Macquarie Airports

Management Information Report

For the year ended 31 December 2008

Table of Contents

Overview of MAp

Structure
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 Macquarie Airports Trust (1) ("MAT(1)"), a unit in Macquarie Airports Trust (2) ("MAT(2)") and a share in Macquarie Airports Limited ("MAL").

Assets
Macquarie Airports ("MAp") is a dedicated airport investor worldwide. At 31 December 2008 MAp's portfolio of airport assets and beneficial interests which are included as part of Proportionate Earnings was as follows:

	Sydney Airport	Copenhagen Airports	Brussels Airport	Bristol Airport	Japan Airport Terminal
	%	%	%	%	%
As at 31 December 2007	72.1	53.7	62.1	32.1	14.9
% Change	-	-	-	3.4	-
As at 30 June 2008	72.1	53.7	62.1	35.5	14.9
% Change	-	(26.8)	(26.1)	-	-
As at 31 December 2008	**72.1**	**26.9**	**36.0**	**35.5**	**14.9**

Significant transactions
During the first half of 2008 MAp acquired an additional 6.7% in Bristol Airports (Bermuda) Limited (previously Macquarie Airports Group Limited) ("BABL") for a total consideration of £21.2m resulting in an additional beneficial interest in Bristol Airport of 3.4%. MAp's beneficial interest in Bristol Airport is now 35.5%.

On 20 August 2008 MAp announced that it had acquired an interest in Grupo Aeroportuario del Sureste S.A. de C.V. ("ASUR") of 5.6% of ASUR's B shares. MAp also announced that separately, through a series of swap agreements, it has an economic exposure to changes in the price of ASUR shares equalling approximately 8.6% of ASUR's B shares. Subsequently MAp increased it's interest in ASUR to 8.7% of ASUR's B shares. As at 31 December 2008 MAp's 8.7% interest in ASUR's B shares was valued at less than A$200m and for this reason is excluded from the calculation of MAp's proportionate earnings.

On 15 September 2008 Macquarie Airports Management Limited ("MAML"), as responsible entity for Macquarie Airports Reset Exchange Securities Trust ("MAREST"), announced the successful outcome of the Withdrawal Offer pertaining to Tradeable Interest-bearing Convertible to Equity Trust Securities ("TICkETS") holders. MAp's hybrid capital interest expense reflects the contractual interest payable by MAp to MAREST in order for MAREST to satisfy its coupon payment to TICkETS holders. Subsequently on 12 November 2008 MAML, as responsible entity for MAREST, announced the successful implementation of the TICkETS defeasance. MAp had previously announced an intention to defease TICkETS in order to enhance capital flexibility. As part of the defeasance arrangement, a new trust, the TICkETS Defeasance Trust ("TDT") was established and funded sufficiently by MAp to ensure all future obligations under TICkETS are covered. The combined impact of the above capital management initiatives has reduced MAp's hybrid capital expense.

On 5 November 2008 MAp announced the financial close of the disposal of 50% of it's interest in Copenhagen Airports and 42.0% of it's interest in Brussels Airport (the "2008 Divestments"). Total cash consideration for the partial divestments was €941.1m with MAp retaining a 26.9% interest in Copenhagen Airports and a 36.0% interest in Brussels Airport.

MAp sought security holder approval at a Special General Meeting for an on-market buyback of up to $1.0 billion worth of MAp stapled securities utilising existing unsecured cash reserves following the TICkETS defeasance. Approval was granted and the on-market buyback commenced on 27 November 2008. As at 31 December 2008 5,017,378 MAp stapled securities amounting to $9.7m have been bought back.

On 12 December 2008 MAp acquired an additional 0.03% beneficial interest in Sydney Airport pursuant to an equity raising. As some indirect minority investors did not subscribe for their pro-rata entitlements in Sydney Airport it allowed MAp to exercise MAp's pre-emptive rights over these shortfall subscriptions. As a result, MAp acquired an additional 0.03% interest taking MAp's beneficial interest in Sydney Airport to 72.14%.

Subsequent to year end on 13 January 2009 Sydney Airport successfully completed a further equity raising. Similar to the previous equity raising some indirect minority investors did not subscribe for their pro-rata entitlements in Sydney Airport. This enabled MAp to exercise MAp's pre-emptive rights over these shortfall subscriptions. As a result, MAp acquired an additional 0.3% interest taking MAp's beneficial interest in Sydney Airport to 72.4%.

Report Summary

The Report contains Proportionate Earnings, Enterprise Value and Unconsolidated Cash Flows for the year ended 31 December 2008. It has been prepared using policies adopted by the directors of Macquarie Airports Management Limited ("MAML") and Macquarie Airports Limited ("MAL") and, unless stated otherwise, these policies have been consistently applied to all periods presented in this Report.

The information contained within this Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and the cash flows of MAp as in the financial report. This Report should be read in conjunction with the financial reports of MAp and MAL which can be found on the MAp website at www.macquarie.com.au/au/map/investor_centre/financials.htm combined with any public announcements made by MAp in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Further details in relation to the preparation of this Report are set out below and in the notes to the Report on pages 11 to 17.

