ASX Release

24 October 2011

MAp SIMPLIFICATION PROPOSAL

EXPLANATORY MEMORANDUM & INDEPENDENT EXPERT'S REPORT

MAp[1] announced on 28 September 2011 that, as a result of its strategy having changed to focus solely on its ownership and operation of Sydney Airport, it would seek investor approval to restructure and simplify (the Simplification) by removing the Bermudian company (MAIL) from its stapled security structure by way of a Bermudian scheme of arrangement (the Scheme).

If the Simplification is approved, each MAp investor will:

- dispose of their MAIL shares to MAT2 for market value consideration in the form of a cash component of 80 cents per MAp stapled security and an issue of MAT2 units (the Scheme Consideration);
- have the same proportionate interest in MAp (including in Sydney Airport) that they held prior to the Simplification; and
- own the same number of MAp stapled securities that they held prior to the Simplification, except that their investment will have changed from a triple-stapled security including an offshore company to a double-stapled security comprising two Australian trusts.

The Simplification will:

- remove the complexity associated with the inclusion of an offshore company in MAp's listed structure;
- result in the listed entities being governed solely from Australia; and
- deliver cost savings additional to those envisaged as part of the asset swap.

The Simplification is subject to Court Approval.

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The attached Explanatory Memorandum and Independent Expert's Report will be mailed to investors shortly.

The Scheme Meeting and investor meetings of MAIL, MAT1 and MAT2 will be held on 24 November 2011. Details of the time and venue are contained in the Explanatory Memorandum.

If the Simplification is approved it is expected that investors on the register at 7.00pm Sydney time on 12 December 2011 will be entitled to receive the Scheme Consideration, the cash component of which will be paid on or around 19 December 2011. These dates are indicative only and any changes will be announced through the ASX and on MAp's website (www.mapairports.com.au).

For further information, please contact:

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[1] MAp is currently an ASX-listed triple-stapled security comprising one share in MAp Airports International Limited (MAIL), a Bermudian mutual fund company, and one unit in each of MAp Airports Trust 1 (MAT1) and MAp Airports Trust 2 (MAT2), both Australian trusts. MAIL's original purpose was primarily to hold investments in non-Australian airports.

NOTICES OF MEETING AND EXPLANATORY MEMORANDUM

24 NOVEMBER 2011

MAp Airports International Limited (ARBN 099 813 180)
(Bermuda Registration Number 31667)

Notice of Scheme Meeting, Notice of Special General Meeting 2011 and Explanatory Memorandum

MAp Airports Trust 1 (ARSN 099 597 921)
MAp Airports Trust 2 (ARSN 099 597 896)

Notices of General Meeting 2011 and Explanatory Memorandum

KEY DATES

Date and Time	Event
11.00 am, 22 November 2011	Deadline for receipt of proxy forms for the Meetings by the Registry
7.00 pm, 22 November 2011	Time and date for determining eligibility to vote at the Meetings
11.00 am, 24 November 2011	Investor Meetings
If the Scheme and other aspects of the Simplification are approved by Investors at the Meetings	
2 December 2011 (10.00 am, Bermuda Time)	Court hearing (for approval of Scheme)
5 December 2011	Effective Date of the Scheme
6 December 2011	Trading of MAp securities on a deferred settlement basis commences
7.00 pm, 12 December 2011	Record Date (for determining entitlement to Scheme Consideration)
19 December 2011	Implementation Date Cash Consideration payment date
20 December 2011	MAp securities recommence trading on a normal settlement basis
22 December 2011	"MAP" begins trading as "SYD"

All dates are indicative only and, among other things, are subject to all necessary approvals from the Court and Investors. Any changes to the above timetable will be announced through the ASX and on MAp's website at www.mapairports.com.au.

The MAp Scheme Information Line is 1300 570 798 or +61 3 9415 4018 (outside Australia). Please call if you have any questions.

Defined terms

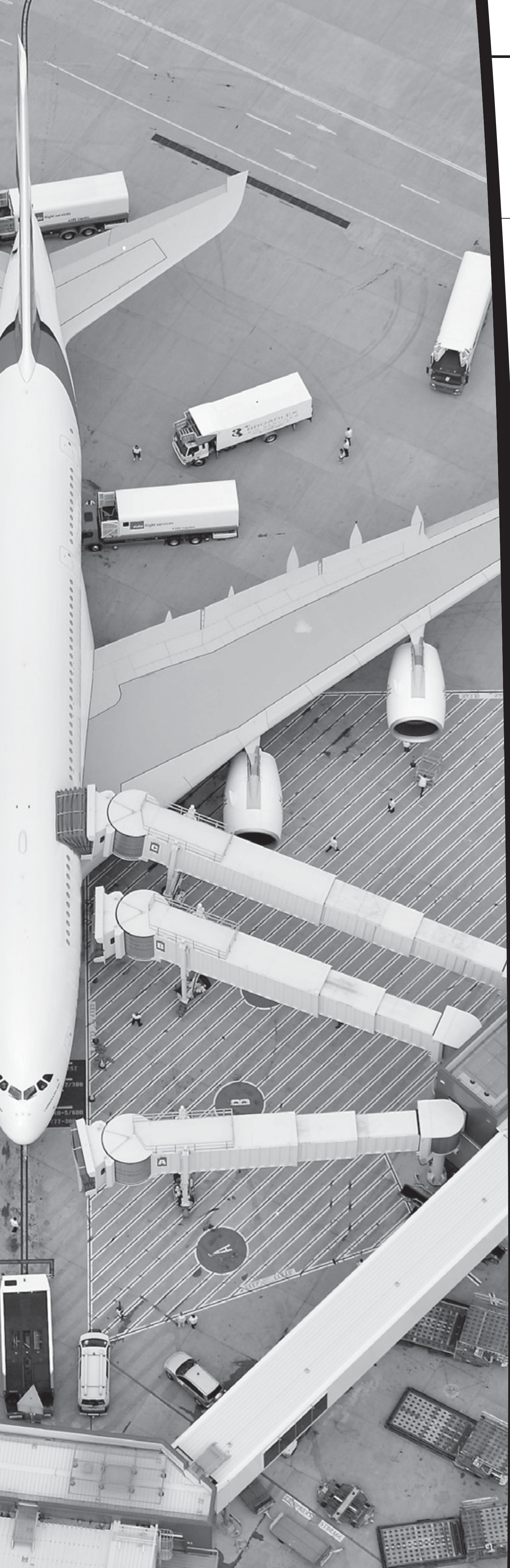
Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in section 12.

Currency

Unless otherwise specified, a reference to "A$", "$" or "dollar" is to Australian currency.

References to Time

Unless stated otherwise, all references to time in this Explanatory Memorandum are to the time in Sydney, Australia.



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IMPORTANT NOTICES

This Explanatory Memorandum

This Explanatory Memorandum provides Investors with information about a proposal to simplify MAp's structure and the various Resolutions required to be passed by Investors to achieve this outcome. It is the explanatory statement required to be sent to Investors in relation to the Scheme, under the Companies Act.

This Explanatory Memorandum is important and requires your immediate attention.

Responsibility for information

Except as outlined in section 10.7, the information contained in this Explanatory Memorandum has been provided by MAIL and MAT2 and is their responsibility alone.

The Independent Expert has provided and is responsible for the information contained in the Independent Expert's Report. Neither MAp, nor any of its directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report which accompanies this Explanatory Memorandum.

Investment decisions

This Explanatory Memorandum is not intended to constitute financial product advice and has been prepared without reference to the investment objectives, financial situation or particular needs of any Investor or any other person. You should read this Explanatory Memorandum in its entirety before making a decision as to how to vote on the Resolutions to be considered at the Meetings and, if necessary, consult your legal, investment, taxation or other professional adviser. In particular, it is important that you consider the disadvantages and potential risks of the Simplification set out in sections 1.2 and 6 and the views of the Independent Expert set out in the Independent Expert's Report.

ASIC and ASX involvement

A copy of this Explanatory Memorandum (including the Independent Expert's Report) has been provided to ASIC. Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

A copy of this Explanatory Memorandum will be lodged with the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

Court involvement

The order of the Court that the Scheme Meeting be convened is not and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Disclosure regarding forward looking statements

Any forward-looking statements in this Explanatory Memorandum are not based on historical facts, but rather reflect the current expectations of MAp concerning future results and events. Statements that describe MAp's objectives, plans, goals or expectations are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. Deviations as to future results, performance and achievements are both normal and to be expected.

The forward-looking statements included in this Explanatory Memorandum are made only as of the date of this Explanatory Memorandum. Neither MAp, its directors or any other person makes or gives any representation, assurance or guarantee to Investors that any forward looking statements will actually occur or be achieved and Investors are cautioned not to place undue reliance on such forward-looking statements.

Notwithstanding any uncertainty as to statements or representations in relation to future matters made in this Explanatory Memorandum, Australian law requires MAp to ensure that such statements or representations are based on reasonable grounds.

MAp does not give any undertaking to update or revise any forward-looking statements after the date of this Explanatory Memorandum to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Notice to persons outside Australia

This Explanatory Memorandum and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Certain Investors who (as at the Record Date) are outside Australia and its external territories and New Zealand, may be ineligible to participate in the Scheme. Investors that are Ineligible Overseas Investors will be divested of their entire holding of MAp securities under the Nominee Sale Facility and will receive the Cash Consideration and the sale proceeds (net of expenses and any withholding required by law) referable to their divested MAp securities from the Nominee (refer to section 10.11 of this Explanatory Memorandum for further details in relation to the definition and treatment of Ineligible Overseas Investors and the operation of the Nominee Sale Facility).

Investors resident outside Australia for tax purposes should seek specific taxation advice in relation to the Australian and overseas taxation implications of the Simplification.

Date

This Explanatory Memorandum is dated 24 October 2011.

LETTER FROM THE CHAIRMEN

Dear Investor

This Explanatory Memorandum outlines the boards' proposal to restructure and simplify MAp's structure.

The Simplification needs your approval at meetings to be held at 11.00 am (Sydney time) on Thursday, 24 November 2011 at the Four Seasons Hotel, 199 George Street, Sydney, New South Wales. If you are unable to attend, we encourage you to vote by proxy (which can be done online) by 11.00 am on Tuesday, 22 November 2011.

Why do we want to undertake the Simplification?

The purpose of the Simplification is to simplify MAp's structure. MAp's strategy has changed to focus solely on its ownership and operation of Sydney Airport following the sale of its interests in Brussels Airport and Copenhagen Airports and, pending final completion, its increase in ownership of Sydney Airport to approximately 85%[1]. Consequently, MAp's current listed structure, which includes an offshore company and two boards overseeing the operations of MAp, will no longer be appropriate. MAp will achieve annual cost savings of approximately $1 million as a result of the Simplification.

What is the Simplification?

Currently, each MAp security is comprised of one unit in MAT1, one unit in MAT2 and one share in MAIL.

The Simplification includes the following steps:

- A scheme of arrangement under Bermudian law. Investors will be asked to approve a resolution for the acquisition of all of their MAIL shares by MAT2.
- Investors will receive 80 cents in cash and additional MAT2 units for each MAIL share but will continue to have the same proportionate interest in MAp (including the same interest in Sydney Airport).
- Immediately following the issue of the additional MAT2 units, these units will be consolidated with your existing MAT2 units to preserve the current stapling ratio of 1:1 between MAT1 and MAT2. Investors will then own the same number of MAp securities which they held prior to the Simplification except they will have changed from a triple-stapled security to a double-stapled security comprising one unit in each of MAT1 and MAT2.
- MAp will consist of two Australian trusts and be governed entirely from Australia.
- MAp's operating costs will be reduced by approximately $1 million per annum.

Additionally, MAp will adopt the Sydney Airport name and brand and MAp's ASX ticker will change from "MAP" to "SYD".

Independent Expert's Report

The Independent Expert, Deloitte Corporate Finance Pty Limited, has concluded that the Simplification is in the best interests of MAIL shareholders. The Independent Expert's Report is attached as Annexure 2.

Directors' Recommendation

Your boards unanimously recommend that you vote in favour of all of the Resolutions. The directors will be voting in favour of all the Resolutions in respect of the MAp securities held by them.

In recommending the Simplification, your boards have considered the alternatives described in section 3.7 and considered the disadvantages and potential risks of the Simplification set out in sections 1.2 and 6. You should consider these matters when determining how you will vote. Your boards consider that the Simplification is in the best interests of Investors and the most effective option of the considered alternatives.

Questions

We encourage you to read this Explanatory Memorandum in full and if you have any questions please contact your financial adviser or call the MAp Scheme Information Line on 1300 570 798 (within Australia) or +61 3 9415 4018 (outside Australia).

On behalf of the directors, we thank you for your continued support of MAp and encourage you to vote in favour of the Simplification.

Yours sincerely

Jeff Conyers Chairman MAp Airports International Limited	**Max Moore-Wilton** Chairman MAp Airports Limited

[1] *The final completion step for the increased interest in Sydney Airport is dependent on the exercise of pre-emptive rights by co-investors. The exact percentage acquired by MAp may vary by 0.31% as a consequence (see section 3.1).*

1. HOW SHOULD I VOTE?

1.1 Reasons to vote in favour of the Simplification

(i) Investors will receive a cash payment of 80 cents

- Under the Simplification, MAT2 will pay Investors 80 cents in cash per MAIL share as partial consideration for the purchase of their MAIL shares.

