of any deferred element of STI results in this element being forfeited unless the Nomination & Remuneration Committee determines otherwise.

DIRECTORS' REPORT
CONTINUED

4. CEO and Group executive arrangements for the year ended 31 December 2010

4.1 Service contracts

Group Executive	Contract type and any special terms	FAR	STIP[1] % of FAR	Termination
Kerrie Mather (Key Management Personnel) Chief Executive Officer	Permanent	1,700,000	80%	12 months MAp/ 6 months employee
Keith Irving Chief Financial Officer	Permanent	400,000	60%	3 months/ 3 months
Sally Webb[2] Company Secretary	Permanent	200,000	40%	3 months/ 3 months

[1] Maximum annualised STI as a proportion of FAR. There is no minimum agreed payment.

[2] Ms Sally Webb also acts as General Counsel of MAp but the above disclosure is made solely due to her position as company secretary.

Group executive contracts contain no provisions for termination payments over and above the notice periods set out above and applicable and outstanding incentive and retention payments.

4.2 Total remuneration and benefits for the year

The following table details total remuneration and benefits provided to Group executives for the year.

		Short term employee benefits				Post employment benefits
Name	Year	Salary A$	STI[2] A$	STI retained[2] A$	Non-monetary benefits A$	Superannuation A$
Kerrie Mather	**2010**	**1,685,170**	**1,038,000**	**615,000**	**Nil**	**14,830**
	2009[2]	359,336	Nil	Nil	Nil	3,002
Keith Irving	**2010**	**385,170**	**205,667**	**55,333**	**Nil**	**14,830**
	2009[2]	90,093	Nil	Nil	Nil	2,882
Sally Webb[1]	**2010**	**192,585**	**74,834**	**17,000**	**Nil**	**7,415**
	2009[2]	45,075	Nil	Nil	Nil	1,420

[1] Direct employment by MAp commenced on 16 October 2009. Before that, the executive was employed and remunerated by Macquarie and these amounts are not included.

[2] As noted in Section 3.2, no STI payments have been made. However, executives are eligible for STI payments in February 2011, dependent on performance between 16 October 2009 and 31 December 2010, and estimated payments have been accrued. STI retained will be paid to relevant employees on or around the third anniversary of grant, provided they remain employed by MAp.

There are no long-term employment benefits provided to staff.

4.3 Security holdings

The table below details the MAp securities in which Group executives held relevant interests.

None of these securities are held as a direct result of equity-based compensation, relating either to the period of prior employment by Macquarie or current employment by MAp.

Name	Balance at 1 Jan 2010 No.	Changes during the year No.	Balance at 31 Dec 2010 No.	Value at 31 Dec 2010 A$
Kerrie Mather	3,554,521	500	3,555,021	10,629,513
Keith Irving	391,016	1,337	392,353	1,173,135
Sally Webb	Nil	Nil	Nil	Nil

5. Non-executive directors' remuneration

5.1 Non-executive directors' remuneration policy

The board sets NEDs' fees. Director remuneration is set with reference to external benchmarking undertaken by consultants engaged by the board.

Security holders approved the maximum directors' fee pool for MAPL of A$1,500,000 and for MAIL of A$240,000[1] at MAp's Annual General Meeting (AGM) on 27 May 2010. Current fee arrangements are detailed below.

Security holders approved the assumption of responsibility for payment of MAPL directors' fees with effect from June 2009 at MAp's AGM on 21 May 2009. Prior to June 2009, MAPL directors' fees were paid by Macquarie.

5.2 Remuneration for additional responsibilities

At the Special General Meeting held on 30 September 2009, security holders approved a temporary increase in the maximum amount of directors' fees from A$700,000 to A$850,000 in the case of MAPL and from A$140,000[1] to A$265,000[1] in respect of MAIL. These increases were approved to accommodate fees related to the additional duties required to be performed by NEDs who were members of the independent board committee responsible for negotiating the terms of the internalisation with Macquarie within the maximum amount of permitted directors' fees. These duties included undertaking activities generally performed by management, including:

- spending time evaluating the proposals put to MAp by Macquarie;
- reviewing and negotiating the terms of internalisation;
- meeting with investors; and
- attending MAp independent board committee meetings in order to consider matters relevant to the internalisation.

The additional amounts were paid in 2009.

Role	*Annual fee*
MAPL Board	***A$***
Chairman	*320,000*
NED	*150,000*
MAPL Audit & Risk Committee	***A$***
Chairman	*25,000*
Member	*12,500*
MAPL Nomination & Remuneration Committee	***A$***
Chairman	*Nil*
Member	*10,000*
MAIL Board	***A$[1]***
Chairman	*60,000*
NED	*50,000*
MAIL Audit & Risk Committee	***A$[1]***
Chairman	*10,000*
Member	*10,000*

[1] *Actual liability is in US$, however an exchange rate of A$1:US$1 has been used for the above disclosure.*

DIRECTORS' REPORT
CONTINUED

5.3 Non-executive directors' appointment letters

NEDs are subject to election by security holders at the first AGM after their initial appointment by the board. In addition, each NED must stand for re-election by security holders every three years.

The Nomination & Remuneration Committee develops and reviews the process for selection, appointment and re-election of NEDs, as well as developing and implementing a process for evaluating the performance of the boards, board committees and directors individually.

Letters of appointment for the NEDs, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that the NEDs have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served. The NEDs do not participate in MAp's STIP.

5.4 Non-executive directors' remuneration for the year

The fees and other benefits provided to the NEDs by MAp during the year and during the prior year are set out in the table below. Any contributions to personal superannuation or pension funds on behalf of NEDs are deducted from their overall fee entitlements.

Ms Kerrie Mather, MAp's Chief Executive Officer, is an executive director and receives no additional remuneration in her role as a director over and above her executive remuneration detailed in Section 4.

		Short Term Employee Benefits		Post Employment Benefits	
Name	Year	Directors' Fees A$'000	Other A$'000	Superannuation A$'000	Total A$'000
Max Moore-Wilton	**2010**	**378,608[1]**	**38,818[2]**	**14,830[1]**	**432,256**
Chairman MAPL	2009[3]	100,365[1]	5,000[4]	9,010[1]	114,375
Trevor Gerber[3]	**2010**	**169,408**	**13,914[2]**	**13,092**	**196,414**
	2009[3]	43,959	296,000[5]	3,956	343,915
Michael Lee[3]	**2010**	**159,699**	**11,320[2]**	**12,801**	**183,820**
	2009[3]	43,959	66,000[5]	3,956	113,915
Robert Morris[3]	**2010**	**139,321**	**11,320[2]**	**30,680**	**181,321**
	2009[3]	Nil	66,000[5]	47,915	113,915
John Mullen[6]	**2010**	**71,101**	**Nil**	**6,399**	**77,500**
	2009[3]	n/a	n/a	n/a	n/a
John Roberts[7]	**2010**	**140,192**	**31,130[2]**	**9,808**	**181,130**
	2009[3]	20,822	Nil	Nil	20,822
Jeffrey Conyers	**2010**	**76,526**	**8,546[2]**	**Nil**	**85,072**
Chairman MAIL	2009[3]	41,543	29,674[5]	Nil	71,217
Sharon Beesley	**2010**	**65,512**	**6,104[2]**	**Nil**	**71,616**
	2009[3]	41,543	Nil	Nil	41,543
Stephen Ward[8]	**2010**	**65,512**	**6,104[2]**	**Nil**	**71,616**
	2009[3]	41,543	118,696[5]	Nil	160,239

[1] Includes A$320,000 (2009: A$59,375) as Chairman of MAPL and US$50,000 (2009: A$50,000) as NED of MAIL.

[2] Includes amounts paid in 2010 but relating to 2009 as the result of the approval of retrospective increases in directors' fees from 16 October 2009, being the date of MAp's internalisation, approved by security holders at MAp's AGM on 27 May 2010.

[3] MAp security holders approved the assumption of responsibility for MAPL directors' fees with effect from June 2009 at MAp's 2009 AGM on 21 May 2009. Prior to this, MAPL directors' fees were paid by Macquarie and these amounts are not included.

[4] Includes additional reimbursement to Mr Moore-Wilton in 2009 in respect of his appointments to the boards of Sydney Airport and Copenhagen Airports.

[5] Fees received as a member of the independent board committees responsible for negotiating the terms of the internalisation with Macquarie Capital. These were separately approved by security holders at the Special General Meeting held on 30 September 2009.

[6] Mr Mullen was appointed on 1 July 2010.

[7] Mr Roberts was appointed on 16 October 2009.

[8] Mr Ward was appointed to the MAPL board on 21 February 2011, consequently the above remuneration relates to MAIL only.

5.5 Security holdings

The table below details the MAp securities in which NEDs held relevant interests.

None of these securities are held as a direct result of equity-based compensation relating to the period of prior employment by Macquarie. As an executive director, Ms Mather's security holdings are detailed in Section 4.

Name	Balance at 1 Jan 2010 No.	Changes During the Year No.	Balance at 31 Dec 2010 No.	Value at 31 Dec 2010 A$
Max Moore-Wilton	657,479	(7,479)	650,000	1,943,500
Trevor Gerber	185,454	Nil	185,454	554,507
Michael Lee	6,630	430	7,060	21,109
Robert Morris	40,908	Nil	40,908	122,315
John Mullen	Nil[1]	Nil	Nil	Nil
John Roberts	63,390	4,117	67,507	201,846
Jeffrey Conyers	Nil	25,000	25,000	74,750
Sharon Beesley	Nil	Nil	Nil	Nil
Stephen Ward	21,818	Nil	21,818	65,236

[1] Balance as at 1 July 2010 being the date of Mr Mullen's appointment.