Proportionate Earnings

Quarterly	Actual Results 3 months to 31 December 2008	Proforma Results 3 months to 31 December 2007	Actual Results 3 months to 31 December 2007
	$'000	$'000	$'000
Passenger traffic ('000's)	**12,708**	13,052	14,155
Airport assets revenue	**393,496**	398,328	381,070
Airport assets operating expenses	**(173,867)**	(176,440)	(155,311)
Total airport assets EBITDA (pre specific gains / (losses))	**219,629**	221,888	225,759
Airports assets specific gains / (losses)	**(2,825)**	(4,804)	(5,670)
Total airport assets EBITDA	**216,804**	217,084	220,089
Airport assets economic depreciation	**(11,280)**		(15,215)
Airport assets net interest expense	**(104,454)**		(103,776)
Corporate net interest income	**19,766**		33,954
Hybrid capital interest expense	**(5,666)**		(14,800)
Net tax expense	**(12,680)**		(16,012)
Proportionate earnings (pre-corporate expenses)	**102,490**		104,240
Corporate expenses	**(10,207)**		(20,244)
Proportionate earnings	**92,283**		83,996
Concession asset net debt amortisation (1)	**(292)**		(152)
Proportionate earnings less allowance for concession asset net debt amortisation	**91,991**		83,844

Year to date	Actual Results 12 months to 31 December 2008	Proforma Results 12 months to 31 December 2007	Actual Results 12 months to 31 December 2007 (2)
	$'000	$'000	$'000
Passenger traffic ('000's)	**57,577**	56,055	56,841
Airport assets revenue	**1,613,127**	1,539,156	1,510,696
Airport assets operating expenses	**(657,369)**	(641,638)	(589,581)
Total airport assets EBITDA (pre specific gains / (losses))	**955,758**	897,518	921,115
Airports specific gains / (losses)	**(5,918)**	17,911	16,788
Total airport assets EBITDA	**949,840**	915,429	937,903
Airport assets economic depreciation	**(51,324)**		(64,184)
Airport assets net interest expense	**(428,649)**		(385,236)
Corporate net interest income	**82,982**		63,343
Hybrid capital interest expense	**(49,431)**		(58,716)
Net tax expense	**(90,132)**		(69,817)
Proportionate earnings (pre-corporate expenses)	**413,286**		423,293
Corporate expenses	**(52,091)**		(88,683)
Proportionate earnings	**361,195**		334,610
Concession asset net debt amortisation (1)	**(755)**		(498)
Non-recurring termination fee (3)	**(76,376)**		-
Proportionate earnings less allowance for concession asset net debt amortisation and non-recurring item	**284,064**		334,112

Proportionate Earnings (cont'd)

(1) Relates to Sydney Airport only.
(2) Airport assets revenue, operating expenses, EBITDA (pre specific gains / (losses)) and specific gains / (losses) differ from those previously reported as Airport specific gains / (losses) has been restated to include all Airport assets specific gains / (losses). Previously Airport specific gains / (losses) included only Copenhagen Airports.
(3) Proportionate share of €73 million termination fee that was paid in respect of restructure of Macquarie Airports Group (renamed Bristol Airports (Bermuda) Limited) as previously disclosed on 16 May 2008.

Proportionate Earnings Overview

For the 12 months to 31 December 2008 ("YTD") MAp's total airport assets' EBITDA (pre specific gains / (losses)) was $955.8m, an increase of 3.8% on the prior corresponding period ("pcp"). This principally reflected the operational performance of the airports and the changed composition of the portfolio (as outlined in the table on page 13) through the divestments of Rome Airports and Birmingham Airport in the third quarter of 2007 (the "2007 Divestments") and the 2008 Divestments.

EBITDA (pre specific gains / (losses)) YTD on a proforma pcp basis increased 6.5% reflecting the improved operational performance of the portfolio. Proportionate Earnings (pre-corporate expenses) YTD were $413.3m (down 2.4% on pcp) and Proportionate Earnings for the same period were $361.2m (up 7.9% on pcp).

Total airport assets' economic depreciation YTD has decreased from $64.2m to $51.3m (down 20.1% on pcp) reflecting the decrease in the average beneficial interest of airport assets during the year.

Airport assets net interest expense YTD has increased to $428.6m from $385.2m (up 11.3% on pcp) reflecting the drawdown of senior debt in the third quarter of 2007 at Sydney Airport and the 2007 refinancing at Brussels Airport partially offset by the 2007 Divestments and to a lesser extent the 2008 Divestments. The ratio of total airport assets EBITDA (pre specific gains / (losses)) YTD to total net interest expense YTD (i.e. assets, hybrid and corporate net interest) remained constant at 2.4 times.

Corporate net interest income YTD increased to $83.0m from $63.3m principally as a result of interest earned on cash received from the 2007 Divestments combined with the interest earned on the cash received on the 2008 Divestments. This was offset by a global falling average yield on cash deposits towards the later part of 2008 in comparison to 2007. The hybrid capital interest expense (the contractual interest payable by MAp to MAREST in order for MAREST to satisfy its coupon payment to TICkETS holders) YTD has decreased to $49.4m from $58.7m. The hybrid capital interest expense included from 18 September 2008 was lower reflecting the lesser number of TICkETS on issue subsequent to the withdrawal offer. Additionally no hybrid capital interest expense was included from 12 November 2008 to 31 December 2008 on account of the defeasance of TICkETS. Corporate expenses YTD have decreased to $52.1m (down 41.3% on pcp) primarily due to lower management fees as a result of the fall in the MAp security price over the last 12 months and the significant cash reserves held by MAp.