(ii) Simpler governance

- Investors have expressed a preference for a simpler structure. Under the Simplification, MAIL, a Bermuda incorporated company, will cease to be listed and will become a wholly owned subsidiary of MAT2. This will simplify MAp's governance arrangements because MAp will cease to be governed by two boards and MAIL will be governed from Australia.

(iii) The Simplification will deliver cost savings to MAp

- MAp anticipates that the Simplification will deliver cost savings of approximately $1 million per annum, including MAIL director fees, insurance costs and Bermuda company secretarial fees.

1.2 Reasons to vote against the Simplification

(i) You may consider that the consideration being offered to you under the Simplification is too low or that one of the alternatives described under section 3.7 may be preferable to the Simplification.

(ii) MAp's financial flexibility will potentially be reduced

- Payment of the Cash Consideration of approximately $1.49 billion under the Simplification potentially reduces MAp's financial flexibility given that it significantly reduces MAp's cash balance. However, this is commensurate with MAp's new strategy as the holding vehicle for a single airport. MAp will still retain a cash balance of approximately $50 million and it has credit approval for a short term working capital facility in the event of unforeseen events for which it requires cash.

(iii) The Simplification may result in foreign Investors receiving Australian sourced distributions from MAIL

- Where future MAp distributions are sourced from MAIL or its subsidiaries, foreign Investors may be subject to Australian withholding tax on this portion of the distribution to the extent that distributions paid to Investors from MAT2 are unfranked.

2. QUESTIONS AND ANSWERS

Question	Answer	Refer to Section
Why is MAp undertaking a Simplification?	The purpose of the Simplification is to simplify MAp's structure. MAp's strategy has changed to focus solely on its ownership and operation of Sydney Airport following the sale of its interests in Brussels Airport and Copenhagen Airports and its increase in ownership of Sydney Airport to approximately 85%. Consequently, MAp's current structure, which includes an offshore company and two boards overseeing the operations of MAp, will no longer be appropriate. MAp will achieve annual cost savings of approximately $1 million as a result of the Simplification.	Section 3.1
What is the Simplification?	The Simplification involves changing MAp's structure from a triple-stapled structure to a double-stapled structure. This will be effected by the acquisition of all of the issued shares in MAIL by MAT2. MAIL will become a wholly-owned subsidiary of MAT2 and be governed from Australia. If approved, Investors will own the same number of MAp securities as before the Simplification with the same proportionate interest in MAp's assets, being principally approximately 85% of Sydney Airport. However, Investors will own a double-stapled security consisting of two Australian trusts (MAT1 and MAT2) governed solely from Australia, and they will have received 80 cents in cash from MAT2 as partial consideration for each MAIL share MAT2 acquires.	Section 3
What is the timetable?	The timetable is set out on the inside front cover.	
What alternatives were considered by the boards?	The boards considered a range of alternatives to the Simplification as outlined in section 3.7. The Simplification was considered to provide the optimal outcome for Investors.	Section 3.7
What will I receive as consideration for the Simplification?	Investors (other than Ineligible Overseas Investors) will receive the market value of MAIL shares in the form of a cash component of 80 cents and an issue of MAT2 units. The number of MAT2 units required to be issued to MAIL shareholders, will be calculated based on a 10 consecutive day VWAP of MAp securities trading on ASX up to and including the day that is five Trading Days before the Record Date, and the net asset value MAp reasonably allocates to MAIL shares and to MAT2 units. MAT2 will consolidate your new MAT2 units immediately after they are issued so you will end up holding the same number of stapled securities that you held prior to the Simplification. However each of your MAp securities will have become a double-stapled security rather than a triple-stapled security. The reason for the consolidation is so that the ratio of MAT1 and MAT2 units remains 1:1. Your Cash Consideration will be paid on or around 19 December 2011.	Section 3.9
What is the impact of the Simplification on MAp's financial position?	The payment of the Cash Consideration will reduce the amount of cash MAp currently has available. The ultimate number of MAT1 and MAT2 units on issue will not change as a consequence of the Simplification.	Section 3.8 and 7

2. QUESTIONS AND ANSWERS CONTINUED

Question	Answer	Refer to Section
What is the likely impact on MAp's net asset backing and security price if the Simplification is implemented?	If the Simplification is implemented, the net asset backing of MAp securities will reduce by the amount of 80 cents per MAIL share paid by MAT2 to MAIL shareholders as Cash Consideration. That reduction in the net asset-backing per MAp stapled security will be offset by the equivalent value to Investors from their receipt of the Cash Consideration. The MAp security price may also be expected to reduce as a result of the payment of the Cash Consideration, although this will depend on the market's assessment of and reaction to the Simplification. This impact is expected to be similar to that typically resulting from a distribution, whereby the price of securities trading ex-distribution is adjusted downwards to reflect the cash payment by an entity.	Section 3.8
What are the risks and disadvantages of the Simplification?	While the boards unanimously recommend that Investors vote in favour of the Simplification, there are various risks and disadvantages which Investors should consider. These include: • reducing MAp's financial flexibility; and • foreign Investors potentially receiving Australian sourced distributions from MAIL, via MAT2, which may be subject to Australian withholding tax. You will also continue to be subject to ongoing investment risks that arise as a result of holding MAp securities. A summary of the key risks is set out in section 6.	Section 6
What is the Independent Expert's view of the Simplification?	The Independent Expert has concluded that the Simplification is in the best interests of MAIL shareholders.	Section 3.12 and Annexure 2
What are the Australian tax implications for Investors of the Scheme?	It is expected that for most Investors the disposal of MAIL shares will be treated for Australian tax purposes as a capital transaction, with CGT roll-over relief available for the scrip component of the Scheme Consideration. The taxation consequences of the Scheme for Investors will depend on the personal taxation and financial circumstances of each Investor. Investors should seek their own taxation advice about the consequences for them if the Scheme is implemented. However, a summary of the likely Australian CGT consequences of the Scheme is set out in section 3.10. MAp has requested a Class Ruling from the ATO to confirm that those Investors who are residents of Australia for tax purposes and hold their MAIL shares on capital account will be entitled to CGT roll-over relief for the scrip component of the Scheme Consideration, as well as certain other taxation consequences relating to the Scheme. However, it is possible that the Class Ruling will not be issued by the ATO before Investors meet to vote on the Simplification. If the ATO Class Ruling is issued, it will be made available on the MAp website. There can be no certainty about the issue or form of any Class Ruling from the ATO. Accordingly it is possible that the ATO will not issue a Class Ruling or will be prepared to issue one only in a form other than currently anticipated. In either event, information to that effect will be made available on the MAp website at www.mapairports.com.au	Section 3.10 and 9
Who is eligible to participate in the Simplification?	All Investors other than Ineligible Overseas Investors can participate in the Simplification. Based on the composition of the Register and MAp's analysis of Investors as at 19 October 2011, MAp expects that all Investors will be able to participate in the Simplification.	Section 10.11

Question	Answer	Refer to Section
What happens to Ineligible Overseas Investors?	Ineligible Overseas Investors will be divested of their entire holding of MAp securities under the Nominee Sale Facility and will receive the Cash Consideration and the sale proceeds (net of expenses and any withholding required by law) referable to their divested MAp securities from the Nominee (refer to section 10.11 of this Explanatory Memorandum for further details in relation to the treatment of Ineligible Overseas Investors and the operation of the Nominee Sale Facility).	Section 10.11
What Investor approvals are required for the Simplification to occur and what level of approval is required?	The Scheme must be approved by a majority in number of the MAIL shareholders present and voting (either in person or by proxy) at the Scheme Meeting and representing at least 75% of the value of MAIL shares voting on the Scheme Resolution at the Scheme Meeting. Resolutions to approve the amendments to the MAT2 constitution and MAIL bye-laws, must be approved by more than 75% of the votes cast by Investors entitled to vote on those Resolutions. All other Resolutions required for the Simplification to proceed require approval by a majority of votes cast by Investors. These Resolutions are required to permit the temporary suspension of stapling of the MAT1 and MAT2 units and the cessation of the stapling of the MAIL shares to the MAT1 units and the MAT2 units.	Section 3.5 and Notices of Meeting
In what circumstances will the Simplification not proceed?	The Simplification will not proceed if: • the Scheme is not approved by Investors; • the Scheme is not approved by the Court or conditions that may by imposed by the Court are not satisfied; or • as at 8am (Bermuda time) on the Second Court Date (as defined in the Scheme) all of the conditions precedent under the Scheme Implementation Agreement (see Annexure 3, section 1.2) have not been satisfied or the Scheme Implementation Agreement has been terminated (see Annexure 3, section 1.6).	
What happens if the Simplification does not proceed?	If the Simplification does not proceed, MAp's structure will not change from its current structure and MAp will retain a corporate presence in Bermuda. MAp will still seek to adopt the Sydney Airport name and brand and change its ASX ticker. Investors will not receive the Scheme Consideration but will retain their MAIL shares. MAp securities will remain those of a triple-stapled group. MAp will retain cash of approximately $1.49 billion, will have incurred transaction costs and will not realise the cost savings associated with the Simplification. The tax position of foreign Investors receiving distributions from MAIL will not change.	Section 3.13
Will the Simplification affect the Asset Swap?	No.	
Will the Simplification affect the distribution guidance provided by MAp?	No. MAp reaffirms regular distribution guidance of 21 cents per stapled security for 2011 and approximately 21 cents per stapled security for 2012, regardless of the outcome of the Simplification. Distribution guidance is subject to external shocks to the aviation industry and material changes to forecast assumptions.	Section 4.3.2
What will MAp's approach to distributions be going forward?	MAp expects to pay distributions which are fully backed by net operating receipts from 2012 onwards.	Section 4.3.2
Will you have to pay brokerage or stamp duty in connection with the Simplification?	No. Note if you are an Ineligible Overseas Investor, certain expenses (and any withholding required by law) may be deducted from the sale proceeds you receive under the Nominee Sale Facility.	Section 3.10
Should I vote?	You do not have to vote. However, the directors believe that the Simplification is important to all Investors and unanimously recommend that you vote in favour of the Simplification. If the Simplification is approved, all Investors (other than Ineligible Overseas Investors) will receive the Scheme Consideration regardless of whether that Investor voted or how they voted.	Section 3.11

3. SIMPLIFICATION

3.1 Background to the Simplification

The Asset Swap

On 7 October 2011, MAp substantially completed the Asset Swap by selling its interests in Brussels Airport and Copenhagen Airports, acquiring 4.96% of Sydney Airport and receiving $786 million in cash. The final completion step for the Asset Swap involves MAp receiving an additional 6.05% of Sydney Airport[2] and a further $6 million in cash.

Consequently, MAp's only significant airport investment is its interest in Sydney Airport and MAp currently has over $1.5 billion in cash.

MAp Future Strategy

MAp's strategy is to focus solely on its ownership and operation of Sydney Airport in which it will have an interest of approximately 85%.

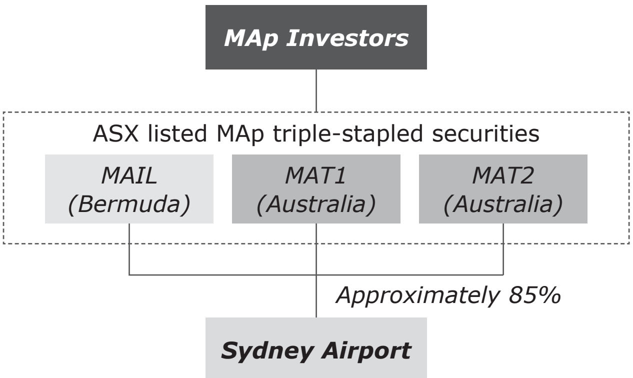
Simplification

Consistent with MAp's strategy, the boards and management have decided to simplify MAp's structure to better reflect MAp's status as the owner and operator solely of Sydney Airport.

Other steps taken by MAp to reflect this strategy include adopting the Sydney Airport name and brand and changing the ASX ticker to SYD as outlined in section 3.6, as well as consequential changes to MAp's governance as outlined in section 3.3.

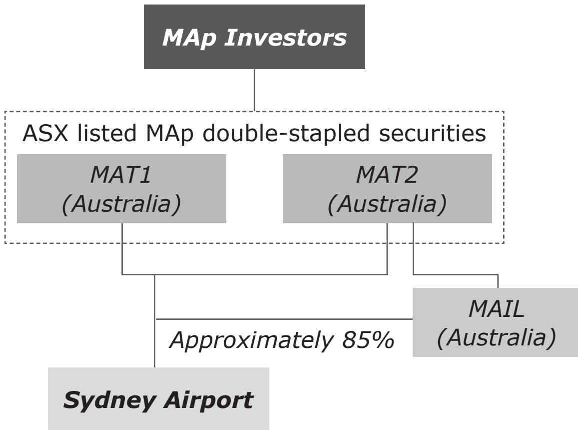
3.2 Existing MAp structure

MAp is currently a triple-stapled group listed on the ASX. Each MAp security comprises a unit in MAT1, a unit in MAT2, and a share in MAIL.



3.3 MAp structure following implementation of the Simplification

Following the Simplification, each ASX quoted MAp security will comprise a unit in MAT1 and a unit in MAT2. MAIL will be a wholly owned subsidiary of MAT2, it will be delisted from the ASX and will become governed from Australia.



3.4 Outline of the Simplification

The acquisition of MAIL by MAT2 will be effected under a Bermuda law scheme of arrangement. A scheme of arrangement is a procedure under the Companies Act which permits corporate reconstructions to occur with Investor and Court approval.