DIRECTORS' REPORT CONTINUED

Indemnification and insurance of officers and auditors

All directors have executed a deed of access, insurance and indemnity under which MAPL indemnifies them against any liability incurred by them, including all legal costs in defending any proceeding (whether criminal, civil, administrative or judicial) or appearing before any court, tribunal, authority or other body because of their respective capacities. The indemnity does not apply to the extent:

- of any restriction imposed by law or the MAPL constitution; and
- payment is made by MAPL as trustee of MAT1, MAT2, Southern Cross Australian Airports Trust (SCAAT) or Tickets Defeasance Trust (TDT), (each a relevant trust) subject to any restriction imposed by law or the constitution of the relevant trust.

Additionally during the period, a directors' and officers' insurance policy applied to the directors and secretaries of MAIL and MAPL.

The auditors of MAp are in no way indemnified out of the assets of MAp.

Fees paid to the responsible entity, the adviser and associates

Fees paid to the responsible entity, the adviser and their associates out of MAp's property during 2010 are disclosed in the full financial report (refer Note 10). Following the internalisation of MAp on 16 October 2009, the responsible entity and the adviser are wholly owned entities within MAp.

Interests in the MAp Group held by the responsible entity and its associates during the year are disclosed in the full financial report (refer Note 10).

Interests in the MAp Group issued during the financial year

The movement in securities on issue in the MAp Group during the year is as set out below:

MAp and MAT2 Group	**Consolidated 2010 A$'000**	Consolidated 2009 A$'000
Securities on issue at the beginning of the year	**1,861,211**	1,713,636
Securities issued during the year	**–**	155,086
Securities cancelled during the year	**–**	(7,511)
Securities on issue at the end of the year	**1,861,211**	1,861,211

Value of assets

MAp	**Consolidated 2010 A$'000**	Consolidated 2009 A$'000
Book value of MAp Group assets at 31 December	**14,325,635**	14,894,913

The book value of the Group's assets is derived using the basis set out in Note 1 to the financial report.

DIRECTORS' REPORT CONTINUED

Environmental regulation

The operations of the underlying airport assets in which the MAp Group invest are subject to environmental regulations particular to the countries in which they are located.

Sydney Airport

The primary piece of environmental legislation applicable to Sydney Airport is the *Airports Act 1996* (the Act 1996) and regulations made under it, including the Airports (Environment Protection) Regulations 1997. The main environmental requirements of the Act 1996 and the Regulations include:

- the development and implementation of an environment strategy;
- the monitoring of air, soil, water and noise pollution from ground-based sources (except noise from aircraft in-flight, landing, taking off and taxiing, and pollution from aircraft, which are excluded by the Act 1996 and Regulations); and
- the enforcement of the provisions of the Act 1996 and associated regulations, by statutory office holders of the Commonwealth Department of Transport and Regional Services. These office holders are known as Airport Environment Officers (AEOs).

Sydney Airport's Environment Strategy 2010–2015 (the strategy) was approved by the Australian Government on 24 May 2010. The strategy was developed following an extensive community and stakeholder consultation process and outlines the plans and actions of Sydney Airport to measure, monitor, enhance and report on environmental performance over the five-year period from 2010 to 2015. Sydney Airport's aims, reflected in the strategy, are to continually improve environmental performance and minimise the impact of Sydney Airport's operations on the environment. The strategy supports initiatives in environmental management beyond regulatory requirements. The strategy is available for download from Sydney Airport's website:

www.sydneyairport.com

There have been no breaches by Sydney Airport in relation to the above regulations.

Auditor's independence declaration

A copy of the auditors' independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 53.

Rounding of amounts in the directors' report and the financial report

The MAp Group is of a kind referred to in Australian Securities & Investments Commission (ASIC) Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of the directors of MAp Airports Limited.

Max Moore-Wilton	**Trevor Gerber**
Sydney	Sydney
23 February 2011	23 February 2011

AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, in relation to the audit of MAp for the year ended 31 December 2010, there have been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MAp, which comprises MAp Airports Trust 1 and the entities it controlled during the year, which are deemed to include MAp Airports Trust 2 and the entities it controlled during the year and MAp Airports International Limited and the entities it controlled during the year.

KPMG

KPMG

Andrew Yates
Partner
23 February 2011
Sydney

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	MAp 31 Dec 2010 A$'000	MAp 31 Dec 2009 A$'000
Continuing operations			
Revenue	2	**1,006,331**	946,377
Revaluation gains/(losses) from investments	2	**(26,325)**	(397,860)
Other income	2	**16,610**	163,700
Revenue from continuing operations		**996,616**	712,217
Finance costs	2	**472,332**	583,163
Other expenses	2	**526,365**	531,168
Internalisation expenses	2	**–**	351,055
Operating expenses from continuing operations		**998,697**	1,465,386
Loss from continuing operations before income tax benefit		**(2,081)**	(753,169)
Income tax benefit	3	**53,832**	138,092
Profit/(loss) from continuing operations after income tax benefit		**51,751**	(615,077)
Other comprehensive income			
Exchange differences on translation of foreign operations		**(52,714)**	(134,102)
Cash flow hedges – interest rate swaps		**4,991**	221,557
Cash flow hedges – deferred tax arising on hedges		**(1,497)**	(66,467)
Cash flow hedges – swap reset costs amortisation		**–**	4,820
Other comprehensive income for the year, net of tax		**(49,220)**	25,808
Total comprehensive income for the year		**2,531**	(589,269)
Profit /(loss) attributable to:			
Security holders		**100,830**	(572,696)
Minority interest		**(49,079)**	(42,381)
		51,751	(615,077)
Total comprehensive income attributable to:			
Security holders		**51,610**	(581,423)
Minority interest		**(49,079)**	(7,846)
		2,531	(589,269)
Earnings per stapled security from continuing operations attributable to security holders			
Basic earnings per stapled security[1]	7	**5.42c**	(33.11c)
Diluted earnings per stapled security[1]	7	**5.42c**	(33.11c)

[1] Earnings used in the calculation of earnings per stapled security includes revaluation gains/(losses) from airport investments, as well as income and expenses from revaluation of other financial instruments. Consequently earnings per stapled security reflect the impact of unrealised revaluation increments and decrements which have no impact on operating performance, cash flows or distributions.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Note	MAp 31 Dec 2010 A$'000	MAp 31 Dec 2009 A$'000
Current assets			
Cash and cash equivalents		**1,256,541**	1,459,641
Receivables		**489,966**	514,151
Current tax receivable		**–**	1,871
Derivative financial instruments		**2,076**	751
Other assets		**4,025**	15,466
Total current assets		**1,752,608**	1,991,880
Non-current assets			
Receivables		**44,396**	41,695
Investments in financial assets	4	**1,943,829**	2,065,328
Property, plant and equipment	5	**2,508,515**	2,582,734
Intangible assets	6	**8,057,147**	8,166,607
Derivative financial instruments		**3,355**	–
Other assets		**15,785**	46,669
Total non-current assets		**12,573,027**	12,903,033
Total assets		**14,325,635**	14,894,913
Current liabilities			
Distribution payable		**186,143**	148,923
Payables		**552,710**	548,066
Deferred income		**26,113**	22,277
Derivative financial instruments		**58,621**	61,732
Provisions		**6,527**	4,052
Current tax liabilities		**232**	1,241
Total current liabilities		**830,346**	786,291
Non-current liabilities			
Payables		**4,552**	5,756
Interest bearing liabilities		**6,181,469**	6,106,686
Derivative financial instruments		**29,417**	11,359
Provisions		**1,449**	2,753
Deferred tax liabilities		**1,884,831**	1,937,545
Total non-current liabilities		**8,101,718**	8,064,099
Total liabilities		**8,932,064**	8,850,390
Net assets		**5,393,571**	6,044,523
Equity			
Security holders' interests			
Contributed equity		**3,948,493**	3,948,660
Retained profits		**1,281,708**	1,804,389
Reserves		**(295,811)**	(269,459)
Total security holders' interests		**4,934,390**	5,483,590
Minority interest in controlled entities		**459,181**	560,933
Total equity		**5,393,571**	6,044,523

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note
Total equity at 1 January 2010	
Profit/(loss) attributable to security holders	
Exchange differences on translation of foreign operations	
Cash flow hedges, net of tax	
Total comprehensive income	
Transactions with equity holders in their capacity as equity holders:	
Transaction costs paid in relation to contributions of equity (net of tax effect)	
Decreased interest in subsidiaries obtained during the year[1]	
Distributions provided for or paid	3
Total equity at 31 December 2010	
Total equity at 1 January 2009	
Loss attributable to security holders	
Exchange differences on translation of foreign operations	
Cash flow hedges, net of tax	
Total comprehensive income	
Transactions with equity holders in their capacity as equity holders:	
Transaction costs paid in relation to contributions of equity (net of tax effect)	
Contributions of equity	
Securities cancelled pursuant to security buyback (including transaction costs)	
(Increased)/decreased interest in subsidiaries obtained during the year	
Transfer to/(from) capital reserve	
Distributions provided for or paid	3
Contributions of equity by minority interests	
Total equity at 31 December 2009	

[1] *Relates to prior year entry previously booked against Other Reserves, now reclassified to SCACH Redeemable Preference Shares within Interest Bearing Liabilities.*