Proportionate Earnings per Security ("EPS")

		Actual Results 12 months to 31 December 2008	Actual Results 12 months to 31 December 2007
Weighted average MAp stapled securities on issue	#m	**1,718**	1,715
Proportionate (pre-corporate expenses) EPS	cents	**24.1**	24.7
Proportionate EPS(1)	cents	**21.0**	19.5

(1) Excludes net debt amortisation and non-recurring termination fee.

MAp's weighted average number of stapled securities increased to 1,718m from 1,715m for the 12 months to 31 December 2008 as a result of stapled securities issued under the Distribution and Dividend Reinvestment Plan ("DRP") in respect of the 2006 final distribution paid on 20 February 2007 partially offset by stapled securities bought back under the MAp buyback program. Owing to the announced buyback program the DRP in relation to the final 2008 distribution paid on 19 February 2009 is suspended.

As a result of the decrease in Proportionate Earnings (pre-corporate expenses) and the weighted average increase in additional stapled securities on issue, Proportionate (pre-corporate expenses) EPS has decreased on pcp by 2.4% to 24.1 cents. On a post-corporate expenses basis the Proportionate EPS has increased by 7.7% to 21.0 cents.

Proportionate Earnings (cont'd)

Airport Assets operational performance

Quarter Proportionate share	Sydney Airport $'000	Copenhagen Airports $'000	Brussels Airport $'000	Bristol Airport $'000	Japan Airport Terminal $'000	Total $'000
Actual Results 3 months to 31 December 2008						
Passenger traffic ('000's)	**6,077**	**1,735**	**1,815**	**438**	**2,643**	**12,708**
Airport assets revenue	153,609	72,581	84,201	10,017	73,088	393,496
Airport assets operating expenses	(28,943)	(39,229)	(39,227)	(5,217)	(61,251)	(173,867)
EBITDA (pre specific gains / (losses))	**124,666**	**33,352**	**44,974**	**4,800**	**11,837**	**219,629**
Proforma Results 3 months to 31 December 2007						
Passenger traffic ('000's)	**6,121**	**1,881**	**1,953**	**473**	**2,624**	**13,052**
Airport assets revenue	150,507	72,440	79,445	10,772	85,164	398,328
Airport assets operating expenses	(28,255)	(34,295)	(38,161)	(4,786)	(70,943)	(176,440)
EBITDA (pre specific gains / (losses))	**122,252**	**38,145**	**41,284**	**5,986**	**14,221**	**221,888**

Year to date Proportionate share	Sydney Airport $'000	Copenhagen Airports $'000	Brussels Airport $'000	Bristol Airport $'000	Japan Airport Terminal $'000	Total $'000
Actual Results 12 months to 31 December 2008						
Passenger traffic ('000's)	**23,706**	**10,790**	**10,853**	**2,134**	**10,094**	**57,577**
Airport assets revenue	586,126	358,100	388,715	44,686	235,500	1,613,127
Airport assets operating expenses	(114,996)	(162,087)	(164,274)	(18,412)	(197,600)	(657,369)
EBITDA (pre specific gains / (losses))	**471,130**	**196,013**	**224,441**	**26,274**	**37,900**	**955,758**
Proforma Results 12 months to 31 December 2007						
Passenger traffic ('000's)	**22,978**	**10,660**	**10,408**	**2,022**	**9,987**	**56,055**
Airport assets revenue	548,403	335,248	368,830	43,318	243,357	1,539,156
Airport assets operating expenses	(109,532)	(147,293)	(163,843)	(17,585)	(203,385)	(641,638)
EBITDA (pre specific gains / (losses))	**438,871**	**187,955**	**204,987**	**25,733**	**39,972**	**897,518**

Summary

MAp's YTD underlying passenger traffic, revenue and EBITDA (pre specific gains / (losses)) increased 2.7%, 4.8% and 6.5% respectively on proforma pcp for the period ended 31 December 2008. The individual airport asset commentary below is with reference to the YTD Australian dollar balances in the table above.

- **Sydney Airport**
  EBITDA (pre specific gains / (losses)) increased 7.4% on proforma pcp driven by a 3.2% increase in passenger traffic. Total revenue increased 6.9% whilst operating expenses increased by 5.0% on proforma pcp. Whilst traffic growth weakened towards the end of 2008, strong cost control facilitated a solid performance.

Proportionate Earnings (cont'd)

- **Copenhagen Airports**
  EBITDA (pre specific gains / (losses)) increased 4.3% on proforma pcp and was achieved in the context of a 1.2% increase in passenger traffic, the performance of which was impacted towards the end of the year by the collapse of Sterling Airways. Revenue increased by 6.8% on proforma pcp despite the prior period being impacted by disruption associated with delivery of the centralised security checkpoint and associated adjustment to the duty free offering. The overall result was delivered against the backdrop of 10.0% growth in operating expenses as a consequence of the inability to fully recover security costs under the terms of the current airline charges agreement.

- **Brussels Airport**
  EBITDA (pre specific gains / (losses)) increased 9.5% on proforma pcp on the back of a 4.3% increase in passenger traffic. The result was driven by good performance in all areas of the business, particularly in commercial activities and operational cost management. Aeronautical revenue lagged traffic growth, in part due to the increasing proportion of transfer passengers as a result of the success of the Jet Airways European hub at Brussels Airport. Operating costs increased marginally by 0.3% on proforma pcp.

