# MACQUARIE AIRPORTS
INTERIM REPORT 30 JUNE 2009

MACQUARIE

## Chairman's letter

The six months to 30 June 2009 have seen Macquarie Airports' (MAp) businesses, particularly in Europe, face challenging conditions. However our largest airport – Sydney – has continued to deliver resilient results and we have recently seen early signs of recovery.

Our portfolio consists of high quality airports with strong long term growth prospects and our experienced team of asset managers, technical specialists and financiers continues to actively manage our airports to deliver the best possible performance despite the external backdrop.

Whilst a number of airlines around the world have reduced seat capacity, which has impacted our airports, we have an attractive portfolio which continues to win new business. The significant enhancements we have made to the passenger experience across our airports have ensured that commercial revenues deliver a solid performance and, of course, we remain focused on efficiency.

Importantly, MAp has taken several actions which place it in a strong financial position today. A significant portion of the proceeds received from divestments undertaken in 2007 and 2008 has been applied to debt reduction. Today, MAp faces no material debt maturities at any of its airports until late 2011 and has no debt at the fund level following the defeasance of Tradeable Interest-bearing Convertible to Equity Trust Securities (TICkETS).

Following the divestment in July of our interest in Japan Airport Terminal (JAT), we also retain almost A$800m of cash, giving us substantial flexibility in the current environment.

Partly in recognition of the removal of JAT from proportionate earnings, and also to accelerate the alignment of the distribution with sustainable earnings to this year, on 20 May 2009 we amended our 2009 distribution guidance from 27 cents per stapled security to 21 cents. An interim distribution of 13 cents per stapled security was paid on 19 August 2009. This distribution guidance is subject to aviation shocks and changes in material assumptions.

### Proposal to internalise management

The boards continue to consider additional ways to address the gap between the value of our airports and the MAp security price. On 24 July 2009 MAp announced that agreement had been reached with the Macquarie Group (Macquarie) to internalise the management of MAp. What this means is that MAp will become a standalone entity from Macquarie.

On behalf of security holders, the independent directors (see back page) of MAp have negotiated a transaction with Macquarie that is broadly neutral in terms of earnings per stapled security, and are confident that internalising management is an important further step towards growing value for all security holders.

Kerrie Mather will continue as MAp's Chief Executive Officer and has been invited to join the board. The MAp management team have been offered employment with MAp and it is expected that most will transfer. Security holders will be asked to vote on the internalisation proposal at a meeting to be held in due course. The independent directors unanimously recommend the internalisation of management as being in the best interests of security holders.

### Security price performance

Despite the solid performance at all of our airports, we recognise MAp's security price has been volatile, as have global markets generally. We remain confident that the businesses in which MAp has invested remain of high quality and will continue to generate good returns to security holders.

Over the past 12 months MAp has outperformed both the domestic market and its global airport peers. Since listing, total security holder returns post fees have been approximately 12% per annum.

### Financial highlights

MAp's financial results for the six months to 30 June 2009 attributable to MAp security holders (excluding minority interests) include:

| | |
|---|---|
| Net result attributable to MAp security holders | (A$299.4m) |
| Equity value attributable to MAp security holders | A$7,333.2m |
| Asset backing per stapled security | A$4.30 |

MAp's earnings before interest, tax, depreciation and amortisation (EBITDA) across the portfolio on a proportionate basis for the six-month period to 30 June 2009 decreased 4.2% over the prior corresponding period (pcp), outperforming the 7.2% reduction in traffic.

**Outlook**

We recognise that our airline customers continue to face a difficult operating environment, however we are starting to see early signs of traffic recovery.

Our largest investment, Sydney Airport, has proven highly resilient.

Our portfolio of airports remains well-positioned with large catchment areas and a high proportion of origin and destination traffic. While continuing to identify opportunities for growth at our airports we retain our close focus on operational costs and are working with our airport partners to manage our investment programs.

As a consequence, MAp remains well positioned for the future.

On behalf of the boards and management, I thank you for choosing to invest in MAp.