The MAIL board has obtained an Independent Expert's Report to evaluate whether the Simplification is in the best interests of MAIL shareholders. The Independent Expert has concluded that the Simplification is in the best interests of MAIL shareholders.

Under the Scheme, all MAIL shares are transferred to MAT2 in consideration for the Scheme Consideration. To be effective, the Scheme must be approved by the requisite majority of MAIL shareholders at the Scheme Meeting and by the Court.

A copy of the scheme of arrangement is set out in Annexure 4 of this Explanatory Memorandum.

To be implemented, the Simplification requires other Investor approvals to ensure that MAIL can have a majority of Australian resident directors and be governed from Australia.

[2] The exact percentage in Sydney Airport to be acquired and the exact cash amount to be received is subject to change depending on whether Sydney Airport co-investors exercise their pre-emptive rights. If all co-investors in Sydney Airport exercise their pre-emptive rights to their full entitlement, MAp would hold 84.66% (instead of 84.97%) once the process is complete. The cash consideration for the Asset Swap would increase from $792 million to $814 million. Final completion of the Asset Swap will be some time following publication of this Explanatory Memorandum but is expected to occur prior to any vote in relation to the Simplification. MAp will keep Investors updated via ASX releases which are available on the MAp website.

3.5 Explanation of the Resolutions

3.5.1 Notices of Meetings

The Scheme Resolutions and each of the other Resolutions to be considered and voted on at the Scheme Meeting and other Meetings by Investors are set out in the Notices of Meeting at Annexure 1 of this Explanatory Memorandum.

3.5.2 Inter-conditional Resolutions

For the Simplification to proceed, each of the Scheme Resolution, MAIL Resolution 1, MAIL Resolution 2, MAT1 Resolution 1, MAT2 Resolution 1 and MAT2 Resolution 2, must be passed by Investors. If any of these Resolutions is not passed by Investors, the Simplification will not be implemented.

3.5.3 Approval of the Scheme – Scheme Resolution

The Scheme Resolution asks Investors to approve the Scheme pursuant to which their shares in MAIL will be acquired by MAT2 in exchange for a payment of 80 cents in cash and the issue to them of MAT2 units, together being the market value equivalent per MAIL share.

The Scheme must be approved by a majority in number of the MAIL shareholders present and voting (either in person or by proxy) at the Scheme Meeting and representing at least 75% of the value of MAIL shares voting on the Scheme Resolution at the Scheme Meeting.

3.5.4 Unstapling of MAIL shares from MAT1 units and MAT2 units – MAT1 Resolution 1, MAT2 Resolution 1 and MAIL Resolution 1

The Stapling Deed, the MAT1 constitution and the MAT2 constitution provide that:

(i) MAIL shares, MAT1 units and MAT2 units are stapled such that each security may not be dealt with without also dealing with the others; and

(ii) Investors must approve any unstapling of MAp securities.

For the purposes of undertaking the Simplification, MAIL shares will be unstapled from MAT1 units and MAT2 units.

MAT1 Resolution 1, MAT2 Resolution 1 and MAIL Resolution 1 ask Investors to approve this step of the Simplification. To pass these Resolutions more than 50% of the votes cast by Investors at the Meetings (whether in person or by proxy) must be in favour of the Resolutions.

3.5.5 Temporary suspension of stapling of MAT1 units and MAT2 units – MAT1 Resolution 1 and MAT2 Resolution 1

To facilitate the Simplification, it will be necessary to temporarily suspend stapling of MAT1 units and MAT2 units (following the unstapling of MAIL shares) for a period of no longer than 3 days. The timing of the suspension will be determined by MAPL (as responsible entity of MAT1 and MAT2) having regard to the requirements of the Simplification process. The MAT1 Constitution, the MAT2 Constitution and the Stapling Deed require that Investors must approve the temporary destapling of MAp securities. Following the implementation of the Simplification, the temporary suspension of stapling will be lifted to enable MAp securities, then comprising MAT1 units stapled to the consolidated MAT2 units, to resume trading on ASX. The temporary suspension period is expected to occur over a weekend so that there will be no disruption to the trading of MAp securities on ASX.

MAT1 Resolution 1 and MAT2 Resolution 1 seek approval for the temporary suspension of stapling. To pass these Resolutions, more than 50% of votes cast by Investors at the MAT1 and MAT2 Meetings (whether in person or by proxy) must be in favour of the Resolutions.

3.5.6 Amendments to MAIL Bye-Laws - MAIL Resolution 2

Amendments to the MAIL bye-laws are required to allow MAIL board meetings to be held in Australia and to allow a majority of MAIL directors, or their alternates, to be resident in Australia.

MAIL Resolution 2 seeks approval to amend the bye-laws of MAIL to allow this change. This Resolution must be approved by more than 75% of MAIL shareholders who vote on the Resolution at the MAIL special general meeting (whether in person or by proxy).

3.5.7 Amendments to MAT2 Constitution – MAT2 Resolution 2

An amendment to the constitution of MAT2 is required in order to provide for the issue price at which the new MAT2 units will be issued, being a price representing their prevailing market value.

MAT2 Resolution 2 seeks approval to amend the constitution of MAT2 to provide for that issue price. The Resolution must be approved by more than 75% of Investors who vote on this Resolution at the MAT2 meeting (whether in person or by proxy).

3.6 Change of ASX ticker and name

Following implementation of the Simplification, MAp will adopt the Sydney Airport name and brand and the ASX ticker will change from ASX:MAP to ASX:SYD.

3. SIMPLIFICATION CONTINUED

3.7 Alternatives considered by the boards

In recommending the Simplification, the boards considered a number of alternatives to reflect MAp's sole focus on Sydney Airport and deliver value to Investors.

The alternatives considered by the boards included:

(i) maintaining the existing legal and operating structure of MAp;

(ii) MAIL becoming an Australian tax resident but remaining part of a triple-stapled group structure;

(iii) MAIL acquiring all the units in MAT2 from unitholders in exchange for cash and shares in MAIL;

(iv) MAIL making a cash distribution to its shareholders with MAT2 subsequently seeking to acquire the shares in MAIL from the shareholders under a pure scrip-for-scrip transaction; and

(v) creating a single listed holding company under which MAT1, MAT2 and MAIL would become subsidiaries.

The boards considered the Simplification to be the most effective way to:

- allow all MAp listed entities to be governed solely from Australia and align MAp's strategy as a single asset entity focused on Sydney Airport;
- reduce MAp's overheads, expenses and reporting obligations;
- simplify MAp's structure in a cost effective manner; and
- make MAp securities more attractive to current and future Investors.

3.8 Financial impact of the Simplification

The Simplification will result in MAp having a considerably reduced cash balance because of the cash payment by MAT2 to MAIL shareholders of 80 cents per MAIL share. Consequently, MAp will also undergo a significant reduction in interest income. The net asset backing of MAp securities will also reduce by the amount of the Cash Consideration.

The directors considered the reduction in financial flexibility afforded by the significantly lower cash balance following implementation of the Simplification and are of the view that this is commensurate with MAp's new status as the holding vehicle for a single investment. MAp has no external debt and the next debt maturity at Sydney Airport is not until the final quarter of 2013. Following the Simplification, MAp expects to have a cash balance of approximately $50 million and also has credit approval for a short term working capital facility in the event of unforeseen events.

As a result of the reduction in interest income referred to above, future regular distributions will be lower than would be the case if MAp were to retain a significant cash balance into the future and continued to earn interest on that amount and used that interest to make higher distributions. However, Investors are cautioned against assuming that MAp would necessarily continue to retain a significant cash balance into the future if the Simplification does not proceed because the boards could determine to utilise that cash for other purposes in which case Investors might not have the benefit of the cash component of the Scheme Consideration or higher regular distributions.

The reduction in interest earned on MAp's existing cash balance has been taken into account in providing regular distribution guidance for 2012 of approximately 21 cents per stapled security, subject to external shocks to the aviation industry and material changes to forecast assumptions.

That reduction in the net asset-backing per MAp security will be offset by the value received by Investors through the Cash Consideration.

The MAp security price may also be expected to reduce if the Simplification proceeds, although this will depend on the market's assessment of, and reaction to, the Simplification. This impact is expected to be similar to that typically resulting from a distribution, whereby the price of securities trading ex-distribution is adjusted downwards to reflect the cash payment by an entity.

Pro forma statutory profit and loss and balance sheet information for MAp is provided in section 7.

3.9 Issue of new units in MAT2 and cash consideration

Scheme Consideration

MAT2 will acquire all of the shares in MAIL for the Scheme Consideration which is the market value of all MAIL shares being sold. The Scheme Consideration to be paid to MAIL shareholders by MAT2 is comprised of the Cash Consideration and the Scrip Consideration.[3]

The Cash Consideration MAT2 will pay each MAIL shareholder is 80 cents in cash for each MAIL share held as at the Record Date. The total Cash Consideration paid by MAT2 to MAIL shareholders will be approximately $1.49 billion.

The Scrip Consideration will be an issue of MAT2 units equal to the value of each MAIL share minus the Cash Consideration. The market value of each MAIL share and each MAT2 unit to be issued, will be determined by reference to the part of the VWAP of MAp securities trading on ASX that is considered reasonably referable to MAIL or MAT2 (as applicable) taking net asset values into account. The VWAP will be measured over the 10 consecutive Trading Days up to and including the day that is five Trading Days prior to the Record Date.

[3] *Noting that the Nominee will receive the Cash Consideration and the Scrip Consideration instead of Ineligible Overseas Investors. See section 10.11 for more information on Ineligible Overseas Investors.*

Value of MAp securities following payment of the Scheme Consideration

Under the Scheme, Investors' MAIL shares will be bought by MAT2 in exchange for 80 cents and additional MAT2 units. Following the Simplification, Investors will continue to hold the same overall number of MAp stapled securities as before the Simplification but the stapled security will comprise one unit in MAT1 and one unit in MAT2.

The Scrip Consideration received by each MAIL shareholder will be consolidated with the existing MAT2 units (which will have been subdivided) to ensure the MAT1 to MAT2 unit ratio remains as 1:1. The economic value of the Scrip Consideration issued to Investors will increase the value of each MAT2 unit held by Investors (as part of their stapled security) following consolidation, compared with the value of a MAT2 unit prior to the Simplification.

The position of Investors before and after the Simplification, in terms of the allocated value of their MAp securities, is illustrated by the worked example below.

The value MAp allocates to each of the three MAp stapled entities as at 30 June 2011 based on its individual net asset backing, expressed as a percentage, is as follows:

MAT1 24.6%	MAT2 27.8%	MAIL 47.6%

Assuming the same percentage allocation and assuming that the 10 consecutive day VWAP of MAp securities up to and including the day that is five Trading Days before the Record Date is $3.32, the market value that could be allocated to each of the MAp securities on an individual basis immediately prior to the Simplification would be as indicated in table 1 below.

Table 1

Notional market value of each MAp security prior to the Simplification (calculated by reference to MAp's net assets)	
Unit in MAT1	$0.82 (24.6% of $3.32)
Unit in MAT2	$0.92 (27.8% of $3.32)
Share in MAIL	$1.58 (47.6% of $3.32)
Aggregate value (Market value of MAp securities)	**$3.32**[4]

In this example, if the Simplification is implemented, Investors (other than any Ineligible Overseas Investors) will receive value for their MAIL shares equivalent to $1.58 per share, comprised of Cash Consideration of 80 cents per MAIL share and the remainder in the form of additional MAT2 units.

Following the consolidation of MAT2 units and the completion of all other required steps under the Simplification, each MAp security will comprise a unit in MAT1 and a unit in MAT2. All MAIL shares will have been acquired by MAT2 and the net asset value of MAT2 will incorporate MAIL's net asset value less the Cash Consideration paid to Investors. MAT1's net asset value will remain unchanged.

Accordingly, and using the same assumptions as above, the value attributable to the two securities forming the double-stapled security immediately following the Simplification would be as indicated in table 2 below.

Table 2

Notional market value of each MAp security after the Simplification (calculated by reference to MAp's net assets)	
Unit in MAT1	$0.82 (32.4% of $2.52)
Unit in MAT2	$1.70[5] (67.6% of $2.52)
Market value of MAp securities[6]	**$2.52**[7]
Adjustment to account for the Cash Consideration paid to Investors	
Cash Consideration paid	$0.80
Aggregate value Market value + Cash Consideration	**$3.32**

In the example provided above, the value of MAT2 units immediately prior to the Simplification is $0.92. Immediately after the Simplification, the value of MAT2 units is $1.70. Therefore, on the basis of the notional share trading price of MAp securities of $3.32, the value of the MAT2 units issued as the Scrip Consideration would be $0.78.

[4] A notional security price of $3.32 is used only to illustrate the potential impact of Simplification.

[5] This notional market value comprises the aggregate notional market value of a MAT2 unit prior to the Simplification as set out in Table 1 ($0.92) plus the notional market value of the Scrip Consideration ($0.78).

[6] This assumes the 80 cents paid to Investors under the Scheme will result in a corresponding reduction in the MAp security trading price. Any reduction in the trading price of MAp securities following the Simplification as a consequence of the payment of the Cash Consideration may be greater or less than 80 cents and will depend on other trading factors.

[7] A notional security price of $2.52 is used only to illustrate the potential impact of Simplification. The actual trading price of MAp securities on ASX following the Simplification may be greater or less than this hypothetical price.

3. SIMPLIFICATION CONTINUED

3.10 Impact on Investor Australian tax position

The Australian tax consequences for Investors who participate in the Scheme will depend on whether the Investors are residents or non-residents of Australia for income tax purposes, and whether they hold their MAIL shares on revenue or capital account.