- **Bristol Airport**
  EBITDA (pre specific gains / (losses)) increased 2.1% on proforma pcp driven by passenger growth of 5.5%. Traffic growth was significantly impacted by the collapse of XL Airways in September 2008 which has been the largest charter operator at Bristol. The operating performance has been achieved despite some disruption in the first half of 2008 as a consequence of security expansion works. Operating costs increased 4.7% on proforma pcp, having benefited from a series of cost saving initiatives.

- **Japan Airport Terminal**
  MAp is a long term strategic investor in JAT with a minority interest. As JAT is listed on the Tokyo Stock Exchange, MAp does not have access to information other than that which has been made publicly available. Accordingly, and in contrast to its other investments (where Proportionate Earnings and Airport assets' net debt are derived from a combination of statutory financial reports and management accounts), the Proportionate Earnings contribution and Airport asset net debt amount of JAT has been derived from public information, including its most recently published financial results.

Enterprise Value

	As at 31 December 2008 $m	As at 31 December 2007 $m
Airport assets net debt	**6,563.2**	7,117.8
Corporate net debt/(cash)	**(1,653.8)**	(1,159.8)
Hybrid capital	**-**	904.2
Equity value attributable to MAp security holders	**8,060.1**	8,689.6
Enterprise Value	**12,969.5**	15,551.8
Total gearing of Enterprise Value (%)	**37.9%**	38.3%

The $2,582.3m decrease in Enterprise Value from 31 December 2007 to 31 December 2008 reflects the:

- decrease of $554.6m in Airport assets net debt predominantly from the 2008 Divestments; and
- decrease of $2,027.7m in the value of the underlying airport investments reconciled as follows:
  - $1,028.2m is a result of the downward movement in risk free rates and depreciation of the Australian dollar;
  - $366.8m is a result of updated inflation and interest rate forecasts;
  - ($1,295.6m) is a result of an increase in risk premia to reflect the increased uncertainty in the external environment;
  - ($1,296.1m) is a result of the net investments in and divestments of airport assets during 2008;
  - ($722.5m) is a result of the incorporation of revised operating projections and future financing assumptions for each of the airport assets (with the exception of JAT), as well as adjustments relating to distributions paid by the airport assets and the valuation date; and
  - ($108.5m) is a result of a fall in the share price of JAT.

Corporate level net debt/(cash) and hybrid capital are excluded from the calculation of Enterprise Value.

MAp's total gearing as a percentage of Enterprise Value has decreased from 38.3% as at 31 December 2007 to 37.9% as at 31 December 2008. This reflects the decrease in Airport assets net debt combined with the decrease in Corporate net debt/(cash), the 2008 Divestments and the step-down in equity valuations of the airport assets relative to 31 December 2007. Total gearing is calculated by dividing the sum of Airport assets net debt and Corporate net debt/(cash) by Enterprise Value.

Airport Assets' Equity Value and Asset Backing per Stapled Security

The following table outlines the fair values of each of MAp's airport assets and the asset backing on a per stapled security basis as at 31 December 2008 and 31 December 2007. The fair values have been determined in accordance with a valuation framework adopted by the directors.

	Sydney Airport $m	Copenhagen Airports $m	Brussels Airport $m	Bristol Airport $m	Japan Airport Terminal $m	Corporate net (debt)/cash (1) $m	Hybrid capital $m	Equity attributable to MAp security holders (2) $m
As at 31 December 2008								
Valuation	**3,621.1**	**1,054.3**	**1,114.3**	**336.8**	**279.8**	**1,653.8**	**-**	**8,060.1**
Asset backing per stapled security ($)	**2.11**	**0.62**	**0.65**	**0.20**	**0.15**	**0.97**	**-**	**4.70**
Beneficial interest (%)	***72.1%***	***26.9%***	***36.0%***	***35.5%***	***14.9%***			
As at 31 December 2007								
Valuation	4,145.4	1,932.2	1,713.8	350.5	292.1	1,159.8	(904.2)	8,689.6
Asset backing per stapled security ($)	2.41	1.12	1.00	0.20	0.17	0.69	(0.53)	5.06
Beneficial interest (%)	*72.1%*	*53.7%*	*62.1%*	*32.1%*	*14.9%*			

(1) Includes MAp's direct investment in ASUR of 8.7% of B shares which is classified as "other liquid financial instruments". In addition MAp holds a beneficial interest in ASUR of 1.0% (31 December 2007: 2.0%) through Copenhagen Airports however this interest forms part of the valuation of Copenhagen Airports.
(2) Number of MAp stapled securities on issue at 31 December 2008: 1,713,636,161 (31 December 2007: 1,718,653,539).

Enterprise Value (cont'd)

The equity attributable to MAp security holders at the end of the year is $8,060.1m and is calculated by aggregating the fair values of airport assets less corporate net debt/(cash) and hybrid capital. There was no hybrid capital at 31 December 2008 pursuant to the withdrawal offer and subsequent successful defeasance of TICkETS. The airport asset backing per stapled security attributable to MAp security holders, which is calculated as equity attributable to MAp security holders divided by the number of stapled securities on issue at the end of the period, is $4.70.