**Max Moore-Wilton, AC**
Chairman
Macquarie Airports Management Limited

# CEO's report

In the first half of 2009, the proportionately consolidated proforma EBITDA of our airports fell 4.2%, outperforming the 7.2% decline in traffic. This demonstrates the value of active management.

The aviation operating environment is challenging for our airline customers. The six months to 30 June 2009 saw significant traffic declines in Europe. While the first quarter is typically seasonally weak for our European airports, we also saw the effect of capacity cuts, a severe winter and the bankruptcies of Sterling and XL Airways. We are however now seeing lower declines as the European summer season continues.

Sydney Airport continues to welcome new airlines and services. The airport is MAp's largest investment and biggest contributor to earnings. It continues to deliver EBITDA growth on the back of a solid commercial performance and tight cost control.

Despite the airline capacity cuts, Sydney is expecting to deliver modest international seat growth this year. We already have three airlines – Qantas, Singapore and Emirates – flying A380s out of Sydney to five destinations. Passenger choice is also increasing on some key routes. V Australia and Delta have launched trans-Pacific services, and we are pleased to welcome Tiger Airways to Sydney.

We have continuously sought to improve the passenger experience at Sydney Airport and the last six months have been no exception to that. The redevelopment of the International Terminal is on schedule and will deliver a significantly enhanced passenger experience, including additional seating, an expansion of restaurant choices, and a revamped and improved shopping experience.

In February 2009 Sydney Airport's shareholders proactively made the decision to commit equity to strengthen the balance sheet of the airport and replace the debt maturing this year. MAp's contribution was A$711m, and our ownership interest in Sydney has increased to 74%.

Copenhagen Airport has had to manage a number of challenges over the past six months. These have included the negotiation of a new aeronautical charging agreement and the collapse late in 2008 of Sterling, Copenhagen's second largest airline.

Sterling represented about 9% of Copenhagen's traffic and provided some 160 flights a week. By the beginning of summer those flights were more than replaced, testament to both the attractiveness of Copenhagen Airport and the airline marketing efforts of both MAp and Copenhagen. An interim charging agreement has also been reached.

Finally, the major retail and restaurant expansion, which was completed in 2008, has continued to deliver an increase in commercial revenues.

Like its European peers, the first half of 2009 saw reduced capacity at Brussels Airport as our major customer, Brussels Airlines, prepared for its partnership with Lufthansa, a development which will be positive in the long term.

The short term capacity reductions were partially offset by strong commercial performance, with the new retail developments delivering good results and phase one of the BRUcargo-West logistics development being fully let.

UK economic conditions have remained challenging and Bristol Airport has been impacted. The failure of one of our major charter operators, XL Airways, affected revenue.

In addition, the airport was closed over several days during the first quarter as the Bristol area experienced its worst snowfalls in over 20 years. However, like our other airports, Bristol continues to attract new operators, and Ryanair doubled the size of its base to four aircraft in July.

On the commercial side, the expanded departure lounge and improved airside food and beverage offering has delivered good performance.

In June Bristol also filed a planning application to extend the capacity of the airport to approximately 10 million passengers over the next 10 years.

While there is some uncertainty around traffic growth in the short term, we remain firmly convinced of the long term growth potential of the aviation industry. This will continue to be driven by new aircraft technology and low cost carrier growth. Our airports are well positioned to capitalise on these trends.

As a result of our active management, MAp enjoys significant balance sheet strength and substantial flexibility. We have deleveraged and have no material debt maturities until September 2011. We retain almost A$800m in cash on our balance sheet.

We have taken steps to respond to the changing market conditions, both operationally and to strengthen MAp and our airports' balance sheets. As a result we are well positioned. We will continue to actively manage our business through this challenging period, and at the same time prepare for long term growth and opportunity in the aviation industry.