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Attributable to MAp security holders					
Contributed equity A$'000	Reserves A$'000	Retained earnings A$'000	Total A$'000	Minority interest A$'000	Total equity A$'000
3,948,660	**(269,459)**	**1,804,389**	**5,483,590**	**560,933**	**6,044,523**
–	**–**	**100,830**	**100,830**	**(49,079)**	**51,751**
–	**(52,714)**	**–**	**(52,714)**	**–**	**(52,714)**
–	**2,583**	**–**	**2,583**	**911**	**3,494**
–	**(50,131)**	**100,830**	**50,699**	**(48,168)**	**2,531**
(167)	**–**	**–**	**(167)**	**–**	**(167)**
–	**23,779**	**–**	**23,779**	**–**	**23,779**
–	**–**	**(623,511)**	**(623,511)**	**(53,584)**	**(677,095)**
3,948,493	**(295,811)**	**1,281,708**	**4,934,390**	**459,181**	**5,393,571**
3,610,110	*(60,293)*	*2,643,495*	*6,193,312*	*359,100*	*6,552,412*
–	*–*	*(572,696)*	*(572,696)*	*(42,381)*	*(615,077)*
–	*(126,368)*	*–*	*(126,368)*	*(7,734)*	*(134,102)*
–	*117,641*	*–*	*117,641*	*42,269*	*159,910*
–	*(8,727)*	*(572,696)*	*(581,423)*	*(7,846)*	*(589,269)*
(505)	*–*	*–*	*(505)*	*–*	*(505)*
356,697	*–*	*–*	*356,697*	*–*	*356,697*
(17,642)	*–*	*–*	*(17,642)*	*–*	*(17,642)*
–	*(96,156)*	*–*	*(96,156)*	*37,259*	*(58,897)*
–	*(104,283)*	*104,283*	*–*	*–*	*–*
–	*–*	*(370,693)*	*(370,693)*	*(27,150)*	*(397,843)*
–	*–*	*–*	*–*	*199,570*	*199,570*
3,948,660	*(269,459)*	*1,804,389*	*5,483,590*	*560,933*	*6,044,523*

CONSOLIDATED STATEMENT OF CASH FLOWS

	MAp 31 Dec 2010 A$'000	MAp 31 Dec 2009 A$'000
Cash flows from operating activities		
Investment income received on convertible loans – Brussels Airport	**17,625**	29,058
Other interest received	**59,398**	92,561
Distribution and dividend income received – Copenhagen Airports	**5,124**	–
Other distribution and dividend income received	**11,733**	32,325
Airport revenue received (inclusive of goods and services tax)	**1,058,083**	926,581
Responsible Entity and Adviser base fees paid (inclusive of goods and services tax)	**–**	(33,788)
Operating expenses paid (inclusive of goods and services tax)	**(300,592)**	(285,270)
Income taxes (paid)/refunds received	**696**	(12,555)
Indirect taxes received	**9,036**	799
Internalisation payment made	**–**	(359,536)
Other income received	**2,555**	789
Net cash flows from operating activities	**863,658**	390,964
Cash flows from investing activities		
Payments for purchase of investments	**(215,453)**	(122,699)
Proceeds from sale of investments, net of transaction costs	**230,375**	516,927
Net proceeds from settlement of total return swap relating to ASUR investment	**33,900**	–
Transaction costs paid	**(2,548)**	–
Proceeds from sale of non-current assets	**–**	844,711
Purchase of short term financial assets	**(80,500)**	–
Proceeds from sale of short term financial assets	**81,919**	–
Payments for purchase of fixed assets	**(136,577)**	(309,978)
Rental deposit paid	**(182)**	–
Proceeds from disposal of fixed assets	**97**	151
Net cash flows from investing activities	**(88,969)**	929,112
Cash flows from financing activities		
Proceeds received from issue of securities	**–**	356,697
Proceeds received from issue of securities to and borrowings from minority interests	**–**	172,850
Payments for security buyback made	**–**	(17,644)
Proceeds received from borrowings	**1,243,272**	2,468
Repayment of borrowings	**(1,150,705)**	(1,621,091)
Borrowing costs paid	**(391,400)**	(433,022)
Distributions paid to MAp security holders	**(586,289)**	(461,705)
Distributions, dividends and returns of capital paid to minority interest	**(104,207)**	(141,568)
Net cash flows from financing activities	**(989,329)**	(2,143,015)
Net decrease in cash and cash equivalents held	**(214,640)**	(822,939)
Cash and cash equivalents at the beginning of the year	**1,459,641**	2,313,985
Exchange rate movements on cash denominated in foreign currency	**11,540**	(31,405)
Cash and cash equivalents at the end of the year	**1,256,541**	1,459,641

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

DISCUSSION AND ANALYSIS

In addition to the discussion below, an outline of the major transactions and events is provided in the significant changes in state of affairs in the Directors' Report.

Discussion and analysis of financial performance

Operating performance

The profit from continuing operations after income tax expense of A$51.8 million (2009: A$615.1 million loss) primarily reflects the impact of the following:

- Airport operating revenue of A$928.5 million (2009: A$837.2 million) due to passenger and revenue growth at Sydney Airport.
- Revaluation gains/(losses) from MAp's investments of A$26.3 million (2009: A$397.9 million loss) primarily comprising:
  - revaluation increment of MAp's interest in Brussels Airport of A$11.9 million (2009: A$138 million decrement);
  - revaluation decrement of MAp's interest in Copenhagen Airports A$18.6 million (2009: A$204.7 million decrement); and
  - realised loss following MAp's disposal of interests in ASUR of A$18.7 million (2009: A$50.6 million revaluation increment).
- Had the A$ not appreciated against other currencies between 31 December 2009 and 31 December 2010, a net revaluation increment of A$307.3 million would have resulted.
- Interest revenue of A$61.1 million (2009: A$92.5 million); down on 2009 due to lower average cash balances.
- Finance costs of A$472.3 million (2009: A$583.2 million); decreased as a result of International Infrastructure Holdings Ltd (IIHL) preference shares distribution (A$62.3 million) and TICkETS interest expense (A$57.7 million) in the prior year not recurring.
- Other income for the year of A$16.6 million (2009: A$163.7 million); decreased primarily due to a A$67.5 million gain on derivative contracts and a A$77 million gain on redemption of IIHL preference shares in the prior year not recurring in 2010.
- Responsible entity and adviser base and performance fees paid to Macquarie Group of $nil million (2009: A$26.7 million). No external fees were incurred after the internalisation of MAp management on 16 October 2009.
- Other expenses of A$526.4 million, 4.3% higher than prior year (2009: $504.5 million), in part due to incremental costs of internalisation.

Income tax

Under the Income Tax Assessment Acts, MAT1 is not liable for income tax provided that the taxable income of MAT1 is fully distributed to stapled security holders each year.

The income tax benefit of A$53.8 million primarily represents reductions in the deferred tax liabilities recognised on fair value uplifts in relation to the assets and liabilities of Sydney Airport.

Divestment of ASUR

At 31 December 2009, MAp, through MAIL, held a 16% economic interest in Grupo Aeroportuario del Sureste (ASUR). On 12 August 2010 MAp disposed of its entire 16% economic interest in ASUR by way of a joint equity offering by J.P. Morgan Securities Inc. and Macquarie Capital (USA) Inc. This divestment reached financial close on 17 August 2010 for consideration of US$206.9 million (A$230.4 million), net of underwriting fees.

Minority interests

Minority interest in the profit from ordinary activities of (A$49.1 million) represents the net loss of Southern Cross Australian Airports Trust (SCAAT) and Southern Cross Airports Corporations Holdings Limited (SCACH) attributable to minority interests for the year ended 31 December 2010.

Discussion and analysis of financial position

Total assets have decreased from A$14,894.9 million in the prior year to A$14,325.6 million at 31 December 2010. This decrease partially relates to the sale of MAp's investment in ASUR and subsequent payment of a 12.5 cent per stapled security special distribution.

Total liabilities have increased from A$8,850.4 million in the prior year to A$8,932.1 million at 31 December 2010. This increase primarily relates to additional medium term notes issued at Sydney Airport.

At 31 December 2010, total consolidated equity of MAp was A$5,393.6 million (2009: A$6,044.5 million), of which A$459.2 million represents minority interests in SCAAT and SCACH (2009: A$560.9 million), which also included IIHL.

DISCUSSION AND ANALYSIS CONTINUED

Discussion and analysis of cash flows

Cash flows from operating activities have increased from A$391 million in the prior year to A$863.7 million for the year ended 31 December 2010. The increase in the current year is primarily attributable to the non-recurrence of the internalisation payment made in 2009 in the amount of A$359.5 million.

Net cash outflows from investing activities of A$89 million primarily relate to purchases of fixed assets (A$136.6 million), payment for ASUR equities under the settlement of a total return swap (A$139.7 million) and an additional investment in Brussels (A$75.8 million), partially offset by proceeds from the sale of ASUR (A$230.4 million).

During the year, MAp had net cash outflows from financing activities of A$989.3 million (2009: A$2,143 million). The outflows primarily reflect distributions paid to MAp security holders of A$586.3 million.

Further discussion of results

For a further discussion of results, please refer to the MAp Management Information Report available from:

www.mapairports.com.au

NOTES TO THE FINANCIAL REPORT

1. Summary of significant accounting policies

The significant policies that have been adopted in the preparation of the financial statements are stated to assist in a general understanding of this general purpose financial report. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

This concise financial report has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 1039: *Concise Financial Reports*. The concise financial report has been derived from the MAp full financial report for the year. Other information included in the concise financial report is consistent with MAp's full financial report. The concise financial report does not and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of MAp as the full financial report. Further financial information can be obtained from the full financial report, which is available free of charge, on request. A copy may be requested by calling Computershare Investor Services Pty Limited on 1800 102 368.

The financial report was authorised for issue by the directors of the responsible entity (MAp Airports Limited) on 23 February 2011. The responsible entity has the power to amend and reissue the financial report.

1.1.1 Compliance with IFRS

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of MAp comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

1.1.2 Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

1.1.3 Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

1.1.4 Stapled security

The units of MAp Airports Trust 1 (MAT1) and MAp Airports Trust 2 (MAT2) and the shares of MAp Airports International Limited (MAIL) are combined, issued and traded as stapled securities in MAp. The units of MAT1 and MAT2 and the shares of MAIL cannot be traded separately.

This financial report consists of the consolidated financial statements of MAT1, which comprises MAT1 and its controlled entities, MAT2 and its controlled entities and MAIL and its controlled entities, together acting as MAp.

1.2 Consolidated financial statements

UIG 1013: Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement, MAT1 has been identified as the parent of the MAp consolidated group comprising MAT1 and its controlled entities, MAT2 and its controlled entities and MAIL and its controlled entities.