Unconsolidated Cash Flows

	12 months to 31 December 2008 $'000	12 months to 31 December 2007 $'000
Cash flows from airport assets and operations		
Sydney Airport	**336,577**	666,872
Copenhagen Airports	**90,895**	149,022
Brussels Airport	**117,293**	290,375
Rome Airports	**-**	17,274
BABL (1)	**164,555**	8,601
Cash flows from airport assets	**709,320**	1,132,144
Other income received	**9,077**	101
Interest received on surplus cash	**78,244**	45,101
Fee income received	**646**	478
Operating expenses paid (inclusive of goods and services tax)	**(17,268)**	(7,374)
Responsible entity and Adviser fees paid	**(55,405)**	(76,980)
Indirect taxes (net) received	**2,066**	9,126
Net cash flows from airport assets and operations	**726,680**	1,102,596
Cash flows from investing activities		
Investment in the TDT	**(833,926)**	-
Payments for purchase of investments	**(528,499)**	(1,379,063)
Proceeds from sale of investments	**1,810,176**	1,452,895
Net cash flows from investing activities	**447,751**	73,832
Cash flows from financing activities		
Capital raising costs paid	**-**	(41)
Distributions paid to MAp security holders	**(532,791)**	(324,393)
Hybrid capital interest paid	**(31,381)**	(58,716)
Interest and borrowing costs paid	**-**	(10,553)
MAp stapled securities purchased under the buyback program	**(9,730)**	-
Prepayment of FOLA (2)	**(146,357)**	-
Net cash flows from financing activities	**(720,259)**	(393,703)
Net increase in cash assets held	**454,172**	782,725
Cash assets at the beginning of the period	**1,239,242**	455,609
Exchange rate movements	**83,686**	908
Cash assets at the end of the period	**1,777,100**	1,239,242

(1) These receipts are net of the termination fee paid by BABL in the current year.
(2) First On-Lending Agreement ("FOLA") prepayment pursuant to the TICkETS Withdrawal Offer.

Cash on hand increased by $537.9m from the beginning of the period to $1,777.1m. MAp received cash flows from airport assets of $709.3m and after other income, interest received, fee income, operating expenses and the fees paid to the Responsible Entity and Adviser, net cash flows from airport assets and operations totalled $726.7m. Cash flows from Sydney Airport and Brussels Airport for the pcp include successful refinancing of airport level debt and consequent distribution by each airport asset.

Unconsolidated Cash Flows (cont'd)

Investing activities net cash inflows of $447.8m include:

- two further acquisitions of interests in BABL for $44.2m increasing MAp's beneficial interest in Bristol Airport to 35.5%;
- the defeasance of TICkETS for $833.9m;
- a further acquisition of an interest in Sydney Airport for $326.4m;
- several further acquisitions of ASUR securities amounting to $152.9m increasing MAp's interest in ASUR to 8.7% of B shares and MAp's economic interest in ASUR's B shares held through swap agreements to 8.6%;
- a further investment in MAREST ordinary units for $5.0m; and
- the partial divestments in Copenhagen and Brussels Airports for $1,810.2m resulting in MAp retaining a beneficial interest of 26.9% and 36.0% respectively in each of these airports.

Financing activities net cash outflows of $720.3m include:

- distributions paid to MAp security holders of $532.8m;
- the payment of TICkETS coupon of $31.4m which is substantially lower on pcp reflecting the partial withdrawal of TICkETS in September 2008 and the defeasance of TICkETS in November 2008;
- the purchase of 5,017,378 MAp stapled securities for $9.7m pursuant to the MAp buyback program which commenced on 27 November 2008 and was previously approved on 17 October 2008; and
- a prepayment on the FOLA of $146.4m stemming from the partial withdrawal of TICkETS on 12 September 2008.

Notes to MAp Management Information Report

Summary of Significant Report Policies

The significant policies which have been adopted by the board of MAML, in its capacity as Responsible Entity of MAT(1) and MAT(2), and the board of MAL, and used in the preparation of this Report, are stated to assist in a general understanding of this Report.

PricewaterhouseCoopers ("PwC") have been engaged to perform certain procedures for the directors of MAML in relation to their preparation of the Proportionate Earnings, Unconsolidated Cash Flows and Enterprise Value disclosure in this Report on the basis set out below. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed by PwC is that of the directors, and these procedures were performed solely to assist the directors of MAML in evaluating the accuracy of the disclosures.

PwC conducted their engagement in accordance with Australian Auditing Standards applicable to agreed upon procedures engagements. The procedures do no constitute either an audit or review in accordance with Australian Auditing Standards and accordingly PwC express no assurance over the accuracy of the Proportionate Earnings, Unconsolidated Cash Flows and Enterprise Value disclosure or on any other aspect of the Report.

Proportionate Earnings

Current and prior period proportionate earnings information contained in this Report involves the aggregation of the financial results of MAp's relevant airport assets in the relevant proportions that MAp holds beneficial ownership interests. It is calculated as airport assets' revenues less airport assets' operating expenses, airport assets' economic depreciation, airport assets' net interest expense, corporate net interest (expense)/income, hybrid capital interest expense, net tax expense and corporate expenses ("Proportionate Earnings").

Proportionate Earnings are disclosed for the period and the prior corresponding period ("Actual Results") and separated into Quarter and Year-to-date formats.