Australian resident Investors who hold their MAIL shares on capital account should generally be eligible for roll-over relief if they make a capital gain on the exchange of their MAIL shares for units in MAT2 and cash. Scrip for scrip roll-over relief permits an Investor to defer the CGT consequences arising from the transfer of their MAIL shares to the extent that any capital gain made on the transfer relates to the acquisition of MAT2 units (as opposed to the receipt of cash). This means that where an Investor chooses scrip for scrip roll-over relief, any taxable capital gain that arises should only arise in the proportion that the Cash Consideration bears to the Scheme Consideration.

Scrip for scrip roll-over relief is not available for a capital loss.

Broadly, if scrip for scrip roll-over relief is not available or chosen in respect of a capital gain, or if a capital loss is made, or if the MAIL shares are held on revenue account, a capital or revenue gain or loss would arise to Investors to the extent that the total proceeds (i.e. Cash Consideration and the market value of the MAT2 units issued under the Scheme) received on disposal of their MAIL shares exceed, or are less than, the cost of those shares.

The disposal of MAIL shares and the acquisition of MAT2 units by Investors under the Scheme should not give rise to any goods and services tax or stamp duty liability for the Investors.

The transfer of MAIL shares under the Scheme should not normally give rise to any Australian CGT consequences for a non-resident Investor who holds their MAIL shares on capital account and has a shareholding of less than 10% in the ordinary shares of MAIL. Non-resident Investors will need to consider any implications to them under the tax regimes of countries other than Australia.

This section 3.10 is a very brief summary of certain Australian tax consequences and is qualified by section 9 of this Explanatory Memorandum, "Australian taxation considerations", which provides a summary of the key Australian tax consequences for Investors who participate in the Scheme. Investors should consult their own tax advisers to determine the particular tax consequences to them of a disposal of MAIL shares pursuant to the Scheme.

3.11 Board recommendations

The boards have concluded that the Simplification is in the best interests of Investors and is the best option of all the simplification alternatives available to MAp.

Accordingly:

- the boards unanimously recommend that Investors vote in favour of the Simplification (subject to the Independent Expert not changing or withdrawing its conclusion); and
- the directors intend to vote any securities they hold or control in favour of the Simplification.

3.12 Independent Expert's Report

The MAIL board has commissioned an Independent Expert's Report. The Independent Expert has concluded that the Simplification is in the best interests of MAIL shareholders. The Independent Expert's Report is set out in Annexure 2.

3.13 Implications if the Simplification is not approved

If the Simplification is not approved:

- MAp listed securities will continue to comprise a share in the Bermuda company (MAIL) stapled to units in two Australian trusts (MAT1 and MAT2);
- MAp will continue to be a triple-stapled security listed on ASX;
- Investors will not receive the 80 cents Cash Consideration or additional MAT2 units under the Scheme from MAT2;
- MAp will have retained cash of approximately $1.49 billion;
- MAp will be required to maintain a corporate presence in Bermuda;
- the cost savings associated with the Simplification will not be delivered;
- MAp will have incurred $1.8 million in transaction costs but the Simplification will not be implemented;
- MAp will still seek to adopt the Sydney Airport name and brand and change its ASX ticker; and
- the tax position of foreign Investors receiving distributions from MAIL will not change.

4. PROFILE OF MAp

4.1 MAp trading update

4.1.1 MAp performance

Statutory result

MAp reported its financial results for the six months to 30 June 2011 on 25 August 2011. MAp reported a statutory result (profit/loss) attributable to Investors of a loss of $273.5 million versus a profit of $19.7 million in the prior period. Revaluation losses in the period were $345 million compared to $64.2 million in the prior period. This was driven by the recognition of the investments in Brussels Airport and Copenhagen Airports at the values at which the airports were sold to OTPP.

Proportionate performance

For the same period, MAp reported proportionate earnings of $194.8 million, down 5.6% on the prior period. The decline in proportionate earnings was driven by a number of factors including the sale of MAp's interest in ASUR and the impact upon the translation of earnings from Brussels Airport and Copenhagen Airports of adverse foreign currency movements. On a pro forma basis (restating the prior period based on current period ownership levels and exchange rates), proportionate EBITDA before specific items rose 4.1%.

Proportionate information is calculated as aggregation of the financial results of MAp's airport investments in the relevant proportions that MAp holds those interests. It reflects the operating performance of MAp and its airports and is not affected by revaluation movements.

4.1.2 Sydney Airport operating performance

Following completion of the Asset Swap, MAp's only operating asset is an interest of approximately 85% in Sydney Airport.

For the nine months to 30 September 2011 Sydney Airport reported EBITDA before specific items of $583 million, up 2.8% on the prior period. This is considered to be a solid performance when taking into consideration major disruptions to the aviation and travel sectors caused by the impact of natural disasters in the first half of the year (including floods in Queensland and Victoria, the tsunami and earthquake in Japan, the Chilean ash cloud and the earthquake in Christchurch, New Zealand), and the grounding of Tiger Airways and various industrial actions during the third quarter.

4.1.3 Sydney debt maturity profile

Sydney Airport has no debt maturities until October 2013 and an average term to maturity of 8 years. Sydney Airport's debt maturity profile is well-spread with no more than 15% of total debt maturing in any one year. Of Sydney Airport's debt, 85% is either fixed rate debt or has been swapped from floating rate into fixed rate debt.

Sydney Airport has a diversified debt funding base comprising local and international bank borrowings and Australian, US and Canadian corporate bonds.

4.2 MAp's future intentions and strategy

Following the Asset Swap, MAp's strategy is to focus on its single operational asset, Sydney Airport.

4.3 Consequences of the Simplification

4.3.1 Changes to MAp governance

MAIL board of directors

As a result of the Simplification, MAIL will become a wholly owned subsidiary of MAT2 and will convene a board based in Australia with MAp employees as its directors meaning MAIL will no longer have a separate Bermuda-based board. This will result in cost savings for MAp as directors' fees and director and officer liability insurance for the MAIL directors will no longer be payable.

Principles of governance

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. MAp's corporate governance framework and practices are on the MAp website.

4.3.2 Distribution policy

MAp has provided distribution guidance for 2012 of approximately 21 cents per security and reaffirmed the 2011 distribution guidance of 21 cents per security, each subject to external shocks to the aviation industry or material changes in forecast assumptions.

MAp expects to achieve 100% coverage of distributions from 2012 onwards by net operating receipts (defined as distributions from airport investments net of corporate expenses and interest income/expense).

5. IMPLEMENTATION OF THE SIMPLIFICATION

5.1 Meeting of shareholders

The Court has ordered that MAIL convene the Scheme Meeting to consider the Scheme (pursuant to which the acquisition of MAIL shares will occur).

The Scheme Meeting will be held at 11.00 am (Sydney time) on Thursday, 24 November 2011 at the Four Seasons Hotel, 199 George Street, Sydney, New South Wales.

5.2 Steps for implementing the Scheme

The Scheme is a scheme of arrangement under Bermuda law in relation to the transfer of 100% of MAIL shares on issue to MAT2.

The Scheme is a court supervised arrangement between MAIL and the Investors pursuant to which all of the issued shares in MAIL are to be transferred to MAT2 for the Scheme Consideration.

To be Effective, the Scheme must be:

- approved by the requisite majority of Investors voting in favour of the Resolution at the Scheme Meeting; and
- sanctioned by the Court.

Investors are entitled to oppose the approval of the Scheme. If you wish to oppose, you may do so by filing a notice of intention to appear with the Court and then attending and making representations, either through your legal counsel or in person, at the Court hearing in Bermuda. You may also file with the Court affidavit evidence setting out the reasons for your opposition.

The date for the Court hearing is currently scheduled to be 2 December 2011. Any change to this date will be announced through the ASX.

If the Court sanctions the Scheme, MAT2 will implement the Scheme as follows:

(a) MAT2 will lodge the Court order sanctioning the Scheme with the Bermuda Registrar of Companies. This is the Effective Date for the Scheme;

(b) trading in MAp securities will commence on a deferred settlement basis;

(c) during a non-trading period when the ASX market is closed, MAIL shares will cease to be stapled to MAT1 units and MAT2 units. The stapling of MAT1 units and MAT2 units will be temporarily suspended;

(d) MAT2's issued units will be subdivided to ensure that when new units are issued by MAT2, no fractional units will be issued and no rounding will need to occur;

(e) MAT2 will acquire all of the issued share capital in MAIL so that MAIL becomes a wholly-owned subsidiary of MAT2;

(f) MAT2 will issue to each MAIL shareholder (including the Nominee but not including Ineligible Overseas Investors) the Scrip Consideration in the form of new units in MAT2 and pay the Cash Consideration of 80 cents per MAIL share;

(g) MAT2 will undertake a unit consolidation to restore the ratio of MAT1 and MAT2 units to 1:1 and ensure that the number of MAp securities held by an Investor immediately after the Simplification is the same number of MAp securities held by the Investor immediately prior to the Simplification;

(h) stapling of units in MAT1 and MAT2 will resume and MAIL will cease to be listed on ASX;

(i) trading in MAp securities on a non-deferred basis, will recommence on the ASX.

It is anticipated that these steps will occur by 20 December 2011.

Ineligible Overseas Investors will be divested of their entire holding of MAp securities under the Nominee Sale Facility and will receive the Cash Consideration and the sale proceeds (net of expenses and any withholding required by law) referable to their divested MAp securities from the Nominee (refer to section 10.11 of this Explanatory Memorandum for further details in relation to the treatment of Ineligible Overseas Investors and the operation of the Nominee Sale Facility).

5.3 Reorganisation of MAT2 units

In implementing the Scheme, MAT2 will reorganise its units on issue by undertaking a subdivision, followed by an issue of new units and a consolidation of the new and existing units. For the purposes of ASX Listing Rule 7.20, which deals with the reorganisation of units, MAT2 notes:

(a) the net effect of the unit subdivision and consolidation is that Investors will continue to hold the same number of MAT2 units as they did immediately prior to the implementation of the Scheme and the amount unpaid on the MAT2 units (if any) will not change;

(b) the unit subdivision and subsequent consolidation will be implemented such that no fractional units will be issued and no rounding will need to occur; and

(c) MAT2 has no convertible securities on issue which will be impacted by the reorganisation (and nor does MAT1 and MAIL).

5.4 Payment Arrangements

The Cash Consideration will be paid into each Investor's nominated bank account. If you have not previously notified the Registry of your nominated bank account or would like to change your existing nominated bank account, you should contact the Registry on 1300 570 798 (within Australia) or +61 3 9415 4018 (outside Australia) before the Record Date.

Overseas Investors will receive a cheque unless they have nominated an Australian bank account.

5.5 Scrip Consideration

The additional MAT2 units to be issued as Scheme Consideration will be issued on the Implementation Date. As a result of the unit consolidation the number of MAp securities you hold will not change following the implementation of the Simplification.

5.6 Dealings in MAp securities

From the day after the Effective Date, trading in MAp securities will occur on a deferred settlement basis. That is, any trades of MAp securities occurring after this date will not settle until the Implementation Date of the Scheme. Recommencement of trading on a normal settlement basis is expected to occur from 20 December 2011. The deferred settlement trading will ensure that all trades in MAp securities from the commencement of deferred settlement trading will settle with MAp trading as a double-stapled security rather than as a triple-stapled security.

6. RISKS

This section of the Explanatory Memorandum discusses some of the key risks associated with your ongoing investment in MAp including a discussion of the change in the risk profile of MAp following the Simplification. The risks outlined in this section are not exhaustive of the risks faced by an investor in MAp. You should consider whether your ongoing investment in MAp is suitable for you in light of the Scheme and the Simplification. You should consider MAp's other periodic and continuous disclosure announcements including MAp's Interim Results for the half year ended 30 June 2011 released to the ASX on 25 August 2011 and Financial Report for the full year ended 31 December 2010 released to the ASX on 24 February 2011.

6.1 Operational and investment risks for MAp

There are a number of factors which will affect the performance of investments in the airport and infrastructure sector, and accordingly returns on an investment in MAp. Some of these factors are discussed below.

(i) Assets

MAp's sole material asset is Sydney Airport. Adverse financial performance of Sydney Airport will impact directly upon MAp.

(ii) Passenger and aircraft movements

The key drivers of airport revenues are passenger traffic and the number of aircraft movements and size of aircraft.

The number of passengers using Sydney Airport may be affected by a number of factors including general economic conditions, demographic changes, changes in preferences of travellers, natural disasters and overall airline costs (including, for example, fuel costs).

Aeronautical revenue is generated through charges levied for the use of airport infrastructure, with charges typically levied on the basis of total aircraft weight and passenger volumes. Aeronautical revenue is therefore dependent on the number of aircraft movements, aircraft type (as it affects their weight) and number of passengers using the airport.

(iii) Actions by airlines

Actions by airlines which affect passenger numbers could adversely affect the financial performance of Sydney Airport, particularly where airlines have a major presence at an airport, such as Qantas at Sydney Airport. Decisions on the timing of services, price of airlines seats, the aircraft used and the detailed routings may impact on traffic levels at airports. Strikes by airline employees can also adversely affect financial performance of Sydney Airport.

(iv) Regulatory and government policy

For many airports, a substantial proportion of revenue is generated from regulated activities. There is a risk that airport revenues could be adversely affected by increases in, or changes to, regulations. Sydney Airport revenues could also be affected by changes to government aviation policy including route licensing, security, immigration, safety, airport development and changes in tax, duty and other regulatory regimes.