**Kerrie Mather**
Chief Executive Officer
Macquarie Airports

**Interim financial report**

A copy of the MAp interim financial report for the six-month period ended 30 June 2009 is available on the MAp website: www.macquarie.com/map

**Complaints resolution**

A formal complaints handling procedure is in place for Macquarie Airports. Macquarie Airports Management Limited is a member of the Financial Ombudsman Service approved by ASIC. Complaints should, in the first instance, be directed to the responsible entity.

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Chief Executive Officer of MAp
Kerrie Mather

Secretaries of the Responsible Entity
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Christine Williams
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**Independent directors**

The independence of directors is determined and assessed annually in accordance with the requirements of the Macquarie Group Managed Funds policy definition adopted by MAp and set out on the MAp website: www.macquarie.com/map

**Disclaimer**

The information in this interim 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 Macquarie Airports Management Limited ACN 075 295 760 or Macquarie Airports Limited ARBN 099 813 180 or their officers or any part of the Macquarie Group.

This interim 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 Macquarie Airports, 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.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of these entities.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling shares, securities or other instruments in MAp. Due care and attention has been used in 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.

# MAp update 2009

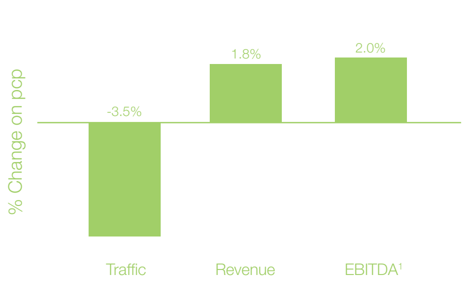
# sydney

# copenhagen

## interim results

### Sydney

Six months to June 2009 vs pcp



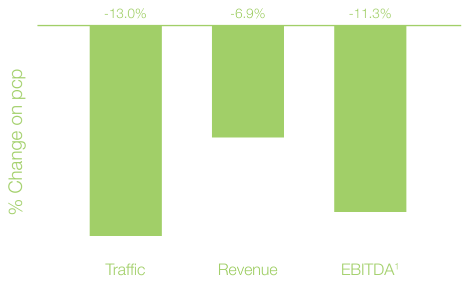

EBITDA increased 2.0% on the pcp to A$325.8m[1] driven by active management and strong cost control. Total revenue rose 1.8% and aeronautical revenues increased by 3.2%[2] despite a decline in traffic.

Cost control remains critical in the current environment and Sydney Airport delivered a 3.5%[3] reduction in operating expenses versus the pcp. This was due to effective management of costs across the business, aided by the corporate restructure undertaken in late 2008.

[1] Excluding specific items.
[2] Excluding security recovery.
[3] Excluding security expenses and specific items.

### Copenhagen

Six months to June 2009 vs pcp




EBITDA decreased by 11.3% on the pcp to DKK755.6m[1], due mainly to a 13.0% decline in passenger numbers over the period.

The 4.2% increase in airport charges under the interim aeronautical agreement, which took effect from 1 April 2009, helped to moderate the decline in aeronautical revenue.

Concession revenues were 4.2% lower than the pcp despite a 4.8% increase in shopping centre revenues boosted by the opening of a number of new shops and restaurants in the second half of 2008. A weaker performance from car parking impacted the overall result.

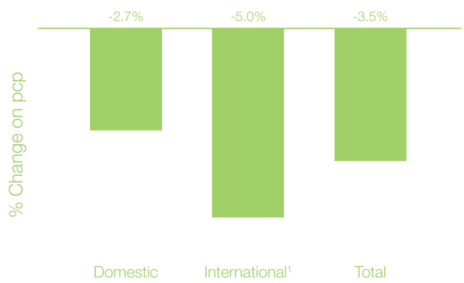
Operating expenses were down 1.4%[1] due to reduced staff costs following a redundancy program completed in Q1 2009.

[1] Excluding specific items.