Proportionate Earnings information is also disclosed down to Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") under a proforma approach. The Proforma EBITDA is derived by restating the prior period results with the airport assets ownership percentages and foreign currency exchange rates from the current period ("Proforma Results") and is also separated into Quarter and Year-to-date formats. Proforma Results are produced to allow comparisons of the operational performance of airport assets between periods, as it incorporates the impact of changes in ownership interests and foreign currencies in the prior periods.

The principal policies adopted in the preparation of Proportionate Earnings include:

Relevant airports
The fair value of the airport assets are determined in accordance with the valuation framework adopted by the directors of MAML and MAL. Under the current framework, airport assets are valued semi-annually in June and December (each a "Valuation Period"). Generally for an airport to qualify as a relevant airport for inclusion in Proportionate Earnings, the fair value of MAp's beneficial ownership interest must exceed $200m as at the end of the most recent Valuation Period. Airport assets that are divested between a Valuation Period whereby the fair value of MAp's beneficial ownership interest drops below $200m as at reporting date will no longer qualify as relevant airports. Conversely airport assets that are acquired between a Valuation Period whereby the fair value of MAp's beneficial ownership interest exceeds $200m as at reporting date will qualify as relevant airports.

Based on the above qualification criteria, this Report includes Proportionate Earnings for the following airport assets for the period:

- Sydney Airport;
- Copenhagen Airports;
- Brussels Airport;
- Bristol Airport; and
- Japan Airport Terminal.

MAp is a long term strategic investor in JAT with a minority interest. As JAT is listed on the Tokyo Stock Exchange, MAp does not have access to information other than that which has been made publicly available. Accordingly, and in contrast to its other investments (where Proportionate Earnings and Airport assets' net debt are derived from a combination of statutory financial reports and management accounts), the Proportionate Earnings contribution and Airport asset net debt amount of JAT has been derived from public information, including its most recently published financial results. Furthermore, JAT's disclosure differs in format from that of MAp's other investments and consequently the amounts included in Proportionate Earnings have been allocated between line items in accordance with MAp management's best estimates.

Newcastle International Airport (UK) and ASUR do not qualify as relevant airports and therefore neither period includes results from these assets.

Summary of Significant Report Policies (cont'd)

Proportionate Earnings (cont'd)

Foreign currency exchange
All Proportionate Earnings information contained in this Report is disclosed in Australian dollars unless stated otherwise. Foreign currency exchange rates are calculated on an average basis according to the number of days in the reporting period (a "Period"). Where assets have been sold during a Period, the foreign currency exchange rates particular to that asset are calculated on an average basis from the beginning of that Period up to the date of sale. Similarly where assets have been acquired during a Period the foreign currency exchange rates particular to that asset are calculated on an average basis from the date of initial acquisition up to the end of the Period.

The foreign currency exchange rates including those pertaining to the prior corresponding period are set out in the table below:

3 months to	AUD/EUR	AUD/GBP	AUD/DKK	AUD/JPY
31 December 2008	**0.5090**	**0.4278**	**3.7925**	**64.2494**
30 September 2008	0.5898	0.4685	4.3993	95.1680
30 June 2008	0.6040	0.4789	4.5062	98.7242
31 March 2008	0.6038	0.4573	4.5000	95.2439
31 December 2007	0.6138	0.4350	4.5760	100.5636
30 September 2007(1)	0.6166	0.4191	4.5860	99.7674
30 June 2007	0.6165	0.4185	4.5928	102.3826(2)
31 March 2007	0.6000	0.4022	4.4711	n/a

(1) Foreign currency exchange rates calculated on an average basis up to the date of financial close for Rome Airports and Birmingham Airport. The average rates used are AUD/EUR 0.6303 and AUD/GBP 0.4178 for Rome Airports and Birmingham Airport respectively.
(2) Foreign currency exchange rate calculated on an average basis from the date of initial investment.

MAp's beneficial ownership interest
The beneficial ownership interest of MAp for each of the relevant airports is calculated according to the number of days in the reporting period (a "Period") during which MAp held a beneficial ownership interest ("Beneficial Ownership Interest"). Where assets have been sold during a Period the Beneficial Ownership Interest is calculated according to the number of days from the beginning of the Period up to the date of sale. Where assets have been acquired during a Period the Beneficial Ownership Interest is calculated according to the number of days from date of initial acquisition to the end of the Period.

Summary of Significant Report Policies (cont'd)

Proportionate Earnings (cont'd)

The Beneficial Ownership Interest of MAp in the relevant airports used in the calculation of Proportionate Earnings for the period and prior corresponding periods is set out below:

	Sydney Airport %	Copenhagen Airports %	Brussels Airport %	Bristol Airport %	Japan Airport Terminal %	Rome Airports(1) %	Birmingham Airport(2) %
31 March 2007	59.4	53.4	53.9	32.1	-	34.2	15.5
Movement	12.7	-	-	-	0.5	-	-
30 June 2007	72.1	53.4	53.9	32.1	0.5	34.2	15.5
Movement	-	-	-	-	4.6	(34.2)	(15.5)
30 September 2007	72.1	53.4	53.9	32.1	5.1	-	-
Movement	-	0.2	5.5	-	8.3	-	-
31 December 2007	72.1	53.6	59.4	32.1	13.4	-	-
Movement	-	0.1	2.7	0.3	1.5	-	-
31 March 2008	72.1	53.7	62.1	32.4	14.9	-	-
Movement	-	-	-	2.1	-	-	-
30 June 2008	72.1	53.7	62.1	34.5	14.9	-	-
Movement	-	-	-	1.0	-	-	-
30 September 2008	**72.1**	**53.7**	**62.1**	**35.5**	**14.9**	**-**	**-**
Movement	**-**	**(16.6)**	**(16.2)**	**-**	**-**	**-**	**-**
31 December 2008	**72.1**	**37.1**	**45.9**	**35.5**	**14.9**	**-**	**-**

(1) Rome Airports divestment financial close was on 18 July 2007.
(2) Birmingham Airport divestment financial close was on 19 September 2007.