1.3 Principles of consolidation

The consolidated financial statements of MAp incorporate the assets and liabilities of the entities controlled by MAT1 at 31 December 2010 and during the year, including those deemed to be controlled by MAT1 by identifying it as the parent of MAp, and the results of those controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity are shown separately in the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet respectively. Minority interests are those interests in partly owned subsidiaries which are not held directly or indirectly by MAT1, MAT2 or MAIL.

In previous periods, losses attributable to minority interests were allocated to minority interests only to the extent that those losses were covered by minority interest share capital, retained profits and reserves. In the current period, due to a change in accounting standards effective from 1 January 2010, profit or loss and other comprehensive income components are attributed to the owners of the parent and to the minority interests. Total comprehensive income is attributed to the owners of the parent and to the minority interests even if this results in the minority interests having a deficit balance.

Where control of an entity is obtained during a financial period, its results are included in the Consolidated Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

NOTES TO THE FINANCIAL REPORT CONTINUED

1.4 Investments in airport assets

MAp has designated its non-controlled investments in airport assets as financial assets at fair value through profit or loss. Investments in financial assets are revalued at each reporting date, or when there is a change in the nature of the investment, to their fair values in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*. Changes in the fair values of investments in financial assets, both positive and negative, have been recognised in the Consolidated Statement of Comprehensive Income for the year.

Investments have been brought to account by the MAp Group as follows:

1.4.1 Interests in unlisted securities in companies and trusts

Interests in unlisted companies and trusts are brought to account at fair value, determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework as it is the generally accepted methodology for valuing airports and the basis upon which market participants have derived valuations for airport transactions.

Discounted cash flow is the process of estimating future cash flows that are expected to be generated by an asset and discounting these cash flows to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular airport comprises the risk free interest rate appropriate to the country in which the airport is located and a risk premium, reflecting the uncertainty associated with the cash flows. The risk premium represents a critical accounting estimate.

The risk premia applied to the discounted cash flow forecasts of MAp's interests in companies and trusts that invest in Copenhagen and Brussels airports are:

The valuation derived from the discounted cash flow analysis is periodically benchmarked to other sources such as independent valuations and recent market transactions to ensure that the discounted cash flow valuation is providing a reliable measure. The directors have adopted a policy of commissioning independent valuations of each of the airports on a periodic basis, no longer than three years. The most recent independent valuations for Copenhagen Airports and Brussels Airport were performed at 30 September 2008 and 31 December 2009 respectively.

Interest, dividends and other distributions received from investments brought to account at fair value are credited against the investments when received.

1.4.2 Interests in listed securities in companies and trusts

The fair value of financial assets traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by MAp is the current bid price. The fair value of listed assets not traded in active markets is determined by discounted cash flow analysis.

1.4.3 Interests in other financial assets

Interests in convertible loans and other debt securities are brought to account at fair value. Adjustments to the fair value of convertible loans and other debt securities are recognised in revaluation gains/(losses) within the Consolidated Statement of Comprehensive Income.

Investment transaction costs are expensed as incurred.

MAp	*Copenhagen Airports %*	*Brussels Airport %*
As at 31 December 2010		
Risk free rate[1]	***2.7***	***3.6***
Risk premium	***10.5***	***8.2***
Total discount rate	***13.2***	***11.8***
As at 31 December 2009		
Risk free rate[1]	*3.6*	*3.6*
Risk premium	*9.4*	*8.6*
Total discount rate	*13.0*	*12.2*

[1] The risk free rate for each airport asset is determined using the yields on 10 year nominal government bonds in the relevant jurisdiction at the valuation date.

1.5 Intangible assets

1.5.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of MAp's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents MAp's investment in the airport to which the goodwill relates.

1.5.2 Computer software

Major projects in which computer software is the principal element are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Depreciation is calculated using the straight-line method over four years.

Computer software primarily comprises external costs and other directly attributable costs.

1.5.3 Technical service agreements, concessions and customer contracts

Technical service agreements, concessions and customer contracts have finite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their useful lives, which vary from to seven to 16 years.

1.5.4 Leasehold land

Leasehold land at Sydney Airport represents the right to use the land at Sydney Airport. It has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs of the intangible asset over its useful life, which is 99 years from 1 July 1998.

1.5.5 Airport operator licence

The airport operator licence at Sydney Airport represents the right to use and operate Sydney Airport. It has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs of the intangible assets over its useful life, which is 99 years from 1 July 1998.

NOTES TO THE FINANCIAL REPORT CONTINUED

1.6. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors.

The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are ready for use.

Land is not depreciated.

The estimated useful lives of the major asset categories are as follows:

1.7 Distributions and dividends

Provision is made for the amount of any distribution payable by MAp on or before the end of the financial year but not distributed at balance date.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at year end.

1.8 Amortisation and depreciation

Amortisation and depreciation comprise the year's charges for this purpose on MAp's intangible assets with a finite life and property, plant and equipment (refer to Note 1.6).

Asset category	*Useful lives*
Land and buildings	
Land improvements	*40 years*
Buildings	*5-100 years*
Leased buildings (including fit out)	*5-40 years*
Plant and machinery	
Runways, roads, etc. (foundation)	*80 years*
Runways, roads, etc. (surface)	*10 years*
Technical installations	*15-25 years*
Other fixtures and fittings, tools and equipment	*3-23 years*

1.9 Earnings per stapled security

1.9.1 Basic earnings per stapled security

Basic earnings per stapled security are determined by dividing the profit attributable to security holders by the weighted average number of securities on issue during the year.

1.9.2 Diluted earnings per stapled security

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential stapled securities and the weighted average number of stapled securities assumed to have been issued for no consideration in relation to dilutive potential stapled securities.

1.10 Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of MAp Airports Limited.

For the year ended 31 December 2010, the segments are based on the core assets of MAp's investment portfolio, being Sydney Airport, Brussels Airport and Copenhagen Airports.

1.11 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.12 Rounding of amounts

The MAp Group is of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

NOTES TO THE FINANCIAL REPORT CONTINUED

2. Profit for the year

The profit from continuing operations before income tax includes the following specific items of revenue, other income and expense:

	MAp 31 Dec 2010 $'000	MAp 31 Dec 2009 $'000
Revenue from continuing operations		
Revenue		
Interest income from related parties	**2,847**	38,226
Interest income from other persons and corporations	**58,256**	54,292
Fee income	**2,099**	461
Aeronautical revenue	**467,997**	417,369
Retail revenue	**212,890**	192,734
Property revenue	**131,415**	118,836
Revenue from rendering of services	**116,204**	108,295
Other	**14,623**	16,164
Total revenue	**1,006,331**	946,377
Revaluation gains/(losses) from investments		
Revaluation of Brussels Airport	**11,927**	(137,948)
Revaluation of Copenhagen Airports	**(18,555)**	(204,728)
Revaluation of ASUR	**(18,667)**	102,541
Revaluation of Japan Airport Terminal	**–**	(49,417)
Revaluation of Bristol Airport	**(1,068)**	(104,258)
Revaluation of other investments	**38**	(4,050)
Total revaluation gains/(losses) from investments	**(26,325)**	(397,860)
Other income		
Gain on redemption of IIHL preference shares	**2,118**	76,979
Foreign exchange gains	**21,801**	16,743
Fair value movement on derivative contracts	**(7,309)**	67,506
Other	**–**	2,472
Total other income	**16,610**	163,700
Total revenue from continuing operations	**996,616**	712,217

	MAp 31 Dec 2010 $'000	MAp 31 Dec 2009 $'000
Operating expenses from continuing operations		
Finance costs		
Interest expense – TICkETS	–	57,716
Interest expense – Sydney Airport	471,908	462,028
Interest expense – other	424	1,083
Finance costs – IIHL preference shares	–	62,336
Total finance costs	472,332	583,163
Other expenses		
Amortisation and depreciation	318,757	284,067
Operating and maintenance	100,349	95,109
Staff costs	47,098	37,546
Premises costs	3,403	6,487
Energy and utilities	8,633	8,174
Technology	3,774	3,301
Investment transaction expenses	13,023	2,914
Legal fees	1,307	2,156
Auditors' remuneration	602	1,347
Directors' fees	1,644	1,064
Registry fees	892	1,032
Custodians' fees	709	538
Investor communication expenses	208	433
Responsible entity's and adviser's base fees – MAp entities	151	–
TICkETS redemption expenses	–	42,884
Responsible entity's and adviser's base fees – Macquarie Group	–	26,657
Other expenses	25,815	17,459
Total other expenses	526,365	531,168
Internalisation expenses		
Fee in relation to termination of management arrangements	–	345,000
Internalisation costs	–	6,055
Total internalisation expenses	–	351,055
Total operating expenses from continuing operations	998,697	1,465,386

NOTES TO THE FINANCIAL REPORT CONTINUED

3. Distributions and dividends paid and proposed

	MAp 31 Dec 2010 A$'000	MAp 31 Dec 2009 A$'000
The distributions were paid/payable as follows:		
Interim distribution paid for the period ended 30 June (100% unfranked)	**204,733**	221,796
Special distribution paid on 21 October (100% unfranked)	**232,657**	–
Final dividend proposed and subsequently paid for the year ended 31 December (100% unfranked)	**186,121**	148,897
	623,511	370,693

	Cents per stapled security	Cents per stapled security
Interim distribution paid for the period ended 30 June (100% unfranked)	**11.0**	13.0
Special distribution paid on 21 October (100% unfranked)	**12.5**	–
Final dividend proposed and subsequently paid for the year ended 31 December (100% unfranked)	**10.0**	8.0
	33.5	21.0

This note only discloses distributions paid to MAp security holders.

4. Investments in financial assets

The table below summarises the movements in MAp's significant investments during the year ended 31 December 2010.