## traffic

### Sydney

Six months to June 2009 vs pcp

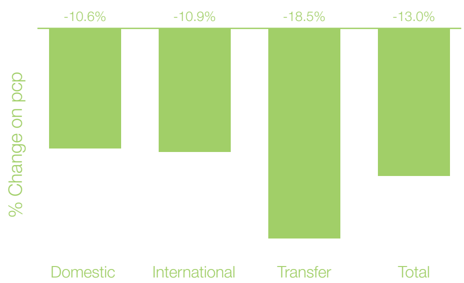



Sydney's traffic decreased by 3.5% in the first half of 2009 versus the pcp. Despite the difficult external environment, the airport continues to win new airline business with Air Austral and V Australia both commencing operations during the half year. In addition, Delta Air Lines is now operating on the trans-Pacific route and Tiger Airways has enhanced passenger choice on the busy Sydney-Melbourne route. A380 operations are expected to continue to expand with Qantas adding additional capacity as they receive new planes.

[1] Excluding Domestic on Carriage.

### Copenhagen

Six months to June 2009 vs pcp




Copenhagen's traffic was 13.0% lower than the pcp due to lower demand as a result of the economic downturn and the collapse of Sterling Airways in October 2008.

Second quarter performance against the pcp showed an improving trend in Origin and Destination (O&D) traffic over recent months. Whilst both O&D and Transfer & Transit were down approximately 16.0% in the first quarter, the decline in O&D moderated to 6.2% in the second quarter. Aeronautical and commercial yields are generally higher from O&D traffic.

## business initiatives and other developments

### Sydney

The T1 Redevelopment program remains on schedule with enhanced passenger processing facilities due to open later this year. A number of new stores have recently opened including Lonely Planet, Rossini Gastronomia and Rossini Gelataria.

Sydney Airport welcomed the Australian Government's approval of its 20 year Master Plan 2009. The Master Plan assumes no change to the constraints that Sydney Airport operates under (curfew, cap on runway movements and regional ring-fence) and demonstrates that the airport will sustainably manage forecast passenger growth.

Capital expenditure during the first half of 2009 amounted to A$159.7m, representing an increase of 1.1% on the pcp. The major items of spend included the T1 Redevelopment, runway end safety area, common user terminal equipment, Qantas seamless transfer facility and taxiway lighting.

### Copenhagen

From 1 April 2009 a 4.2% increase in aeronautical charges was implemented, as granted by the local regulator. A long term charges agreement is currently being negotiated directly with the airlines.

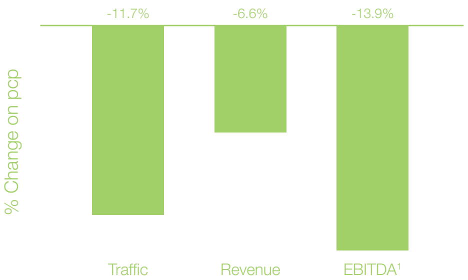
The Terminal 3 landside redevelopment was completed in June, improving check-in conditions for Scandinavian Airlines (SAS) and the other members of the Star Alliance. CPH SWIFT, the low-cost terminal facility, is on schedule for completion in 2010.

Copenhagen Airport has been rated the most efficient airport in Europe for the second consecutive year by the Air Transport Research Society.

Capital expenditure during the first half of 2009 was DKK237.0m, a decrease of 46.4% on the pcp. The principal areas of investment were CPH SWIFT, a pier refurbishment and expansion and relocation of the food and beverage facilities in the terminals.

# brussels

Six months to June 2009 vs pcp



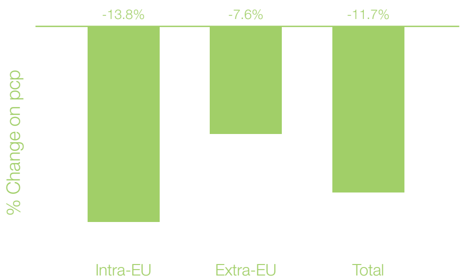

EBITDA decreased 13.9% on the pcp to €90.0m[1], driven by the 11.7% traffic decline in the period.