In July this year, the Australian Government announced its climate change plan which contemplates the introduction of a carbon pricing mechanism from 1 July 2012. The proposed mechanism would impose a carbon price on domestic air travel but would exclude international air travel.

The Government's proposed clean energy bills were passed by the House of Representatives on 12 October 2011. There is still uncertainty surrounding the particulars of the introduction of the carbon pricing mechanism and the impact it may have on MAp as the legislation is yet to be passed by the Senate which must occur before it will become effective.

As the carbon pricing mechanism does not apply to international flights in and out of Australia, which generate the majority of Sydney Airport's revenue, the directors do not believe there will be a significant impact on MAp's operations. However, the directors will continue to monitor any risk posed by the introduction of a carbon pricing mechanism.

(v) Tax risk

Laws and administration in relation to taxes and duties are complex. Entities such as MAp need to interpret and apply them. Such laws and their interpretation and administration may change. In particular, both the level and basis of taxes and duties may change.

(vi) Operational risk

The operation of an airport is a complex undertaking and involves many risks including the effect of poor weather, variable aircraft movements, accidents including aircraft crashes, traffic congestion, reliance on technical equipment, airline hub requirements and design limitations. These factors may significantly affect revenues or increase operating costs and potentially impact the viability of Sydney Airport.

(vii) Performance of non-aeronautical revenues

Non-aeronautical revenues include retailing, car parking and property. Retail revenues are driven by passengers and their propensity to spend in the shops provided at the airport. Changes to passenger profiles, economic factors or reduced competitiveness of airport retail offerings may affect levels of expenditure. Car park revenues are driven by the propensity of airport users to park their cars at the airport. Reduced demand from users could result from competition from other modes of transport and lower car park utilisation rates.

(viii) Potential liability in connection with the Asset Swap

As part of the Asset Swap, MAIL indemnified OTPP for certain liabilities if they arise in the future. It also gave a number of warranties in relation to the operation and financial position of Brussels Airport and Copenhagen Airports, which are supported by indemnities. These include indemnities for:

- OTPP's share of the challenged withholding tax liabilities, arising from the Danish Tax Office's current assessments of Copenhagen Airports Denmark Holdings; and
- pre-existing disputes or litigation at Brussels Airport.

These amounts could be substantial and may include making payments in a foreign currency (see paragraph (ix) below in relation to foreign currency exposure). It is difficult to assess the likelihood of such payments being triggered as they are dependent on a range of factors and the amounts to be paid (if at all) are not currently ascertainable given the number of variables that could affect the quantum. Factors and variables that are relevant to determining the likelihood and quantum of any such liability include the actions of the party bringing the claim, the size of the claim, the ability to mitigate any loss or reach a settlement, and whether MAIL may rely upon contractually agreed limitations and qualifications in connection with OTPP bringing such claims, such as limitation periods and minimum and maximum amounts.

(ix) Foreign currency

Even though MAIL has sold its non-Australian airports, MAIL still retains some risk arising from its exposure to movements in currency exchange rates. Such risks include that a movement in currency exchange rates may:

- impact passenger numbers and aircraft movements, which will affect Sydney Airport's operational performance; and
- increase the amount payable by MAIL in respect of certain contingent liabilities, for example, for overseas assets divested under the Asset Swap proposal.

(x) Terrorism, hostilities and external events

Returns from airport investments are sensitive to external global events including terrorist actions, hostilities, pandemics and global natural disasters, which impact demand for air travel. The threat of terrorist actions may also lead to heightened security measures resulting in higher costs for airports and congested passenger facilities, which may reduce airport capacity and impact negatively on areas such as retailing.

(xi) Environmental risk

Airports may attract opposition from environmental groups in relation to various environmental issues, who may attempt to limit the activities of an airport, its hours of operation or its impact on surrounding communities through lobbying and political pressure, litigation or direct action. Changes in environmental and planning regulation may also impact airport development, for example, regulation associated with the Australian Government's proposal to introduce a carbon pricing mechanism (see paragraph (iv) above).

(xii) Political and sovereign risk

Major disturbances such as war, riots, strikes, blockades and acts of terrorism in destination countries or regions may adversely affect passenger traffic.

(xiii) Overseas Investor risks

MAp is subject to foreign ownership restrictions under the Airports Act. There is an ongoing risk that those limits may be breached. If the relevant foreign ownership limits are breached, provisions of the MAp constitutions would apply, which enable MAp to divest Foreign Persons (as defined in the Airports Act) that are Investors of some, or all, of their MAp securities on a last in first out basis.

6.2 General risks

There are general risks associated with an investment in securities on the ASX and these may affect the value of MAp securities. Some of these general risks are discussed below.

Price of MAp securities

The trading price of MAp securities may rise or fall due to numerous factors including:

(i) general movements in Australian and international economic conditions, long term inflation rates, exchange rates and interest rates;

(ii) movements in the general market for stocks listed on the ASX or international exchanges;

(iii) changes to government regulation and policies; and

(iv) factors impacting the global aviation industry, including actions by airlines, passenger movements and natural disasters.

Volatility risk

The price of MAp securities may go up or down, even over a short period of time. Recently, markets have become more volatile. Investing in volatile conditions implies a greater level of risk for investors than an investment in a more stable market.

7. FINANCIAL INFORMATION

7.1 Introduction

The financial information set out in this section illustrates the indicative performance and position of MAp following the Asset Swap and Simplification. The financial information in this section comprises:

- pro forma historical income statements for MAp for the year ended 31 December 2010 and the half year ended 30 June 2011 (each being a *"Pro Forma Historical Income Statement"*) derived from the historical income statements for the respective periods (each being a *"Historical Income Statement"*) adjusted to reflect the Asset Swap and Simplification as having been effective for the entire period, and including other pro forma adjustments for significant items that occurred during the period;
- a pro forma historical balance sheet for MAp as at 30 June 2011 derived from the historical balance sheet as at 30 June 2011 as though the Asset Swap and Simplification had been completed on that date, and including an adjustment for the interim distribution which was paid on 18 August 2011 (the *"Pro Forma Historical Balance Sheet"*); and
- pro forma historical proportionate earnings for MAp for the year ended 31 December 2010 and the half year ended 30 June 2011 derived from MAp's historical management information reports for the respective periods (each being a *"Historical Management Information Report"*), adjusted to reflect that the Asset Swap and Simplification as having been effective for the entire period and including other pro forma adjustments for significant items which occurred during the period (each being *"Pro Forma Historical Proportionate Earnings"*).

The Pro Forma Historical Balance Sheet together with the Pro Forma Historical Income Statements form the *"Pro Forma Historical Financial Information"*. The Pro Forma Historical Financial Information is unaudited.

The historical balance sheet for MAp as at 30 June 2011 together with the Historical Income Statements form the *"Historical Financial Information"*.

The Pro Forma Historical Financial Information has been reviewed by KPMG Transaction Services (Australia) Pty Limited whose Investigating Accountant's Report relating to this information is included at section 8.

7.2 Basis of preparation

(a) Historical Financial Information

The Historical Financial Information set out in this section is derived from MAp's audited Financial Report for the year ended 31 December 2010 and MAp's reviewed Financial Report for the half year ended 30 June 2011 and is prepared in accordance with Australian Accounting Standards.

The Historical Financial Information has been presented in an abbreviated form. It does not contain all the disclosures that are usually provided in an Annual Report prepared in accordance with the Corporations Act.

(b) Pro Forma Historical Proportionate Earnings

The Pro Forma Historical Proportionate Earnings information set out in this section is derived from the Historical Management Information Reports and has been prepared on the basis set out in section 7.6. MAp's Historical Management Information Reports and the Pro Forma Proportionate Earnings are not subject to audit or review.

Copies of MAp's audited Financial Report for the year ended 31 December 2010, reviewed Financial Report for the half year ended 30 June 2011 and the Historical Management Information Reports can be found on MAp's website at www.mapairports.com.au and include the significant policies used in their preparation.

7.3 Accounting Consequences of the Asset Swap and Simplification

Asset Swap

MAp has previously consolidated its interest in Sydney Airport in its own financial statements and will continue to account for its investment in Sydney Airport on this basis following the Asset Swap.

Historically, MAp carried its non controlled airport assets as investments in financial assets at fair value, with movements in fair value recognised through profit and loss. The Asset Swap will result in the sale of MAp's entire interests in Brussels Airport and Copenhagen Airports in return for approximately 11% of Sydney Airport and a cash payment of approximately $790.5 million, which includes approximately $18.5 million of estimated completion adjustments. As the fair value of MAp's interests in Brussels Airport and Copenhagen Airports were recorded at the expected sales values in MAp's reviewed financial report for the half year ended 30 June 2011, it is expected that there will be no further significant revaluations recorded in the income statement, subject to confirmation of the completion adjustments.

As Sydney Airport is already consolidated in MAp's financial report for the half year ended 30 June 2011, the only impact of the Asset Swap is an adjustment in respect of minority interests to reflect MAp's increased interest in Sydney Airport. MAp's interests in Brussels Airport and Copenhagen Airports will no longer be recorded in MAp's statutory balance sheet.

Simplification

If the Simplification is approved and implemented, MAT2 will pay the Scheme Consideration by way of an issue of MAT2 units and payment of the Cash Consideration of approximately $1.49 billion to Investors as consideration for the disposal of their MAIL shares.

Consequently, MAp's cash and cash equivalents and other financial assets will be significantly reduced as will MAp's interest income.

7. FINANCIAL INFORMATION CONTINUED

7.4 Pro Forma Historical Income Statements

Summary Pro Forma Historical Income Statement for the year ended 31 December 2010

	MAp Pro Forma for year ended 31 Dec 10 $m	Adjustments Asset Swap $m	MAp Pro Forma for year ended 31 Dec 10 Asset Swap $m	Adjustments Simplification $m	MAp Pro Forma for year ended 31 Dec 10 Simplification $m
Continuing Operations					
Revenue	**1,006**	42	**1,048**	(81)	**967**
Revaluation Gains / (Losses) from Investments	**(8)**	7	**(1)**	–	**(1)**
Other Income	**17**	–	**17**	–	**17**
Revenue From Continuing Operations	**1,015**	**49**	**1,064**	**(81)**	**983**
Finance Costs	**472**	–	**472**	–	**472**
Other Expenses	**526**	–	**526**	(5)	**521**
Other Expenses From Continuing Operations	**998**	**–**	**998**	**(5)**	**993**
Profit / (Loss) From Continuing Operations Before Income Tax Benefit	**17**	**49**	**66**	**(76)**	**(10)**
Income Tax Benefit	**53**	**–**	**53**	**–**	**53**
Profit / (Loss) From Continuing Operations After Income Tax Benefit	**70**	**49**	**119**	**(76)**	**43**
Profit / (Loss) Attributable to Minority Interests	**(49)**	21	**(28)**	–	**(28)**
Profit / (Loss) Attributable to MAp Security Holders	**119**	**28**	**147**	**(76)**	**71**

7. FINANCIAL INFORMATION CONTINUED

Summary Pro Forma Historical Income Statement for the half year ended 30 June 2011

	MAp reported for half year ended 30 Jun 11 $m	Adjustments Asset Swap $m	MAp Pro Forma for half year ended 30 Jun 11 Asset Swap $m	Adjustments Simplification $m	MAp Pro Forma for half year ended 30 Jun 11 Simplification $m
Continuing Operations					
Revenue	503	21	524	(40)	484
Revaluation Gains / (Losses) from Investments	(345)	345	–	–	–
Other Income	–	–	–	–	–
Revenue From Continuing Operations	**158**	**366**	**524**	**(40)**	**484**
Finance Costs	236	–	236	–	236
Other Expenses	261	–	261	(3)	258
Other Expenses From Continuing Operations	**497**	**–**	**497**	**(3)**	**494**
Profit / (Loss) From Continuing Operations Before Income Tax Benefit	**(339)**	**366**	**27**	**(37)**	**(10)**
Income Tax Benefit	43	–	43	–	43
Profit / (Loss) From Continuing Operations After Income Tax Benefit	**(296)**	**366**	**70**	**(37)**	**33**
Profit / (Loss) Attributable to Minority Interests	(23)	10	(13)	–	(13)
Profit / (Loss) Attributable to MAp Security Holders	**(273)**	**356**	**83**	**(37)**	**46**

The Pro Forma Historical Income Statements have been derived by adjusting the Historical Financial Information as follows:

(a) MAp's Historical Income Statement for the year ended 31 December 2010 has been adjusted to remove MAp's 16% interest in ASUR, divested on 12 August 2010, for the whole of the period. This has the impact of reducing revaluation losses from investments by $18.6 million in the MAp Pro Forma Historical Income Statement for the year ended 31 December 2010.

(b) MAp's Historical Income Statement for the half year ended 30 June 2011 is as per the reviewed 30 June 2011 Historical Income Statement.

(c) The Asset Swap Adjustments reflect completion of the Asset Swap as follows:

(i) revenue has been adjusted to reflect additional interest income assumed to be earned on the cash payment of approximately $790.5 million received as part of the Asset Swap at an assumed average interest rate of 5.33%;

(ii) revaluation gains/(losses) from investments have been eliminated to reflect the absence of revaluation movements in respect of the disposed interests in Brussels Airport and Copenhagen Airports; and

(iii) profit/(loss) attributable to minority interests has been adjusted to reflect MAp's increased interest in Sydney Airport.