Passenger traffic
MAp passenger traffic is calculated by the aggregation of the product of the Beneficial Ownership Interest for the relevant period and the total number of passengers handled by each of the relevant airports.

Airport Assets revenue
Assets revenue is calculated by the aggregation of the product of the Beneficial Ownership Interest and the total revenue of each of the relevant airports. Revenue is recognised under the GAAP applicable to each relevant airport.

Airport Assets operating expenses
Assets operating expenses is calculated by the aggregation of the product of the Beneficial Ownership Interest and the total operating expenses incurred by each of the relevant airports. Operating expenses are recognised under the GAAP applicable to each relevant airport.

Airport Assets economic depreciation
With the exception of Sydney Airport and Japan Airport Terminal, assets' economic depreciation is calculated with reference to an estimate of the long-term maintenance capital expenditure at each of the relevant airports, calculated on a per passenger basis. The economic depreciation with the exception of Sydney Airport and Japan Airport Terminal, is assessed at the beginning of MAp's financial year and reviewed quarterly to ensure appropriateness of the calculation.

The economic depreciation charges that have been calculated for the period and the prior corresponding period are set out below:

Per passenger	Copenhagen Airports DKK	Brussels Airport €	Bristol Airport £	Rome Airports(1) €	Birmingham Airport(1) £
For the 3 and 12 months to 31 December 2008	**6.11**	**0.82**	**0.54**	**-**	**-**
For the 3 and 12 months to 31 December 2007	6.01	0.81	0.52	0.81(2) / 0.75(3)	0.52

Summary of Significant Report Policies (cont'd)

Proportionate Earnings (cont'd)

(1) Economic depreciation charges calculated with reference to date of sale of relevant airports.
(2) Economic depreciation charges for Fiumicino Airport.
(3) Economic depreciation charges for Ciampino Airport.

Sydney Airport's economic depreciation is sourced directly from maintenance capital expenditure disclosed in unaudited management accounts and amounted to $14.7m for the 12 month period to 31 December 2008 ($23.8m for the 12 month period to 31 December 2007). Japan Airport Terminal economic depreciation is sourced from published results and MAp management best estimates and amounted to ¥4,394.5m for the 12 month period to 31 December 2008 (¥4,348.1m for the 12 month period to 31 December 2007). Both Sydney Airport and Japan Airport Terminal amounts are quoted gross (that is, not taking into account MAp's beneficial ownership interest).

Airport assets' net interest
Airport assets' net interest is the aggregation of net interest expense incurred by:

- the airport operator company of the relevant airport; and
- entities interposed between any of the MAp stapled entities and the airport operator companies, which have debt that is non-recourse to MAp.

The definition of net interest expense includes all contractual interest expenses, borrowing expenses and interest revenues payable to, or payable by, third parties. Interest and borrowing expenses, or interest revenues, in respect of shareholder loans or similar agreements are excluded from the definition of net interest expense. Interest and borrowing costs that are capitalised and/or amortised are also excluded from the definition of net interest expense.

Net tax expense
Net tax expense is made up of the aggregation of the following components:

- the product of the Beneficial Ownership Interest and the current net tax expense of each of the relevant airports, where the airport operating company does not, in conjunction with any entities that are majority owned by one or a combination of the MAp stapled entities, form part of a consolidated group for tax purposes ("Tax Consolidated Group");
- for Copenhagen Airports, owing to its status as part of a Tax Consolidated Group, the addition, for each company in the Tax Consolidated Group, of the product of MAp's Beneficial Ownership Interest for that company, and its net tax expense; and
- the net tax expense of any of the MAp stapled entities and subsidiaries thereof that do not form part of another Tax Consolidated Group for taxation purposes.

Corporate net interest
Corporate net interest expense is the aggregation of net interest expense incurred by:

- any of the MAp stapled entities; and
- entities interposed between any of the MAp stapled entities and the airport operator companies which have debt that is recourse to MAp.

The definition of net interest expense includes all contractual interest expenses, borrowing expenses and interest revenues payable to, or payable by, third parties. Interest and borrowing costs that are capitalised and/or amortised are excluded from the definition of net interest expense. Hybrid capital interest expense is shown separately as noted below.

Hybrid capital interest expense
The hybrid capital interest expense reflects the contractual interest payable by MAp to MAREST in order for MAREST to satisfy its coupon payment to TICkETS holders.

Corporate expenses
Corporate expenses reflect the aggregation of:

- all expenses paid by MAp (excluding divestment and acquisition costs), including base fees and performance fees (to the extent that either or both are payable in cash and subsequently not reinvested in MAp stapled securities);
- excluding performance fees related to the sale of assets; and
- MAp's share of expenses from entities interposed between any of the MAp stapled entities and the airport operator companies not included in airport assets' operating expenses.