2010	Note	Brussels Airport A$'000 4.1	Copenhagen Airports[1] A$'000 4.2	Bristol Airport A$'000 4.3	ASUR A$'000 4.4	Total A$'000
Balance at 1 January 2010		**947,296**	**972,340**	**6,446**	**138,303**	**2,064,385**
Acquisitions		**72,365**	**360**	**-**	**140,039**	**212,764**
Income received from investments		**(17,625)**	**(5,124)**	**(91)**	**(10,654)**	**(33,494)**
Revaluation increment/(decrement) to 31 December 2010		**197,468**	**137,455**	**91**	**(27,723)**	**307,291**
Revaluation increment/(decrement) attributable to foreign exchange movements to 31 December 2010		**(185,541)**	**(156,010)**	**(1,160)**	**9,056**	**(333,655)**
Disposals		**–**	**–**	**–**	**(235,601)**	**(235,601)**
Revaluation increments attributable to foreign exchange movements recognised directly in equity to 31 December 2010		**–**	**(24,441)**	**–**	**(13,420)**	**(37,861)**
Balance at 31 December 2010		**1,013,963**	**924,580**	**5,286**	**–**	**1,943,829**

[1] Copenhagen Airports represents MAp's investment in CASA, the holding entity through which the Copenhagen Airports investment was held as well as a direct investment into Copenhagen Airports.

2009	Note	Brussels Airport A$'000 4.1	Copenhagen Airports A$'000 4.2	Bristol Airport A$'000 4.3	JAT A$'000	ASUR[2] A$'000 4.4	Total A$'000
Balance at 1 January 2009		1,114,302	1,054,284	336,793	372,792	127,519	3,005,690
Acquisitions		–	124,357	–	–	–	124,357
Income received from investments		(29,058)	–	–	(1,558)	(14,050)	(44,666)
Revaluation increment/(decrement) to 31 December 2009[3]		(137,948)	(204,728)	(104,258)	(49,417)	50,567	(445,784)
Disposals		–	(72)	(226,089)	(249,070)	–	(475,231)
Revaluation increments attributable to foreign exchange movements recognised directly in equity to 31 December 2009		–	(1,501)	–	(72,747)	(25,733)	(99,981)
Balance at 31 December 2009		947,296	972,340	6,446	–	138,303	2,064,385

[2] Only includes the physical equity holding, and does not include the total return swap value.

[3] Includes gains/(losses) from foreign exchange movements.

At 31 December 2010, the value of MAp's investments in non-controlled airport assets is A$1,943.8 million (2009: A$2,065.3 million). The value of these investments has been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors and applying specified risk premia as outlined in Note 1.4. The investment valuation sensitivity to movements in the risk premia and revenue forecasts is disclosed in the table below.

MAp	**2010 1% lower A$m**	**2010 1% higher A$m**	2009 1% lower A$m	2009 1% higher A$m
Change in valuation of investments due to movement in the risk premia				
Brussels Airport	***116.5***	***(100.0)***	*111.6*	*(95.7)*
Copenhagen Airports	***113.0***	***(95.1)***	*131.1*	*(109.5)*
	229.5	***(195.1)***	*242.7*	*(205.2)*
Change in the valuation of investments due to movement in revenue forecasts				
Brussels Airport	***(20.0)***	***20.0***	*(23.2)*	*23.4*
Copenhagen Airports	***(24.8)***	***24.4***	*(26.3)*	*26.7*
	(44.8)	***44.4***	*(49.5)*	*50.1*

MAp	Note	**Consolidated 31 Dec 2010 A$'000**	Consolidated 31 Dec 2009 A$'000
Brussels Airport	*4.1*		
Interests in unlisted securities in companies and trusts			
Investment in MAp Airports (Brussels) S.A.		***1,013,963***	*947,296*
Copenhagen Airports	*4.2*		
Interests in unlisted securities in companies and trusts			
Investment in Copenhagen Airports S.a r.l.		***810,423***	*832,150*
Investment in KøbenhavnsLufthavne A/S		***114,157***	*140,190*
Bristol Airport	*4.3*		
Interests in unlisted securities in companies and trusts			
Investment in Bristol Airport (Bermuda) Limited		***5,286***	*6,446*
ASUR	*4.4*		
Interests in listed securities in companies and trusts		**–**	*138,303*
Other investments	*4.5*		
Other investments		**–**	*943*
Total investments		***1,943,829***	*2,065,328*

NOTES TO THE FINANCIAL REPORT CONTINUED

4.1 Brussels Airport

MAp's investment in Brussels Airport is held by MAIL through BAISA, a special purpose vehicle established by a MAp led consortium to acquire an interest in the Brussels Airport Company (Brussels Airport). BAISA holds a 75% controlling interest in Brussels Airport.

MAp's investment in BAISA is comprised of ordinary shares, ordinary preferred shares (OPS) and convertible loans. Both the ordinary shares and the OPS carry a right to vote at shareholder meetings.

The convertible loans issued by BAISA entitle the holders to all of the residual income of BAISA and have a term of 51 years, unless terminated earlier in accordance with the terms of the Convertible Loan Agreements. Under the Convertible Loan Agreements, MAIL may (with the consent of other shareholders) at any time prior to the expiry term apply to convert the outstanding loan into BAISA OPS.

At 31 December 2010, MAp held a 52% interest in BAISA. MAp's beneficial interest in Brussels Airport at 31 December 2010 was 39%. MAp increased its beneficial interest to 39% following the acquisition of the 4% interest in BAISA (representing a 3% interest in Brussels Airport) held by Macquarie Global Infrastructure Fund 2 (GIF2) on 21 January 2010.

Currently, the other shareholders in BAISA are Macquarie European Infrastructure Fund LP (MEIF) with a 13.3% interest and Macquarie European Infrastructure Fund 3 (MEIF3) with a 34.7% interest. If there is a change of control of either or both of these shareholders, including where a Macquarie Group entity ceases to be its manager (but excluding a listing of the fund or the sale of its assets undertaken in the course of liquidating, terminating or winding up the fund), MAp has the option to purchase that interest in BAISA at fair value. The other shareholders do not have a corresponding right in respect of a change of control of MAp for so long as it is listed on a stock exchange.

4.2 Copenhagen Airports

MAp's investment in Copenhagen Airports is held by MAIL through CASA and directly in Copenhagen Airports. CASA holds a 53.7% controlling interest in Copenhagen Airports.

MAp's investment in CASA is comprised of ordinary shares, shareholder loans and convertible loans.

The shareholder loans issued by CASA have a term of 51 years, unless terminated earlier in accordance with the terms of the Shareholder Loan Agreement. Under the Shareholder Loan Agreement, MAIL may (with the consent of the other shareholders) at any time prior to the expiry term apply to convert the outstanding loan into CASA OPS.

The convertible loans issued by CASA have a term of 51 years, unless terminated earlier in accordance with the terms of the Convertible Loan Agreement. Under the Convertible Loan Agreement, MAIL may at any time prior to the expiry term apply to convert the outstanding loan into CASA OPS.

At 31 December 2010, MAp held a 50% interest in CASA and a 3.9% direct interest in Copenhagen Airports. MAp's beneficial interest in Copenhagen Airports at 31 December 2010 is 30.8%.

MEIF3 holds the remaining 50% interest in CASA. If there is a change of control of MEIF3, including where a Macquarie Group entity ceases to be its manager (but excluding a listing of the fund), MAp has the option to purchase that interest in CASA at fair value.

4.3 Bristol Airport

MAp has a 1% interest in Bristol Airport, is held by MAIL through its investment in Bristol Airport (Bermuda) Limited (BABL), which owns 50% of Bristol Airport. MAp's 2% interest in BABL is subject to a put and a call option at an exercise price of £3.6 million (A$5.8 million). The put option may be exercised by MAp at any time during the six-month period from the completion of the refinancing of the Bristol Airport debt facility and the call option may be exercised by Ontario Teachers' Pension Plan at any time during the six months commencing from the end of the put option.

4.4 ASUR

At 31 December 2009, MAp, through MAIL, held a 16% economic interest in ASUR. On 12 August 2010 MAp disposed of its entire 16% economic interest in ASUR by way of a joint equity offering by J.P. Morgan Securities Inc. and Macquarie Capital (USA) Inc. This divestment reached financial close on 17 August 2010 for consideration of US$206.9 million (A$230.4 million), net of underwriting fees.

4.5 Other investments

Other investments comprise investments in other airports and other airport related investments such as funding entities.