(d) The Simplification Adjustments reflect approval and implementation of the Simplification as follows:

(i) revenue has been adjusted downwards by $79.0 million for the year ended 31 December 2010 and by $39.0 million for the half year ended 30 June 2011 to reflect lower interest income assumed to be earned on MAp's lower cash balance as a result of payment of the Cash Consideration (of $1.49 billion) at an assumed average interest rate of 5.33%;

(ii) revenue has also been adjusted downwards by $2.0 million for the year ended 31 December 2010 and by $1.0 million for the half year ended 30 June 2011 to remove management fees received by MAp which will not be earned post Simplification; and

(iii) other expenses from continuing operations have been adjusted to reflect reduced costs associated with intra-group funding arrangements as a result of MAIL becoming governed from Australia.

7.5 Pro Forma Historical Balance Sheet

Summary Pro Forma Historical Balance Sheet as at 30 June 2011

	MAp reported as at 30 Jun 11 $m	Adjustments Distribution $m	MAp Pro-Forma Pre Asset Swap & Simplification as at 30 Jun 11 $m	Adjustments Asset Swap $m	MAp Pro Forma as at 30 Jun 11 Asset Swap $m	Adjustments Simplification $m	MAp Pro Forma as at 30 Jun 11 Simplification $m
Current assets							
Cash and Cash Equivalents	**965**	(205)	**760**	775	**1,535**	(1,493)	**42**
Receivables	**497**	–	**497**	–	**497**	–	**497**
Other Financial Assets	**219**	–	**219**	–	**219**	–	**219**
Other Assets	**5**	–	**5**	–	**5**	–	**5**
Total current assets	**1,686**	(205)	**1,481**	775	**2,256**	(1,493)	**763**
Non-current assets							
Receivables	**43**	–	**43**	–	**43**	–	**43**
Investments in Financial Assets	**1,583**	–	**1,583**	(1,578)	**5**	–	**5**
Property, Plant and Equipment	**2,480**	–	**2,480**	–	**2,480**	–	**2,480**
Intangible Assets	**8,005**	–	**8,005**	–	**8,005**	–	**8,005**
Other Assets	**16**	–	**16**	–	**16**	–	**16**
Total non-current assets	**12,127**	–	**12,127**	(1,578)	**10,549**	–	**10,549**
Total assets	**13,813**	(205)	**13,608**	(803)	**12,805**	(1,493)	**11,312**
Current liabilities							
Payables	**546**	–	**546**	–	**546**	–	**546**
Distribution Payable	**205**	(205)	**–**	–	**–**	–	**–**
Deferred Income	**23**	–	**23**	–	**23**	–	**23**
Derivative Instruments	**61**	–	**61**	–	**61**	–	**61**
Provisions	**8**	–	**8**	–	**8**	–	**8**
Total current liabilities	**843**	**(205)**	**638**	**–**	**638**	**–**	**638**
Non-current liabilities							
Payables	**4**	–	**4**	–	**4**	–	**4**
Provisions	**2**	–	**2**	–	**2**	–	**2**
Derivative Instruments	**102**	–	**102**	–	**102**	–	**102**
Interest Bearing Liabilities	**6,184**	–	**6,184**	–	**6,184**	–	**6,184**
Deferred Tax Liabilities	**1,834**	–	**1,834**	–	**1,834**	–	**1,834**
Total non-current liabilities	**8,126**	–	**8,126**	**–**	**8,126**	**–**	**8,126**
Total liabilities	**8,969**	**(205)**	**8,764**	**–**	**8,764**	**–**	**8,764**
Net assets	**4,844**	**–**	**4,844**	**(803)**	**4,041**	**(1,493)**	**2,548**
Equity							
Contributed Equity	**3,948**	–	**3,948**	–	**3,948**	–	**3,948**
Retained Profits	**863**	–	**863**	(16)	**847**	(4)	**843**
Reserves	**(369)**	–	**(369)**	(558)	**(927)**	(1,489)	**(2,416)**
Minority Interest in Controlled Entities	**402**	–	**402**	(229)	**173**	–	**173**
Total equity	**4,844**	**–**	**4,844**	**(803)**	**4,041**	**(1,493)**	**2,548**

7. FINANCIAL INFORMATION CONTINUED

The Pro Forma Historical Balance Sheet has been derived by adjusting the reviewed 30 June 2011 balance sheet as follows:

(a) MAp Pro Forma Historical Balance Sheet as at 30 June 2011 pre Asset swap and Simplification

(i) Distributions

The MAp cash position has been adjusted to reflect the payment of the distribution on 18 August 2011 of $204.8 million which was funded from cash and resulted in a reduction of the distribution payable.

(b) MAp Pro Forma Historical Balance Sheet as at 30 June 2011 Asset Swap

(i) Disposal of interests in Brussels Airport and Copenhagen Airports

MAp's investments in financial assets has been adjusted to reflect the disposal of MAp's entire interests in Brussels Airport and Copenhagen Airports. As at 30 June 2011, these interests were carried at fair value, being the agreed sale prices under the Asset Swap, totalling approximately $1.58 billion and hence investments in financial assets has been reduced by these amounts.

(ii) Receipt of cash payment, net of transaction costs

MAp's cash and cash equivalents have been adjusted upwards by $774.5 million reflecting the cash payment received under the Asset Swap of approximately $790.5 million, partially offset by known transaction costs of $16.0 million. The cash consideration of approximately $790.5 million is made up of a fixed component of approximately $772.0 million and a component subject to completion adjustments of approximately $18.5 million. The amount in relation to the completion adjustments may vary. Retained Profits have also been adjusted for the known transaction costs.

(iii) Increased interest in Sydney Airport

As MAp consolidates its interest in Sydney Airport, an adjustment is necessary to reflect MAp's increased interest in Sydney Airport under the Asset Swap. Minority interest in controlled entities has been reduced by $229.0 million and reserves have been debited by $558.0 million to reflect the difference between the reduced minority interest in Sydney Airport's accumulated accounting losses of $229.0 million and MAp's larger interest in Sydney Airport, which was fair valued as $786.0 million. 100% of Sydney Airport's assets and liabilities are already reflected in MAp's consolidated statutory balance sheet.

(c) MAp Pro Forma Historical Balance Sheet as at 30 June 2011 Simplification

(i) Payment of Cash Consideration and transaction costs

MAp's cash and cash equivalents have been reduced by the payment of the Cash Consideration, being approximately $1.49 billion and known transaction costs of $3.5 million. Reserves have been adjusted for the cash component of the Scheme Consideration and retained profits have been adjusted for the known transaction costs.

7.6 Pro Forma Historical Proportionate Earnings

This section includes the Pro Forma Historical Proportionate Earnings which provide information supplementary to the Pro Forma Historical Financial Information. This information has been derived from the MAp Management Information Reports and is based on the policies in those reports.

Pro Forma Historical Proportionate Earnings for the year ended 31 December 2010

	MAp Pro Forma for year ended 31 Dec 10 $m	Adjustments Asset Swap $m	MAp Pro Forma for year ended 31 Dec 10 Asset Swap $m	Adjustments Simplification $m	MAp Pro Forma for year ended 31 Dec 10 Simplification $m
Passenger traffic (million)	**40**	**(9)**	**30**	–	**30**
Airport Revenue	1,096	(295)	801	–	801
Airport Operating Expenses	(304)	160	(144)	–	(144)
Total Airport EBITDA (Pre Specific Gains/(Losses))	**792**	**(135)**	**657**	–	**657**
Corporate Net Expenses	(17)	(2)	(18)	–	(18)
Total EBITDA (Pre Specific Gains/(Losses))	**775**	**(136)**	**639**	–	**639**
Airports Specific Gains/(Losses)	10	(10)	–	–	–
Total EBITDA	**785**	**(147)**	**638**	–	**638**
Airport Economic Depreciation	(26)	15	(11)	–	(11)
Airport Net Interest Expense	(335)	35	(300)	–	(300)
Airport Net Tax Expense	(31)	31	–	–	–
Corporate Net Interest Income	46	38	84	(81)	3
Corporate Net Tax Expense	(7)	–	(7)	6	–
Proportionate Earnings	**432**	**(27)**	**405**	**(75)**	**330**
Corporate Net Debt Amortisation	(1)	–	(1)	–	(1)
Proportionate Earnings Less Allowance For Net Debt Amortisation	**430**	**(27)**	**404**	**(75)**	**(328)**

7. FINANCIAL INFORMATION CONTINUED

Pro Forma Historical Proportionate Earnings for the half year ended 30 June 2011

	MAp reported for half year ended 30 Jun 11 $m	Adjustments Asset Swap m	MAp Pro Forma for half year ended 30 Jun 11 Asset Swap $m	Adjustments Simplification $m	MAp Pro Forma for half year ended 30 Jun 11 Simplification $m
Passenger traffic (million)	***20***	***(5)***	***15***	**–**	***15***
Airport Revenue	*537*	*(135)*	*401*	–	*401*
Airport Operating Expenses	*(153)*	*76*	*(77)*	–	*(77)*
Total Airport EBITDA (Pre Specific Gains/(Losses))	***384***	***(60)***	***324***	**–**	***324***
Corporate Net Expenses	*(9)*	*(1)*	*(9)*	**–**	*(9)*
Total EBITDA (Pre Specific Gains/(Losses))	***375***	***(60)***	***315***	–	***315***
Airports Specific Gains/(Losses)	*1*	*(1)*	–	–	–
Total EBITDA	***376***	***(61)***	***315***	–	***315***
Airport Economic Depreciation	*(11)*	*7*	*(4)*	–	*(4)*
Airport Net Interest Expense	*(174)*	*14*	*(159)*	–	*(159)*
Airport Net Tax Expense	*(17)*	*17*	–	–	–
Corporate Net Interest Income	*24*	*19*	*43*	*(41)*	*1*
Corporate Net Tax Expense	*(3)*	–	*(3)*	*4*	*2*
Proportionate Earnings	***195***	***(3)***	***192***	***(37)***	***155***
Corporte Net Debt Amortisation	*(1)*	–	*(1)*	–	*(1)*
Proportionate Earnings Less Allowance For Net Debt Amortisation	***194***	***(3)***	***191***	***(37)***	***154***

The above Pro Forma Historical Proportionate Earnings should be read in conjunction with the accompanying notes and MAp's Historical Management Information Reports for the year ended 31 December 2010 and the half year ended 30 June 2011.

MAp's reported proportionate earnings for the year ended 31 December 2010 and the six months ended 30 June 2011 have been adjusted to reflect completion of the Asset Swap as follows:

(a) MAp's proportionate interest in Sydney Airport has been increased from 74% to approximately 85% resulting in proportionate increases in Sydney Airport's contribution to airport revenue, airport operating expenses, airports specific gains/(losses), airport economic depreciation, airport net interest expense, airport net tax expense and concession airport net debt amortisation (which is a non-cash item);

(b) MAIL's proportionate interests in Brussels Airport and Copenhagen Airports have been eliminated, resulting in the airport revenue, airport operating expenses, airports specific gains/(losses), airport economic depreciation, airport net interest expense and airport net tax expense relating to these two airports being excluded; and

(c) corporate net interest income has been increased to reflect interest income earned at an effective rate of 5.33% on the cash payment received under the Asset Swap, net of transaction costs.

MAp's reported proportionate earnings for the year ended 31 December 2010 and the half year ended 30 June 2011 have been adjusted to reflect approval and implementation of the Simplification as follows:

(a) corporate net interest income has been reduced, at an effective rate of 5.33%, to reflect payment of the Cash Consideration and transaction costs;

(b) aggregate corporate net expenses have decreased reflecting reduced costs associated with intra-group funding arrangements as a result of MAIL becoming governed from Australia.

8. INVESTIGATING ACCOUNTANT'S REPORT

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The Directors
MAp Airports International Limited
Penboss Building
2nd Floor, 50 Parliament Street
Hamilton HM12 Bermuda

24 October 2011

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") has been engaged by MAp Airports International Limited ("MAIL") and MAp Airports Limited ("MAPL") to prepare this report for inclusion in the explanatory memorandum to be dated 24 October 2011 ("Explanatory Memorandum"), and to be issued by MAIL and MAPL, in respect of the proposed acquisition of shares in MAIL by MAPL, as the responsible entity of MAp Airports Trust 2 ("MAT2") ("the Transaction").

MAp is defined as MAp Airports Trust 1 and its controlled entities including MAT2 and MAIL.

Expressions defined in the Explanatory Memorandum have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to prepare a report covering the Pro Forma Historical Financial Information described below and disclosed in the Explanatory Memorandum.

The Pro Forma Historical Financial Information is presented in an abbreviated form in the Explanatory Memorandum insofar as it does not include all of the disclosures required by the

8. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED

Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Review of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information, as set out in section 7.4 and section 7.5 of the Explanatory Memorandum, comprises the pro forma, unaudited income statements of MAp for the year ended 31 December 2010 and six months ended 30 June 2011, and the pro forma, unaudited balance sheet of MAp as at 30 June 2011 (the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the actual historical financial information of MAp, extracted from the audited financial statements of MAp for the year ended 31 December 2010 and the reviewed financial statements for the six months ended 30 June 2011, after adjusting for the pro forma transactions and/or adjustments described in sections 7.4 and 7.5 of the Explanatory Memorandum.

The financial statements of MAp for the year ended 31 December 2010 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinion issued to the members of MAp relating to those financial statements was unqualified.

The financial statements of MAp for the six months ended 30 June 2011 were reviewed by KPMG in accordance with Australian Auditing Standards. The review opinion issued to the members of MAp relating to those financial statements was unqualified.