Revenue per passenger is up 5.8% on the pcp. Aeronautical revenue benefited from the 5.1% increase in tariffs from April 2009 under the long term charging agreement. Commercial revenues benefited from the initiatives carried out in 2008 which increased retail and food and beverage space by 25%, enhancing passenger choice.

Operating costs were well controlled at only 2.9% higher than the pcp, despite staff costs being impacted by a mandatory double indexation of salaries over the last 12 months.

[1] Excluding specific items.

Six months to June 2009 vs pcp




Brussels' 11.7% traffic decline for the first half of 2009 versus the pcp was a result of capacity reductions primarily from Brussels Airlines, the use of smaller aircraft by Jet Airways, lower demand in short haul and the loss of charter traffic capacity.

The second quarter performance (-8.2% against the pcp) shows a significant improvement on the previous quarter (-16.2%), with gradual restoration of lost capacity, specifically from Brussels Airlines.

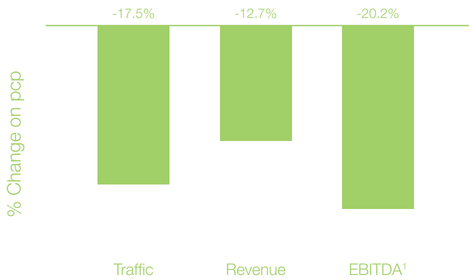
A new Pier B retail development is scheduled to open in the first quarter of 2010. The 540$m^2$ retail and food and beverage offer will be conveniently located after security. This development is part of the commercial master plan aimed at providing a full range of retail and food and beverage outlets after security screening.

The Low Cost Terminal is expected to be opened by summer 2010, delivering a separate and differentiated product in terms of infrastructure, facilities and services.

Capital expenditure during the first half of 2009 amounted to €40.0m. The principal areas of investment were the low cost terminal, a new administrative office and retail developments.

# bristol

Six months to June 2009 vs pcp



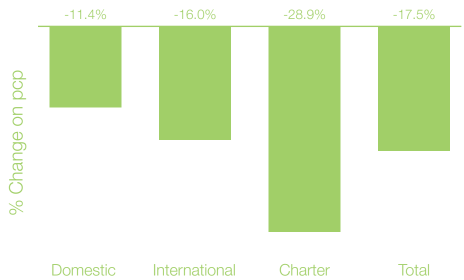

EBITDA decreased by 20.2% on the pcp to £13.0m[1], primarily due to a 17.5% reduction in passengers which was driven by the collapse of one of our major charter operators, XL Airways.

Commercial revenues were 11.8% down, less than the decline in passengers. This resulted from an increased spend per head due to the full year effect of the new food and beverage offerings.

Operating expenditure decreased by 2.5% due to lower staff numbers following December 2008's restructuring, and control of discretionary spending. Lower costs were achieved despite an 81% increase in utility costs in the first half.

[1] Excluding specific items.

Six months to June 2009 vs pcp




A major driver of the 17.5% traffic reduction was the collapse of XL Airways in late 2008 and reduced easyJet frequencies. As a result, international traffic was 16.0% down for the half and charter traffic was reduced by 28.9%. Lufthansa suspended their direct flight to Frankfurt in May, but Air France has performed well and introduced a larger aircraft from June 2009.

In June Bristol submitted a planning application which sets out the airport's medium term development plans. The proposed expansion would increase Bristol's capacity to 10 million passengers per annum.

Construction of the new western walkway began in July. When completed in spring 2010, this will provide an additional eight contact stands to improve operational efficiency and reduce emissions from coaching operations.

In May both the cleaning contract and the car park agency contracts were retendered leading to cost savings of around 10% from the second half of 2009.

Capital expenditure during the first half of 2009 amounted to £2.1m, a decrease of 52.7% on the pcp. The principal areas of investment were improvements in car parking facilities.

## other events

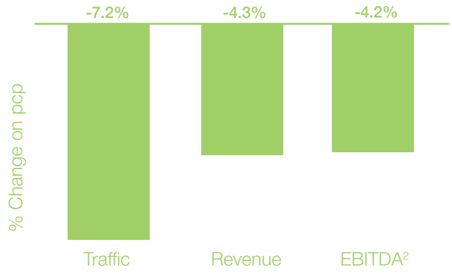
MAp agreed to tender its holding in JAT into a buyback tender offer announced by JAT in May 2009.