5. Property, plant and equipment

	Land and buildings A$'000	Plant and machinery A$'000	Other fixtures and fittings, tools and equipment A$'000	Property, plant and equipment under construction A$'000	Total property, plant and equipment A$'000
Net book amount at 1 January 2010	***1,031,530***	***1,354,613***	***59,860***	***136,731***	***2,582,734***
Additions	***–***	***–***	***1,170***	***135,407***	***136,577***
Disposals/transfers	***176,212[1]***	***16,644***	***14,683***	***(209,031)***	***(1,492)***
Depreciation	***(91,735)***	***(89,911)***	***(27,651)***	***–***	***(209,297)***
Translation of foreign operations	***–***	***–***	***(7)***	***–***	***(7)***
Net book amount at 31 December 2010	***1,116,007***	***1,281,346***	***48,055***	***63,107***	***2,508,515***
At 31 December 2010					
Cost	***1,448,379***	***1,719,706***	***148,311***	***63,107***	***3,379,503***
Accumulated depreciation	***(332,372)[1]***	***(438,360)***	***(100,256)***	***–***	***(870,988)***
Net book amount at 31 December 2010	***1,116,007***	***1,281,346***	***48,055***	***63,107***	***2,508,515***
Net book amount at 1 January 2009	*793,628*	*1,258,747*	*52,903*	*352,288*	*2,457,566*
Additions	*–*	*–*	*–*	*305,473*	*305,473*
Disposals/transfers	*311,648*	*171,606*	*36,738*	*(521,030)*	*(1,038)*
Depreciation	*(73,746)*	*(75,740)*	*(29,781)*	*–*	*(179,267)*
Net book amount at 31 December 2009	*1,031,530*	*1,354,613*	*59,860*	*136,731*	*2,582,734*
At 31 December 2009					
Cost	*1,280,394*	*1,703,062*	*132,465*	*136,731*	*3,252,652*
Accumulated depreciation	*(248,864)*	*(348,449)*	*(72,605)*	*–*	*(669,918)*
Net book amount at 31 December 2009	*1,031,530*	*1,354,613*	*59,860*	*136,731*	*2,582,734*

[1] *Includes an A$8.2 million cost and depreciation adjustment.*

NOTES TO THE FINANCIAL REPORT
CONTINUED

6. Intangible assets

Net book amount at 1 January 2010
Amortisation charge for the year
Net book amount at 31 December 2010

At 31 December 2009
Cost
Accumulated amortisation
Net book amount at 31 December 2010

Net book amount at 1 January 2009
Amortisation charge for the year
Net book amount at 31 December 2009

At 31 December 2009
Cost
Accumulated amortisation
Net book amount at 31 December 2009

[1] *Leasehold land represents the right to use the land in relation to Sydney Airport.*

	Concession and customer contracts A$'000	Airport operator licence A$'000	Leasehold land[1] A$'000	Goodwill A$'000	Total A$'000
	100,023	***5,425,965***	***1,970,898***	***669,721***	***8,166,607***
	(20,597)	***(66,038)***	***(22,825)***	***–***	***(109,460)***
	79,426	***5,359,927***	***1,948,073***	***669,271***	***8,057,147***
	169,813	***5,607,761***	***2,038,148***	***669,721***	***8,485,443***
	(90,387)	***(247,834)***	***(90,075)***	***–***	***(428,296)***
	79,426	***5,359,927***	***1,948,073***	***669,721***	***8,057,147***
	122,702	*5,485,870*	*1,993,114*	*669,721*	*8,271,407*
	(22,679)	*(59,905)*	*(22,216)*	*–*	*(104,800)*
	100,023	*5,425,965*	*1,970,898*	*669,721*	*8,166,607*
	169,813	*5,607,761*	*2,038,148*	*669,721*	*8,485,443*
	(69,790)	*(181,796)*	*(67,250)*	*–*	*(318,836)*
	100,023	*5,425,965*	*1,970,898*	*669,721*	*8,166,607*

NOTES TO THE FINANCIAL REPORT CONTINUED

Impairment test for goodwill

Goodwill is allocated to MAp's cash-generating units (CGUs) identified as being the respective airports.

MAp	31 Dec 2010 A$'000	31 Dec 2009 A$'000
Sydney Airport	**669,721**	669,721
Total goodwill	**669,721**	669,721

The recoverable amount of a CGU is determined based on "fair value less cost to sell" by determining fair value using discounted cash flow analysis.

Key assumption used for fair value less cost to sell calculation

The key assumption used in the calculation to determine the fair value less cost to sell is the discount rate used in the discounted cash flow model.

Discounted cash flow analysis is the methodology adopted by the directors to value MAp's airport investments. Valuations derived from the discounted cash flow analysis are periodically benchmarked to other sources such as independent valuations and recent market transactions to ensure that the discounted cash flow valuation is providing a reliable measure. The directors have adopted a policy of commissioning independent valuations of each of the assets on a periodic basis, no longer than three years.

Investment valuation sensitivity to an increase in the risk premium of 1% or a decrease in revenue forecasts of 1% would not result in an impairment of goodwill.

7. Earnings per stapled security

	MAp 31 Dec 2010	MAp 31 Dec 2009
Basic earnings per stapled security	**5.42c**	(33.11)c
Diluted earnings per stapled security	**5.42c**	(33.11)c
Basic earnings per stapled security		
Profit/(loss) from continuing operations after income tax benefit	**$51,751,024**	($615,077,072)
Minority interest	**($49,079,240)**	$42,380,982
Earnings used in calculation of basic earnings per stapled security	**$100,830,264**	($572,696,090)
Diluted earnings per stapled security		
Earnings used in calculation of basic earnings per stapled security	**$100,830,264**	($572,696,090)
Interest expense savings on loans from MAREST	**–**	$57,715,536
Interest income reduction on investment in TDT	**–**	($36,251,183)
Earnings used in calculation of diluted earnings per stapled security	**$100,830,264**	($551,231,737)
Weighted average number of stapled securities on issue		
Weighted average number of stapled securities used in calculation of basic earnings per stapled security	**1,861,210,782**	1,729,714,778
Conversion of TICkETS	**–**	283,898,501
Weighted average number of stapled securities used in calculation of diluted earnings per stapled security	**1,861,210,782**	2,013,613,279

8. Segment reporting

The directors of the responsible entity of MAp have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the board of MAp Airports Limited, including the CEO.

The Board considers the business from the aspect of each of the core portfolio airports and has identified three operating segments for which it receives regular reports. The segments are the investments in Sydney Airport, Copenhagen Airports, and Brussels Airport.

MAp's airport business also included investments in Japan Airport Terminal (up to 3 August 2009), ASUR (up to 16 August 2010) and Bristol Airport (up to 21 December 2009). However, given the relative value of these investments, and also the fact that the chief operating decision maker did not receive regular reports on these investments, the investments did not meet the definition of operating segments under AASB 8: *Operating Segments*.

The operating segments note discloses airport performance by individual core portfolio airport in their respective local currencies. The information is presented at 100% of the earnings before interest, tax, depreciation and amortisation (EBITDA) rather than based on MAp's proportionate share. This is consistent with the manner in which this information is presented to the board on a monthly basis in its capacity as chief operating decision maker, to monitor the portfolio asset fair values.

The segments noted below also represent MAp's geographical segments, determined by country in which they operate. Sydney Airport is the only controlled asset where revenues and expenses are consolidated in the Consolidated Statement of Comprehensive Income. All other airport investments are deemed non-controlled investments and are carried at fair value with changes recognised through profit and loss.

	Sydney Airport A$'000	Copenhagen Airports DKK'000	Brussels Airport €'000	Bristol Airport £'000[1]
Year to 31 December 2010				
Total segment revenues from external customers	***943,104***	***3,525,500***	***365,455***	**–**
Total segment expenses from external customers	***(170,061)***	***(1,561,800)***	***(161,428)***	**–**
EBITDA	***773,043***	***1,963,700***	***204,027***	**–**
Year to 31 December 2009				
Total segment revenues from external customers	*853,347*	*2,923,959*	*365,660*	*48,220*
Total segment expenses from external customers	*(164,035)*	*(1,405,647)*	*(174,440)*	*(19,706)*
EBITDA	*689,312*	*1,518,312*	*191,220*	*28,514*

[1] *Revenues and expenses for the period until 21 December 2009. Note that MAp retains a zero premium put and call option over approximately 1% of Bristol Airport which is expected to be exercised at a later date.*

	Sydney Airport A$'000	Copenhagen Airports A$'000	Brussels Airport A$'000	Bristol Airport A$'000	Other A$'000	Total A$'000
31 December 2010						
Non-current assets	***10,624,663***	***924,580***	***1,013,963***	***5,286***	***4,535***	***12,573,027***
Total assets	***11,430,513***	***924,580***	***1,013,963***	***5,286***	***951,293***	***14,325,635***
Total liabilities	***(8,791,854)***	**–**	**–**	**–**	***(140,210)***	***(8,932,064)***
31 December 2009						
Non-current assets	*10,767,044*	*972,340*	*947,295*	*6,446*	*209,908*	*12,903,033*
Total assets	*11,780,802*	*972,340*	*947,295*	*6,446*	*1,188,030*	*14,894,913*
Total liabilities	*(8,656,818)*	–	–	–	*(193,572)*	*(8,850,390)*

NOTES TO THE FINANCIAL REPORT
CONTINUED

A reconciliation of MAp EBITDA to loss before income tax benefit is provided as follows:

	Sydney Airport A$'000	Copenhagen Airports DKK'000	Brussels Airport €'000	Total A$'000
Year to 31 December 2010				
EBITDA	***773,043***	***1,963,700***	***204,027***	
EBITDA of investments carried at fair value	***–***	***(1,963,700)***	***(204,027)***	
A$ equivalent	***773,043***	***–***	***–***	***773,043***
Other income and expenses				
Interest income				***61,103***
Fair value movement on derivative contracts				***(7,309)***
Other income				***4,241***
Revaluation losses from investments				***(26,325)***
Finance costs				***(472,332)***
Amortisation and depreciation				***(318,757)***
Other expenses				***(37,546)***
Foreign exchange losses				***21,801***
Internalisation expenses				***–***
Loss before income tax benefit				***(2,081)***

	Sydney Airport A$'000	Copenhagen Airports DKK'000	Brussels Airport €'000	Total A$'000
Year to 31 December 2009				
EBITDA	*689,312*	*1,518,312*	*191,220*	
EBITDA of investments carried at fair value	*–*	*(1,518,312)*	*(191,220)*	
A$ equivalent	*689,312*	*–*	*–*	*689,312*
Other income and expenses				
Interest income				*92,447*
Fair value movement on derivative contracts				*67,506*
Other income				*79,913*
Revaluation losses from investments				*(397,862)*
Finance costs				*(583,163)*
Amortisation and depreciation				*(284,067)*
Other expenses				*(82,943)*
Foreign exchange losses				*16,743*
Internalisation expenses				*(351,055)*
Loss before income tax benefit				*(753,169)*

9. Events occurring after balance sheet date

A final distribution of 10.0 cents (2009: 8.0 cents) per stapled security was paid by MAIL (1.6 cents) and MAT1 (8.4 cents) on 17 February 2011.

Since the end of the year, the directors of the responsible entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of MAp, the results of those operations or the state of affairs of MAp in periods subsequent to the year ended 31 December 2010.