Summary of Significant Report Policies (cont'd)

Proportionate Earnings (cont'd)

Concession asset net debt amortisation
Reflective of the fact that net debt at assets which are held under finite concessions must be repaid prior to concession end, a charge is made to amortise the net debt over the concession life. Currently this applies only to Sydney Airport as it is the only MAp airport asset held under a finite concession. Net debt amortisation as shown does not reflect actual cash debt repayments for the period, rather, it represents a provision for amounts that will be payable at a later date, prior to concession end. The amortisation charge for the period is determined on a pro-rata basis, with forecast EBITDA as the allocation driver. The net debt amortisation is reviewed semi-annually to ensure appropriateness of the calculation.

Proportionate Earnings per Security
The number of issued stapled securities for the purpose of calculating Proportionate Earnings per Security ("Proportionate EPS") is calculated by the aggregation of each issue of MAp stapled securities weighted by the number of days each security was on issue during the period.

Summary of Significant Report Policies (cont'd)

Enterprise Value

Enterprise Value is calculated by aggregating:

- MAp's share of its airport assets' net debt, based on MAp's proportionate beneficial interest;
- net debt outstanding at the corporate level; and
- fair values of airport assets equity attributable to MAp security holders.

All Enterprise Value information contained in this Report is disclosed in Australian dollars unless stated otherwise using foreign currency exchange rates applicable at the end of the relevant period, as set out in the below table:

	AUD/EUR	AUD/GBP	AUD/DKK	AUD/JPY
As at 31 December 2008	**0.5065**	**0.4858**	**3.7698**	**64.2731**
As at 31 December 2007	0.6005	0.4417	4.4759	97.9341

Airport assets' net debt
The net debt of the airport assets is calculated by the aggregation of the face value of:

- MAp's proportionate share of the net debt at each of MAp's airport assets; and
- MAp's proportionate share of the net debt held by entities interposed between any of the MAp stapled entities and the airport assets that is non-recourse to MAp.

Net debt is calculated at each of the relevant airport assets by subtracting total cash on hand from total debt at the end of the period.

Corporate net debt/(cash)
Net debt at the corporate level is calculated by the aggregation of:

- all net debt held by MAp stapled entities; and
- all net debt held by entities interposed between any of the MAp stapled entities and the airport assets companies, excluding debt that is non-recourse to MAp.

Available cash ("Available Cash") is calculated by aggregating other liquid financial instruments with total cash on hand and subtracting all distributions declared by the MAp stapled entities but not paid at the end of the relevant period.

Corporate net debt is calculated by subtracting Available Cash from the face value of net debt at the corporate level at the end of the year.

Hybrid Capital
Hybrid capital is the face value of the instrument issued by MAp to MAREST, which MAREST has funded through the issue of TICkETS. On exchange MAML (as responsible entity of MAREST) may elect to convert TICkETS into MAp stapled securities, as opposed to settling in cash, and as a result, this hybrid capital has not been classified as debt.

Fair values of airport assets
The fair values of the airport assets are determined by the valuation framework adopted by the directors of MAML and MAL. Discounted cash flow analysis is the methodology applied in the valuation framework, as it is the generally accepted methodology for valuing airports. It is also 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 asset, comprises the risk free interest rate appropriate to the country in which the asset is located and a risk premium, reflecting the uncertainty associated with the cash flows.

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 assets on a periodic basis that is no longer than three years.

Summary of Significant Report Policies (cont'd)

Enterprise Value (cont'd)

The discount rates applied to the cash flow forecasts of MAp's airport assets as at 31 December 2008, 30 June 2008, 31 December 2007 and 30 June 2007 are set out in the below table:

	Sydney Airport %	Copenhagen Airports %	Brussels Airport %	Bristol Airport %
As at 31 December 2007				
Risk free rate	6.4	4.5	4.4	4.5
Risk premium	8.0	7.9	6.6	9.0
Total discount rate as at 31 December 2007	14.4	12.4	11.0	13.5
As at 30 June 2008				
Risk free rate	6.6	4.9	5.0	5.2
Risk premium	8.5	8.4	7.0	9.1
Total discount rate as at 30 June 2008	15.1	13.3	12.0	14.3
Change in total discount from previous period	0.7	0.9	1.0	0.8
As at 31 December 2008				
Risk free rate	**4.9**	**4.0**	**4.2**	**4.0**
Risk premium	**10.2**	**9.4**	**8.0**	**10.3**
Total discount rate as at 31 December 2008	**15.1**	**13.4**	**12.2**	**14.3**
Change in total discount from previous period	**-**	**0.1**	**0.2**	**-**

To determine the fair value of airport assets attributable to MAp security holders, the fair value of airport assets as determined in the methodology above, are reduced by corporate net debt.

Unconsolidated Cash Flows

Unconsolidated Cash Flows represent the aggregation of the cash flows attributable to MAp security holders. This includes the cash flows of each of the MAp stapled entities and their wholly owned subsidiaries, excluding entities which have non-recourse debt to MAp, as these entities are considered to be part of the airport operator company groups.

All information in this Report relating to Unconsolidated Cash Flows is disclosed in Australian dollars using foreign currency exchange rates applicable to the relevant transactions included in Unconsolidated Cash Flows.