The external environment has changed significantly since MAp's initial investment in JAT and, given the size of MAp's interest, and the lack of opportunity to apply the active management model, MAp has decided to take advantage of this opportunity to effect an orderly exit from its investment in JAT.

Divestment of the interest in JAT was successfully completed on 3 August 2009.

## Growth based on beneficial interests at 30 June 2009[1]

# MAp's active management delivers financial outperformance versus traffic



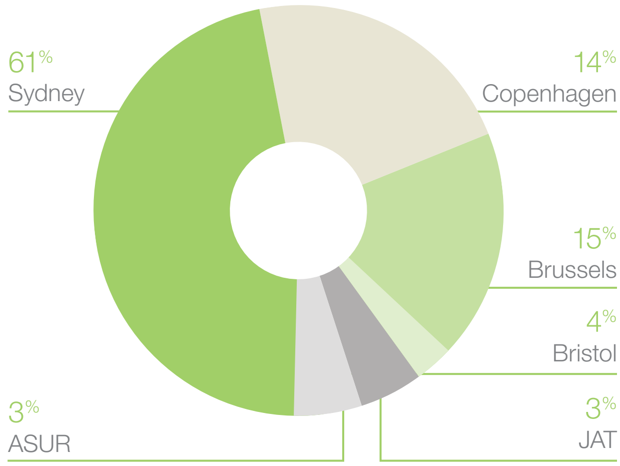

[1] This proportionate portfolio consolidated information shows the growth between the six months ended 30 June 2008 and 30 June 2009 for those assets held by MAp based on MAp's beneficial interest in those assets and foreign exchange rates that prevailed in the six month period to 30 June 2009.
[2] Excluding specific items.

## MAp's airport interests at 30 June 2009

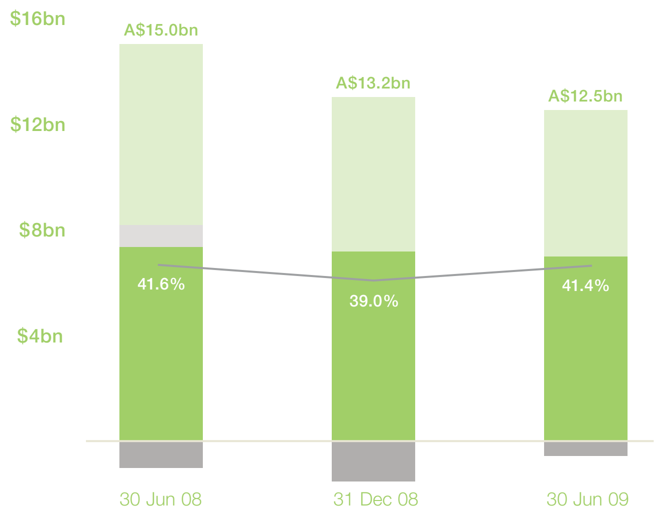
| | |
|---|---|
| Sydney | 74.0% |
| Copenhagen | 26.9% |
| Brussels | 36.0% |
| Bristol | 35.5% |
| JAT[1] | 14.9% |
| ASUR | 16.0% |

[1] Divestment completed on 3 August 2009.

## MAp portfolio weightings at 30 June 2009




## Enterprise value




- Airport assets' net debt
- Corporate net debt/(Net cash)
- Hybrid capital
- Equity value attributable to MAp security holders
- Gearing ratio

## Financial highlights

| | 30 June 2009 | 30 June 2008 |
|---|---|---|
| Net result attributable to MAp security holders | (A$299.4m) | (A$274.3m) |
| Equity value attributable to MAp security holders | A$7,333.2m | A$7,845.9m |
| Asset backing per stapled security | A$4.30 | A$4.57 |