10. Full financial report

Further financial information can be obtained from the full financial report, which is available free of charge, on request. A copy may be requested by phoning Computershare Investor Services Pty Limited on 1800 102 368.

DIRECTORS' DECLARATION

Statement by the directors of the responsible entity of the Trust

In the opinion of the directors of MAp Airports Limited, the responsible entity of MAT1, the consolidated financial report of MAp Airports Trust 1 (as defined in Note 1.1) for the year ended 31 December 2010, as set out on pages 39 to 77, complies with the Accounting Standard AASB 1039: *Concise Financial Reports*.

The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report for the year ended 31 December 2010.

The concise financial report cannot be expected to provide as full as understanding of the financial performance, financial position and financing and investing activities of MAp as the full financial report which, as indicated in Note 10, is available on request.

This declaration is made in accordance with a resolution of the directors.

Max Moore-Wilton
Sydney
23 February 2011

Trevor Gerber
Sydney
23 February 2011

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the unitholders of MAp Airports Trust 1

Report on the concise financial report

The accompanying concise financial report of MAp, which comprises the consolidated balance sheet as of 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year ended on that date. The concise financial report does not contain all the disclosures required by Australian Accounting Standards. MAp comprises MAp Airports Trust 1 and the entities it controlled at the year's end or from time to time during the financial year, which are deemed to include MAp Airports Trust 2 and the entities it controlled at the year's end or from time to time during the financial year and MAp Airports International Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the concise financial report

The directors of the MAp Airports Limited (the responsible entity) are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039: *Concise Financial Reports* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of MAp for the year ended 31 December 2010. Our audit report on the financial report for the year was signed on 23 February 2011 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

Our procedures in respect of the concise financial report include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the concise financial report of MAp for the year ended 31 December complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with the basis of preparation of the remuneration report as described within the remuneration report. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of MAp for the year ended 31 December 2010, complies with the basis of preparation of the remuneration report as described within the remuneration report.

KPMG

KPMG

Andrew Yates
Partner
23 February 2011

SECURITY HOLDER INFORMATION AT 28 FEBRUARY 2011

Distribution of stapled securities

Range	Total holders	Number of stapled securities	% of stapled securities
1 – 1,000	6,250	2,809,259	0.15
1,001 – 5,000	13,880	38,842,750	2.09
5,001 – 10,000	7,060	51,362,900	2.76
10,001 – 100,000	6,827	148,434,263	7.98
100,001 and over	286	1,619,761,610	87.03
Total	**34,303**	**1,861,210,782**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 3.09 per stapled security	162	1,452	73,354

MAp Airports International Limited has also issued one Stapling Share to MAp Airports Limited as responsible entity of MAT2.

Top 20 holders of stapled securities as at 28 February 2011

Rank	Investor	Number of stapled securities	% of stapled securities
1	HSBC Custody Nominees (Australia) Limited	389,610,605	20.93
2	Macquarie LAH Pty Ltd	369,038,919	19.83
3	JP Morgan Nominees Australia Limited	260,618,587	14.00
4	National Nominees Limited	133,352,571	7.16
5	JP Morgan Nominees Australia Limited	126,620,266	6.80
6	National Nominees Limited	92,231,471	4.96
7	Citicorp Nominees Pty Limited	43,858,095	2.36
8	JP Morgan Nominees Australia Limited	39,153,000	2.10
9	Cogent Nominees Pty Limited	15,719,857	0.84
10	RBC Dexia Investor Services Australia Nominees Pty Limited	9,880,504	0.53
11	Argo Investments Limited	9,528,810	0.51
12	Queensland Investment Corporation	6,667,981	0.36
13	AMP Life Limited	6,466,233	0.35
14	RBC Dexia Investor Services Australia Nominees Pty Limited	5,943,868	0.32
15	Ms Kerrie Mather	3,554,521	0.19
16	UBS Nominees Pty Ltd	3,453,874	0.19
17	RBC Dexia Investor Services Australia Nominees Pty Limited	3,189,613	0.17
18	Macquarie Capital Loans Management Limited	3,098,033	0.17
19	Invia Custodian Pty Limited	3,010,520	0.16
20	Bond Street Custodians Limited	2,785,676	0.15
Total		**1,527,783,004**	**82.09**

Details of substantial stapled security holders

Name	Number of stapled securities[1]	% of stapled securities
Macquarie Group	416,044,254	22.4
Capital Group	125,491,865	6.7
FMR LLC and FIL	112,251,445	6.0
Artio Global Investors	98,787,593	5.3

[1] Figures are based on the substantial security holder notice made by Macquarie Group on 8 September 2010, Capital Group on 4 November 2010, FMR LLC and FIL on 29 October 2010 and Artio Global Investors on 20 August 2010.

DIRECTOR PROFILES

Max Moore-Wilton, AC, BEc
Chairman MAp Airports Limited
Director MAp Airports International Limited
Appointed 2006

Max was appointed as chairman of MAp Airports Limited in April 2006. He is also a director of MAp Airports International Limited, the chairman of Sydney Airport and a director of Copenhagen Airports. Prior to this appointment, from 1996 Max was Secretary to the Department of Prime Minister and Cabinet where he oversaw fundamental reform to the Commonwealth Public Service.

Max has had a distinguished career in both the private and public sectors. He has held positions as either chairman or board member of a number of major commonwealth and state business enterprises, and has extensive experience in the transport sector.

Max is chairman of the Airports Council International and is chairman of Southern Cross Media Group (appointed 2007).

Trevor Gerber, BAcc, CA
Director MAp Airports Limited
Appointed 2002

Trevor worked for Westfield Holdings Limited for 14 years as Group Treasurer and subsequently as Director of Funds Management responsible for Westfield Trust and Westfield America Trust.

Trevor is also a director of the following listed entities:

Current

- Valad Property Group (chairman) (appointed 2002)

Previous

- Macquarie ProLogis Management Limited (until 2007)
- Everest Babcock & Brown Alternative Investment Trust (until 2009)
- Everest Financial Group (chairman) (until 2009)

Bob Morris, BSc, BE, M Eng Sci
Director MAp Airports Limited
Appointed 2002

Bob is a transport consultant. Prior to 2003, he was an executive director of Leighton Contractors. Bob led the successful Leighton proposals for the Eastern Distributor and the Westlink M7 toll roads.

Prior to Leightons, he was the Director for the Sydney region of the Roads and Traffic Authority, where he was closely involved with the M2, M4 and M5 toll roads, as well as the Sydney Harbour Tunnel.

Bob is currently Director, Aspire Schools Financing Services (Qld) (appointed 2009) and was Chairman RiverCity Motorway Group until February 2011.

Hon. Michael Lee, BSc, BE, FIE Aust
Director MAp Airports Limited
Appointed 2003

Michael served in the Australian Parliament for 17 years, and held a number of senior positions in both government and opposition. He was Minister for Tourism, Communications and the Arts in the Keating Government.

Michael is currently:

- Director, Country Energy (appointed 2002)
- Director, DUET Group (appointed 2004)
- Director, Superpartners (appointed 2009)
- Chairman, Communications Alliance (appointed 2010)

John Roberts, LLB
Director MAp Airports Limited
Appointed 2009

John is executive chairman of Macquarie Funds Group, a division of Macquarie that includes the activity of the Macquarie Infrastructure and Real Assets division (MIRA). John joined Macquarie in 1991.

John has a Bachelor of Laws degree from the University of Canterbury in New Zealand.

John is also a director of the following listed entities:

Current

- Macquarie International Infrastructure Fund (appointed 2005)
- Macquarie Infrastructure Company (appointed 2004)
- DUET Group (appointed 2004) (chairman)
- Macquarie Atlas Roads Limited (appointed 2010)

Previous

- Macquarie Infrastructure Group (until 2008)
- Macquarie Communications Infrastructure Group (until 2008)

John Mullen
Director MAp Airports Limited
Appointed 2010, resigned February 2011

John was a director of MAp Aiports Limited from 1 July 2010 to 21 February 2011, when he was appointed Chief Executive Officer of Asciano.

John has worked for more than 20 years in a range of senior positions with different multinationals with a focus on the transport sector. His corporate experience includes 10 years with the TNT Group, with two years as its Chief Operating Officer. From 1991 to 1994, he was Chief Executive Officer of TNT Express Worldwide, based in the Netherlands. Mr Mullen joined Deutsche Post World Net (DPWN) as an advisor in 1994, becoming chief executive officer of DHL Express Asia Pacific in 2002, joint chief executive DHL Express in 2005 and global chief executive officer DHL Express in 2006 until his retirement in 2009. John is currently a director of Telstra (appointed 2008).

John was formerly a director of:

- Deutsche Post World Net, Germany (until 2009)
- Embarq Corporation, USA (until 2009)
- International Swimming Hall of Fame, USA (until 2008)
- Brambles (until 2011)

Kerrie Mather, BA, MComm
Director and CEO MAp Airports Limited
Appointed 2010

Kerrie established MAp in 2002 and has been the chief executive officer of MAp since its inception. At the time of listing, MAp owned seed investments in Bristol and Birmingham airports in the UK. Since then Kerrie led the successful acquisitions of investments in Sydney Airport in 2002, Rome Airports in 2003, Brussels Airport in 2004 and Copenhagen Airports in 2005, as well as the divestments of Rome and Birmingham airports in 2007, Bristol Airport and JAT in 2009 and ASUR in 2010. Kerrie is a director of Sydney Airport, Brussels Airport and Copenhagen Airports. Kerrie has 18 years' prior experience as a corporate and business adviser, specialising in the airports and transport sectors.

Jeffrey Conyers
Chairman MAp Airports International Limited
Appointed 2003

Jeffrey began his professional career as a stockbroker in Toronto and returned to Bermuda in 1985 to join the Bank of Bermuda, where his focus was investments and trusts.