For the purposes of preparing this report, we have reviewed the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in sections 7.4 and 7.5 of the Explanatory Memorandum, and in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by MAp.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- analytical procedures on the Pro Forma Historical Financial Information of MAp;
- review of the pro forma transactions and/or adjustments made to the actual historical financial information of MAp;
- a review of MAp's work papers, accounting records and other documents;

- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by MAp as disclosed in the 31 December 2010 audited financial statements; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of MAIL and MAPL are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the determination of the pro forma transactions and/or adjustments.

The directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Explanatory Memorandum that is free from material misstatement, whether due to fraud or error.

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in sections 7.4 and 7.5 of the Explanatory Memorandum and comprising:

- the Pro Forma Historical Income Statements of MAp for the year ended 31 December 2010 and six months ended 30 June 2011; and
- the Pro Forma Historical Balance Sheet of MAp as at 30 June 2011,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in sections 7.4 and 7.5 of the Explanatory Memorandum, and in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by MAp as disclosed in the 31 December 2010 audited financial statements.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed scheme of arrangement, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the

8. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED

auditor of MAp and from time to time, KPMG also provides MAp with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Explanatory Memorandum, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Explanatory Memorandum in the form and context in which it is so included, but has not authorised the issue of the Explanatory Memorandum. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Explanatory Memorandum.

Yours faithfully

Matthew Saunders
Authorised Representative

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Financial Services Guide
Dated 24 October 2011

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Transaction Services (Australia) Pty Limited ABN 65 003 891 718**, Australian Financial Services Licence Number 245402 (**KPMG Transaction Services**) and Matthew Saunders as an authorised representative of KPMG **Transaction Services** (**Authorised Representative**), authorised representative number 404266.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide financial product advice for the following classes of financial products:

- interests in managed investments schemes excluding investor directed portfolio services; and
- securities,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

8. INVESTIGATING ACCOUNTANT'S REPORT CONTINUED

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by MAp Airports International Limited ("MAIL") and MAp Airports Limited ("MAPL") (together "the Client") to provide general financial product advice in the form of a Report to be included in the Explanatory Memorandum ("Explanatory Memorandum") prepared by MAPL in relation to the proposed acquisition of shares in MAIL by MAPL, as the responsible entity of MAp Airports Trust 2 ("MAT2") ("the Transaction").

MAp is defined as MAp Airports Trust 1 and its controlled entities including MAT2 and MAIL.

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Explanatory Memorandum. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Client.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Explanatory Memorandum before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Transaction Services in the range of $60,000 to $70,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to MAp for which professional fees are received. Over the past two years professional fees of $810,000 and $613,000 have been received from MAp. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, MAp or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services (Australia) Pty Limited
10 Shelley St
Sydney NSW 2000
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Matthew Saunders
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

9. AUSTRALIAN TAXATION CONSIDERATIONS

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The Directors
MAp Airports Limited
The Ulm Building
1 Link Road
Sydney International Airport
NSW 2020
Australia

The Directors
MAp Airports International Limited
Penboss Building
2nd Floor, 50 Parliament Street
Hamilton HM12
Bermuda

19 October 2011

Dear Directors

MAp Simplification
Overview of the Australian taxation consequences for Scheme Participants

This letter has been prepared for insertion in the Explanatory Memorandum ("EM") to be dated 24 October 2011 to be issued by MAp Airports International Limited ("MAIL") and MAp Airports Limited ("MAPL") in relation to the proposed acquisition of shares in MAIL by MAPL, as the responsible entity of MAp Airports Trust 2 ("MAT2"), under a scheme of arrangement to be approved by the Supreme Court of Bermuda.

Capitalised terms used in this letter have the meanings given to them in the Glossary in section 12 of the EM, unless otherwise indicated.

This letter provides a summary of the Australian income tax, stamp duty and goods and services tax ("GST") consequences that will arise for the shareholders of MAIL who participate in the Scheme and who:

- hold a shareholding in MAIL that comprises less than 10% of MAIL's issued ordinary shares; and
- are not temporary residents of Australia for Australian income tax purposes; and
- are not subject to the taxation of financial arrangement rules in Division 230 of the Income Tax Assessment Act 1997 in relation to gains and losses on their MAIL shares.

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Such shareholders are referred to in this letter as "Scheme Participants".

This summary does not necessarily address all of the Australian tax consequences relevant to Scheme Participants, and does not address the position of any Ineligible Overseas Investors.

This summary is necessarily general in nature and is not intended to be exhaustive or a substitute for, or to constitute, specific tax advice to Scheme Participants. The application of the tax legislation may vary according to the individual circumstances of each Scheme Participant. Before deciding whether to vote in favour of the Scheme, all shareholders in MAIL (including Scheme Participants) should obtain, and rely only upon, their own independent taxation advice about the consequences under the Scheme having regard to their specific circumstances.

The information in this letter is based on the relevant Australian tax legislation, public taxation rulings, determinations, other guidance and administrative practice as at the date of this letter. Australia is in the process of major taxation reform. It is possible that future legislation will affect the matters considered in this letter.

1. Australian income tax considerations

Unless otherwise stated, the comments below apply to Scheme Participants who are resident in Australia for Australian income tax purposes ("Australian Resident Scheme Participants") and to Scheme Participants who are not resident in Australia for Australian income tax purposes ("Non-Resident Scheme Participants").

Under the Scheme, MAT2 will give Scheme Participants the Scheme Consideration in exchange for their MAIL shares. The Scheme Consideration will comprise the Cash Consideration and the Scrip Consideration (newly issued units in MAT2).

1.1 Disposal of MAIL shares held on capital account – Australian Resident Scheme Participants

The transfer of the MAIL shares to MAT2 under the Scheme will be a capital gains tax ("CGT") event for Scheme Participants. Australian Resident Scheme Participants will make:

- a capital gain, to the extent that the capital proceeds from the transfer of their MAIL shares to MAT2 exceed the cost base of those MAIL shares (the availability of partial CGT roll-over relief for a capital gain is discussed below); or
- a capital loss, to the extent that the value of the capital proceeds is less than the reduced cost base of their MAIL shares.

The cost base is broadly the amount originally paid or deemed to be paid to acquire the MAIL shares plus certain transaction costs (if any) incurred in relation to the acquisition and disposal of the MAIL shares. The reduced cost base is determined in a similar manner; however, the related costs which may be included are different.

9. AUSTRALIAN TAXATION CONSIDERATIONS CONTINUED

The capital proceeds that Scheme Participants will receive for the disposal of a MAIL share (on the Implementation Date) will be equal to the market value of the MAT2 units issued (determined by reference to the part of a MAp ASX volume weighted average price that is referable to the unit in MAT2 on a share of net assets basis) and the Cash Consideration received for the disposal.

All capital gains and capital losses made by an Australian Resident Scheme Participant in an income year are aggregated to determine whether a net capital gain or net capital loss is made for that income year.

Subject to the comments in section 1.1.1 and section 1.1.2, to the extent a net capital gain is derived in an income year by an Australian Resident Scheme Participant, that amount is included in that Scheme Participant's assessable income. If an Australian Resident Scheme Participant incurs a net capital loss in a year, that amount is not deductible from the assessable income of the Scheme Participant. However, the net capital loss may be carried forward and should be available to be offset against capital gains derived in subsequent years, subject to certain rules relating to the recoupment of carried forward losses.

1.1.1 CGT discount for Australian Resident Scheme Participants

Australian Resident Scheme Participants who are individuals, complying superannuation entities or trusts may be entitled to reduce the amount of any capital gain made on the disposal of their MAIL shares if, amongst other things, they have held their MAIL shares for at least 12 months before the Implementation Date (this reduction is referred to as the “CGT discount”). This 12 month period does not include the date of acquisition of the MAIL shares or the Implementation Date. The CGT discount is applied only after available capital losses brought forward and/or made during the income year have been applied to reduce the capital gain.

1.1.2 Scrip for scrip roll-over relief should be available in relation to capital gains made by Australian Resident Scheme Participants

Australia’s tax regime provides relief from tax for capital gains made on the exchange of shares in one entity for shares in another entity in limited circumstances. This is referred to as “scrip for scrip roll-over relief”.

Although MAT2 is a unit trust, it is treated as though it is a “company” for certain Australian income tax purposes. Importantly, MAT2’s units are taken to be “shares” for the purposes of determining the availability of scrip for scrip roll-over relief for its unitholders.

Australian Resident Scheme Participants should generally be eligible for scrip for scrip roll-over relief on the part of any capital gain that relates to the receipt of the Scrip Consideration (the new units in MAT2).

In broad terms, scrip for scrip roll-over relief should permit an Australian Resident Scheme Participant to choose to defer any capital gain on the transfer of MAIL shares to the extent that the capital gain relates to the acquisition of MAT2 units (as opposed to cash). This means that where an Australian Resident Scheme Participant elects for scrip for scrip roll-over relief, a taxable capital gain should only arise to the extent that the gain is referable to the part of the Scheme Consideration that consists of the Cash Consideration.

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An Australian Resident Scheme Participant does not need to document its choice to claim scrip for scrip roll-over relief for Australian income tax purposes, other than by completing its income tax return in a manner that is consistent with that choice.

MAIL has sought a Class Ruling from the ATO to confirm the above Australian tax consequences for Australian Resident Scheme Participants who hold their shares on capital account.

1.1.3 No scrip for scrip roll-over relief is available or chosen by Australian Resident Scheme Participants

If scrip for scrip roll-over relief is not available or, if available, is not chosen, no portion of any capital gain derived by Australian Resident Scheme Participants from the transfer of MAIL shares would be deferred. However, as discussed in section 1.1.1 above, those Scheme Participants may be entitled to a CGT discount on any capital gain (subject to certain conditions being satisfied).

1.2 Capital gains or losses disregarded for Non-Resident Scheme Participants

Capital gains or losses should normally be disregarded where they arise on the transfer of MAIL shares by Non-Resident Scheme Participants under the Scheme if the Non-Resident Scheme Participants held less than 10% of the ordinary shares in MAIL and did not hold their MAIL shares in carrying on a business through a permanent establishment in Australia.

1.3 CGT consequences on future disposal of MAT2 units

Scheme Participants may sell their MAT2 units acquired under the Scheme in the future. In order to determine the amount of any capital gain or capital loss on such a disposal of MAT2 units, it will be necessary to have regard to the cost base of the MAT2 units and the time of their acquisition.

1.3.1 Cost base of the MAT2 units if scrip for scrip roll-over relief is available and chosen

Where scrip for scrip roll-over relief is available and chosen by a Scheme Participant, the cost base of a unit in MAT2 issued under the Scheme is to be calculated by reasonably attributing to it the cost base of the original MAIL share exchanged for that new MAT2 unit. Before that attribution, the cost base of the MAIL share is to be reduced by so much of it as was included in the cost base of the MAIL share in working out the capital gain on the receipt of the Cash Consideration.

The following example illustrates how the cost base of MAT2 units issued under the Scheme is to be determined where scrip for scrip roll-over relief is available and chosen.

9. AUSTRALIAN TAXATION CONSIDERATIONS CONTINUED

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Example
The figures in this example are for illustrative purposes only. They are not intended to reflect the actual values at which elements of the Scheme will be undertaken.

The cost base of a Scheme Participant's MAT2 units acquired in exchange for MAIL shares is based on the following formula (where CGT roll-over relief is available and chosen):

Cost base of original (16,250) MAIL shares = $20,000

Capital proceeds received = Cash Consideration (80c per MAIL share) + Scrip Consideration (market value of new units issued in MAT2)
= $13,000 + $12,000
= $25,000

Cost base of original MAIL shares exchanged for the Cash Consideration = $20,000 x ($13,000 / $25,000)
= $10,400

Total cost base of new MAT2 units acquired	=	Cost base of original MAIL shares	-	Cost base of original MAIL shares exchanged for the Cash Consideration
	=	$20,000 - $10,400		
	=	$9,600		

For CGT discount purposes, each MAT2 unit will be taken to have been acquired by the relevant Scheme Participant on the date that the original MAIL share was acquired.

For all other CGT purposes, the acquisition date of the MAT2 units will be the date they are issued to the Scheme Participants (which will be the Implementation Date).

1.3.2 Cost base of new MAT2 units if scrip for scrip roll-over relief is not available or chosen

Where scrip for scrip roll-over relief is not available or, if available, is not chosen by a Scheme Participant, the cost base of the new MAT2 units will be equal to the market value of that part of the MAIL shares transferred in exchange for those units. That cost base should therefore be equal to the value of the Scrip Consideration received in respect of those MAIL shares. Those new MAT2 units will be taken to have been acquired on the Implementation Date for all CGT purposes.

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1.4 Disposal of MAIL shares held on revenue account

Australian Resident Scheme Participants who hold their MAIL shares on revenue account (including those who carry on, or are taken to be carrying on, a business of trading in securities) should make an assessable gain (or deductible loss) on the transfer of their MAIL shares to MAT2 under the Scheme.

An assessable gain will arise where the value of the Scheme Consideration (made up of the Cash Consideration and the Scrip Consideration) exceeds the cost of the MAIL shares transferred. A deductible loss will arise where the value of the Scheme Consideration received is less than the cost of those shares.

Non-Resident Scheme Participants who hold their MAIL shares on revenue account should consider, by reference to their own particular circumstances, whether any gain or loss on the transfer of their MAIL shares to MAT2 under the Scheme would be assessable or deductible in Australia. Their own particular circumstances would include whether they are residents of a country which has an agreement with Australia for the prevention of double taxation, and whether they are carrying on a business in Australia through a permanent establishment.