A founding executive council member and deputy chairman of the Bermuda Stock Exchange, Jeffrey is also a director of numerous other companies in Bermuda and is president of First Bermuda Securities (BVI) Limited. First Bermuda Securities provides an advisory and execution service on worldwide offshore mutual funds to individuals and local companies based in Bermuda.

Jeffrey is also a director of the following listed entities:

Current

- Macquarie Atlas Roads International Limited (appointed 2010)

Previous

- Intoll International Limited (until 2010)

Sharon A. Beesley, BA (Hons), LLM
Director MAp Airports International Limited
Appointed 2002

Sharon is a co-founder of the ISIS Group and serves as chief executive officer of ISIS Limited, executive director and senior counsel of ISIS Law Limited, and a non-executive director of ISIS Fund Services Ltd.

The ISIS Group was established in 1998 with the aim of the businesses generating revenue to assist with funding an active not for profit organisation – the ISIS Foundation. The foundation provides health and education services, primarily for mothers and children in need, working in partnership with local community groups in Nepal and Uganda. ISIS Law Limited is a boutique Bermuda law firm specialising in the areas of investment funds, structured finance and a broad range of corporate advisory work.

Sharon is the chairman of the Investment Funds Committee for Bermuda Business, which represents all aspects of the investment fund industry in Bermuda, and a member of the listing Committee of the Bermuda Stock Exchange. Before joining ISIS, Sharon worked for several years in London and Hong Kong with Linklaters and was head of banking with Mello Jones & Martin, a Bermudian law firm.

Sharon is a director of the following listed entities:

- Macquarie Equinox Limited (appointed 2001)
- Martin Currie China A Share Fund Limited (appointed 2005)

Stephen Ward, LLB
Director MAp Airports International Limited
Appointed 2006
Director MAp Airports Limited
Appointed 2011

Stephen is head of Simpson Grierson's Corporate/Commercial Department and is a Simpson Grierson board member. Simpson Grierson is one of New Zealand's largest commercial law firms.

Stephen advises New Zealand and international corporates on all aspects of business law and overseas investment in New Zealand. He works with many of Simpson Grierson's clients on strategic issues, corporate governance and statutory compliance.

Stephen is a member of the Commercial and Business Law Committee of the New Zealand Law Society and is a trustee of the Life Flight Trust, which operates the Westpac rescue helicopter service in the Wellington region and a national air ambulance service. He is also a member of the New Zealand Rugby Union Appeal Council.

MANAGEMENT AND COMPANY SECRETARY PROFILES

Kerrie Mather, BA, MComm
Chief Executive Officer
Appointed 2010

Kerrie established MAp in 2002 and has been the chief executive officer of MAp since its inception. At the time of listing, MAp owned seed investments in Bristol and Birmingham airports in the UK. Since then Kerrie led the successful acquisitions of investments in Sydney Airport in 2002, Rome Airports in 2003, Brussels Airport in 2004 and Copenhagen Airports in 2005, as well as the divestments of Rome and Birmingham airports in 2007, Bristol Airport and JAT in 2009 and ASUR in 2010. Kerrie is a director of Sydney Airport, Brussels Airport and Copenhagen Airports. Kerrie has 18 years' prior experience as a corporate and business adviser, specialising in the airports and transport sectors.

Martyn Booth, BA (Hons)
Head of MAp Europe

Between 1981 and 1994, Martyn held various roles at BAA plc, including Director of Corporate Strategy, Head of Finance at Heathrow Airport and General Manager of privatisation. Martyn also held the position of economic adviser to HM Treasury.

He joined the Macquarie Group in October 2000 when Macquarie acquired the Portland Group, the international consulting business which Martyn co-founded in 1994. Martyn has been part of the MAp team since inception. He has been on the boards of Sydney, Bristol and Rome airports and is currently on the boards of Brussels and Copenhagen airports.

Keith Irving, BSc (Hons), AMIMA, AIFS
Chief Financial Officer

Keith was appointed chief financial officer of MAp in August 2009. He joined the MAp team in 2006 as head of investor relations and continues to oversee the development of MAp's relationships with both institutional and retail investors and market analysts. Before joining MAp, Keith spent nine years as an equity research analyst with a major US investment bank, covering a variety of markets out of Hong Kong and Sydney. He started his career with Barclays plc in London.

Sally Webb, BA(As), LLB (Hons), FFin
General Counsel and MAp Airports Limited
Company Secretary

Sally is a qualified solicitor with more than 16 years' experience. Sally joined the MAp team in 2003 where she has been responsible for the legal and company secretarial function. In this position for MAp, and in respect of other Macquarie funds, Sally has been responsible for the legal role for a large number of capital raisings, restructures and airport acquisitions and divestments. Prior to joining MAp, Sally worked for leading law firms in Sydney and Tokyo. In private practice she specialised in mergers and acquisitions and capital markets.

Anne Bennett-Smith
MAp Airports International Limited Company Secretary

Anne has 11 years' experience as a company secretary. She is an employee of ISIS Fund Services Ltd and is responsible for the corporate administration of a growing portfolio of offshore funds and management and investment holding companies domiciled in Bermuda, Cayman Islands and the British Virgin Islands. ISIS Fund Services Ltd has been appointed as assistant company secretary.


149 R

SPECIAL NOTICE AND DISCLAIMER

Stapling

In accordance with its requirements in respect of stapled securities, ASX reserves the right to remove MAT1, MAT2 and/or MAIL from the official list of ASX if, while the stapling arrangements apply, the securities in one of the entities cease to be stapled to the securities in the other entities or one of the entities issues securities which are not then stapled to the relevant securities in the other entities.

Takeover provisions

Unlike MAT1 and MAT2, MAIL is not subject to Chapter 6 of the *Corporations Act 2001* dealing with the acquisition of shares (including substantial holdings and takeovers). Bermuda company law does not currently have a takeover code, which effectively means that by virtue of the stapling arrangements, a takeover of MAp would be regulated under Australian takeover law. Notwithstanding this, sections 102 and 103 of the Companies Act 1981 (Bermuda) permit (subject to the requirements of each of the sections being met) compulsory acquisition in certain circumstances where the controlling shareholder owns 90% and 95% of the shares of the target.

Foreign ownership restrictions

So that MAT1 and MAT2 can invest in Australian airports, MAp Airports Limited has obtained declarations under the Airports Regulations that MAT1 and MAT2 are each a substantially Australian investment fund. For each of MAT1 and MAT2 to remain declared a substantially Australian investment fund, they must not at any time become a trust in which a beneficial interest in at least 40% of the income or capital is held by persons who are foreign persons (Foreign Persons) as defined in the *Airports Act 1996*.

The MAp constitutions set out a process for disposal of securities to prevent MAp from becoming a Foreign Person or to cure the situation where MAp becomes a Foreign Person (Foreign Ownership Situation). Where a Foreign Ownership Situation occurs or is likely to occur, MAp can require a foreign security holder (on a last in first out basis) to dispose of MAp securities. MAp has the power to commence procedures to divest foreign security holders once the foreign ownership of MAp reaches 39.5% under the Foreign Ownership Divestment Rules that it has adopted. If the foreign security holder fails to dispose of its MAp securities, MAp may sell those securities at the best price reasonably obtainable at the time.

Privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. MAp's privacy policy is available on its website.

Disclaimer

The information in this annual report is given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any other way, including by reason of negligence for errors or omission herein is accepted by MAp or its officers.

This annual report is general advice and does not take into account the particular investment objectives, financial situation or particular needs of the investor. Before making an investment in MAp, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Forecasts

Information, including forecast financial information, in this report should not be considered as a recommendation in relation to holding, purchasing or selling MAp securities. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of MAp. Past performance is not a reliable indication of future performance.

Annual financial report

A copy of the full MAp annual financial report for the 12-month period ended 31 December 2010 is available on the MAp website:

www.mapairports.com.au

Complaints resolution

A formal complaints handling procedure is in place for MAp and is explained in section 6 of the continuous disclosure and communications policy available at:

www.mapairports.com.au

MAp Airports Limited is a member of the Financial Ombudsman Service approved by ASIC. Complaints should, in the first instance, be directed to MAp Airports Limited.


Afgang
Departures

Corporate Directory

MAp Airports Limited (MAPL)
ABN 85 075 295 760/AFSL 236875

Level 13, 20 Hunter Street
Sydney NSW 2000
Investor Relations: 61 2 9237 3333
Toll free: 1800 181 895
Facsimile: 61 2 9237 3399
www.mapairports.com.au

MAp Airports Limited is responsible entity of
MAp Airports Trust 1 (MAT1) and
MAp Airports Trust 2 (MAT2)

Directors of MAp Airports Limited

Max Moore-Wilton
Trevor Gerber
Michael Lee
Bob Morris
John Roberts
Stephen Ward
Kerrie Mather

Chief Executive Officer of MAp

Kerrie Mather

Secretary of MAp Airports Limited

Sally Webb

MAp Airports International Limited (MAIL)
RN 31667/ARBN 099 813 760

Penboss Building
50 Parliament Street
2nd Floor
Hamilton HM 12
Bermuda

Directors of MAp Airports International Limited

Jeff Conyers (Chairman)
Sharon Beesley
Stephen Ward
Max Moore-Wilton

Secretary of MAp Airports International Limited

Anne Bennett-Smith

Corporate Affairs Manager

Louisa Aherne
Telephone: 61 2 9237 3333

Registrar

Computershare Investor Services Pty Ltd
GPO Box 2975 Melbourne VIC 3001
Telephone: 1800 102 368 or 61 3 9415 4195
Facsimile: 61 2 8234 5050

This document is printed on Monza Recycled paper stock. Monza Recycled contains 55% recycled fibre (25% post consumer and 30% pre consumer) and 45% elemental chlorine free pulp. All virgin pulp is derived from well-managed forests and controlled sources. It is manufactured by an ISO 14001 certified mill.