1.5 Treatment of MAp distributions

MAT2 will continue to be treated as a "company" for relevant Australian income tax purposes. Distributions of profit from MAT2 will be treated as dividends for Australian income tax purposes. Australian Resident Scheme Participants will be required to include in their assessable income any such future dividends they receive from MAT2 (whether franked or unfranked).

In addition, if the MAT2 dividends are franked, Australian Resident Scheme Participants will be required to include the franking credits attached to the dividends in their assessable income. They should be eligible to receive a corresponding tax offset equal to the franking credits, assuming they satisfy the tests to be a "qualified person".

Non-Resident Scheme Participants may be liable to dividend withholding tax to the extent the MAT2 dividends are unfranked. However, Non Resident Scheme Participants who hold their units in MAT2 at or through a permanent establishment in Australia would generally be required to treat dividends from MAT2 in the same way as Australian Resident Scheme Participants.

The Australian tax consequences for Scheme Participants of any future distributions from MAT1 will continue to depend on the source of the income out of which the distributions are paid.

1.6 Tax consequences arising from the unit split and unit re-consolidation under the Scheme

The transfer of shares in MAIL to MAT2 will require a temporary suspension of stapling of MAp securities. During the temporary suspension, MAT2 will undertake a unit split to facilitate the issue of new MAT2 units. After the transfer of MAIL shares to MAT2, the MAT2 units will be "re-consolidated" so that the stapling of units in MAT1 and MAT2 can resume. The unit split and unit re-consolidation under the Scheme should not give rise to any gains or losses under the Australian CGT provisions. Further, the de-stapling and re-stapling should have no Australian tax consequences.

Upon re-consolidation of a Scheme Participant's MAT2 units, the total cost base of those units should be equal to the sum of the cost bases of the MAT2 units originally held by that Scheme Participant prior to the Scheme and the cost bases of the new MAT2 units issued to them under the Scheme. The

9. AUSTRALIAN TAXATION CONSIDERATIONS CONTINUED

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cost bases of those new MAT2 units should be calculated either as outlined in section 1.2.1 above (if roll-over relief was available and chosen), or as outlined in section 1.2.2 above (if roll-over relief was not available or chosen).

The cost base for each newly consolidated MAT2 unit should be determined by apportioning the total cost base (computed as above) over the number of newly consolidated MAT2 units.

On the basis that each consolidated MAT2 unit will be constituted by a parcel of MAT2 units which have different acquisition dates, the acquisition date of each of these newly consolidated MAT2 units may be determined by apportioning the different acquisition dates across these units on a reasonable basis.

2. GST

The disposal of MAIL shares and acquisition of MAT2 units by Scheme Participants under the Scheme should not be subject to GST. However, the ability of Scheme Participants to claim input tax credits on related acquisitions (if any) may be restricted. This is a complex area of the GST law and GST registered Scheme Participants should seek their own professional tax advice in this regard.

3. Stamp duty

Scheme Participants should not be liable to pay any stamp duty on the issue to them of new MAT2 units or on any other aspect of the Scheme.

DISCLAIMER

To persons receiving this document in Australia:

The information contained in this document does not constitute "financial product advice" within the meaning of the *Corporations Act 2001* (Cth) ("Corporations Act"). The PricewaterhouseCoopers partnership which is providing this advice is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

Yours faithfully,

N Healy
Partner

10. ADDITIONAL INFORMATION

10.1 Interests held by directors

The directors and the number of MAp securities in which they have a relevant interest as at the date of this Explanatory Memorandum are set out in the table below:

Director	*No. of MAp securities*
Max Moore-Wilton (MAPL & MAIL)	*650,000*
Trevor Gerber (MAPL)	*225,000*
Bob Morris (MAPL)	*40,908*
Michael Lee (MAPL)	*7,060*
John Roberts (MAPL)	*67,507*
Stephen Ward (MAPL & MAIL)	*21,818*
Kerrie Mather (MAPL)	*3,555,021*
Jeffrey Conyers (MAIL)	*25,000*
Sharon Beesley (MAIL)	*Nil*

10.2 Directors' interests in relation to the Scheme

There is no agreement or arrangement made between any director and any other person, including MAp, in connection with, or conditional upon the outcome of the Scheme.

Except as disclosed in section 10.1 above, no director has any other interest, whether as a director, member or creditor of MAp or otherwise, material to the Scheme.

10.3 Payments and other benefits to directors, secretaries or executive officers of MAp

The Scheme does not result in any payment or other benefit to a director, secretary or executive officer of MAIL or MAPL or a related body corporate of MAIL or MAPL as compensation for loss of, or as consideration for or in connection with their retirement from, office in MAIL or MAPL or any of their related bodies corporate.

10.4 Details of substantial holders

The substantial holders of MAp securities as at the date of this Explanatory Memorandum are as follows:

Investor	*No. of MAp securities*	*Percentage*
Macquarie Group	*416,044,254*	*22.4%*
RARE Infrastructure Limited	*126,714,427*	*6.8%*
FMR LLC and FIL	*112,251,445*	*6.0%*
The Capital Group Companies, Inc.	*104,875,548*	*5.6%*
Abu Dhabi Investment Authority	*94,553,945*	*5.1%*
Future Fund Board of Guardians	*94,038,612*	*5.1%*

MAp has relied on the substantial holder notices provided to it up to the date of this Explanatory Memorandum to compile the above table. Information in regard to the substantial holdings arising, changing or ceasing before this time or in respect of which the relevant announcement is not available on the ASX website is not included above.

10.5 Changes to financial position

The Simplification will result in MAp having a considerably reduced cash balance sheet as a result of the payment to MAIL shareholders by MAT2 of the Cash Consideration. Consequently, MAp will also undergo a significant reduction in interest income.

The directors considered the reduction to financial flexibility afforded by the significantly lower cash balance and are of the view that this is commensurate with MAp's new status as the holding vehicle for a single investment. MAp has no drawn external debt and the next debt maturity at Sydney Airport is not until the final quarter of 2013.

As a result of the reduction in interest income referred to above, future regular distributions will be lower than would be the case if MAp were to retain a significant cash balance into the future and continued to earn interest on that amount and used that interest to make higher distributions. However, Investors are cautioned against assuming that MAp would necessarily continue to retain a significant cash balance into the future if the Simplification does not proceed because the boards could determine to utilise that cash for other purposes in which case Investors might not have the benefit of the cash component of the Scheme Consideration or higher regular distributions.

The reduction in interest earned on MAp's existing cash balance has been taken into account in providing the regular distribution guidance for 2012 of approximately 21 cents per stapled security (subject to external shocks to the aviation industry and material changes to forecast assumptions).

There are no other external financial implications of the Simplification and MAp has credit approval for a short term working capital facility in the event of unforeseen events.

Pro forma statutory profit and loss and balance sheet information is provided in section 7.

10.6 Costs of the Simplification

Total costs of the Simplification are expected to be approximately $3.5 million.

This reflects fees paid to professional advisers for legal, accounting, tax and financial advice as well as the costs related to the preparation of this Explanatory Memorandum and the Independent Expert's Report and holding the Investor Meetings.

Each of the persons named in sections 10.7.1 and 10.7.2 as performing a function in a professional, advisory or other capacity in connection with the preparation of this Explanatory Memorandum will be entitled to receive professional fees charged in accordance with their usual rates.

10.7 Consents and Disclaimers

10.7.1 Consent to be named

The following parties have given and, before the date of this Explanatory Memorandum, have not withdrawn

10. ADDITIONAL INFORMATION CONTINUED

their written consent to be named in this Explanatory Memorandum in the form and context in which they are named:

(a) UBS AG, Australia Branch – as financial adviser to MAp;

(b) Allens Arthur Robinson – as Australian legal adviser to MAp;

(c) Cox Hallett Wilkinson – as Bermuda legal adviser to MAp;

(d) PricewaterhouseCoopers - as tax adviser to MAp;

(e) KPMG Transaction Services (Australia) Pty Limited – as Investigating Accountant;

(f) Deloitte Corporate Finance Pty Ltd – as the Independent Expert; and

(g) Computershare Investor Services Pty Limited – as the Registry.

10.7.2 Consent to the inclusion of statements

The following parties have given and, before the date of this Explanatory Memorandum, have not withdrawn their consent to the inclusion of their respective reports noted next to their names and the references to those reports in the form and context in which they are included in this Explanatory Memorandum:

(a) Deloitte Corporate Finance Pty Ltd – the Independent Expert's Report in Annexure 2;

(b) KPMG Transaction Services (Australia) Pty Limited – the Investigating Accountant's Report in section 8; and

(c) PricewaterhouseCoopers – the report on Australian taxation considerations in section 9.

10.7.3 Disclaimer

Each person referred to in this section 10.7:

(a) does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to above next to that person's name as consented to by that person; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in this section 10.7.

10.8 Material documents

Copies of the Scheme of Arrangement and MAT2 Deed Poll are annexed to this Explanatory Memorandum. Additionally, a summary of the key provisions of the Scheme Implementation Agreement is set out in Annexure 3. These documents together constitute the legal requirements for the implementation of the Scheme.

10.9 Details of ASIC relief

ASIC has indicated that it will grant the following categories of relief:

10.9.1 Simplification specific relief

This relief is required to facilitate implementation of the Simplification and includes exemptions from:

(a) Part 7.9 of the Corporations Act relating to the provision of a product disclosure statement in respect of the issue of the Scrip Consideration, comprising an exemption from sections 1012B and 1012C of the Corporations Act in relation to any recommendation, issue or offer of financial products under the Scheme and a modification of section 1012C of the Corporations Act from the disclosure obligations under subsections 1012C(3) and 1012C(4) of the Corporations Act;

(b) the requirement to treat unitholders equally under section 601FC(1)(d) of the Corporations Act in relation to the operation of a Nominee Sale Facility for Ineligible Overseas Investors;

(c) section 1012C of the Corporations Act in relation to the on-sale of securities by the Nominee under the Nominee Sale Facility;

(d) Part 7.6 of the Corporations Act relating to Australian Financial Services Licence requirements and any general financial product advice provided by MAIL contained in this Explanatory Memorandum;

(e) Part 7.7 of the Corporations Act and the requirement to provide a financial services guide in relation to any general financial product advice provided by MAPL as responsible entity of MAT1 and MAT2 contained in this Explanatory Memorandum;

(f) Division 5A of Part 7.9 of the Corporations Act relating to unsolicited offers in respect of the offer by MAPL as responsible entity of MAT2 under the Simplification to acquire MAIL shares; and

(g) section 1016A(2) of the Corporations Act to make an eligible application in relation to the issue of the Scrip Consideration to MAIL shareholders who are retail investors.

10.9.2 Ongoing relief

ASIC has indicated it will grant modifications to the relief instruments it had previously issued to MAp to reflect the removal of MAIL from the stapled structure.

10.10 Details of ASX relief

ASX has provided MAp with waivers from Listing Rules 7.1, 10.1 and 10.11 with the consequence that Investor approvals are not required to be obtained in relation to the Simplification under those rules.

10.11 Overseas Investors

Based on the composition of the Register and MAp's analysis of MAp security holders as at 19 October 2011, MAp does not expect that any Investors will be ineligible to participate in the Scheme (including the issue of MAT2 units as part of the Scheme Consideration) if the Simplification is approved. However, if the composition of Overseas Investors changes between the date of this Explanatory Memorandum and the Record Date, it is possible that some Overseas Investors who are currently assumed to be eligible, may become Ineligible Overseas Investors. For example, if an increased number of Overseas Investors acquired MAp securities in certain jurisdictions or if MAp securities were purchased by persons located in foreign jurisdictions which are different to those currently reflected among MAp's investor base, there is a possibility that it may be unlawful, or impractical or onerous, for MAT2 to offer MAT2 units in certain foreign countries due to the restrictions in place in those countries, in which case the relevant Overseas Investors will be Ineligible Overseas Investors. Ineligible Overseas Investors in those foreign countries would be divested of their entire holding of MAp securities under the Simplification.

Based on the information available to MAp as at the date of this Explanatory Memorandum and in reliance on certain legal exemptions, MAp expects that Investors in the following jurisdictions will be able to participate in the Scheme and receive Scrip Consideration.

Abu Dhabi	Hong Kong	Switzerland
Australia	Ireland	Singapore
Belgium	Japan	The Netherlands
Canada	New Zealand	United Kingdom
Germany	Norway	United States of America

This list is subject to change without notice and no assurance can be given that Investors in any of these jurisdictions (other than Australia and New Zealand) will be able to participate in the Scheme.

Investors in jurisdictions other than those listed above may be able to participate in the Scheme at MAp's absolute discretion, depending on whether it is lawful to issue MAT2 units in the relevant jurisdiction and whether or not it would be onerous or impractical to do so.

10.11.1 Nominee Sale Facility

Any Ineligible Overseas Investors will participate in the Nominee Sale Facility. Under the Nominee Sale Facility, any MAp securities held at the Record Date by Ineligible Overseas Investors will be transferred to the Nominee without the need for any further action by Ineligible Overseas Investors. Based on the composition of the Register and MAp's analysis of Investors as at 19 October 2011, MAp is not aware of any Ineligible Overseas Investors.

Any Scheme Consideration for MAp securities transferred to and held by the Nominee will be received by the Nominee and not the Ineligible Overseas Investors (except that Cash Consideration may be paid directly to Ineligible Overseas Investors). Following the consolidation and restructure of those MAp securities in accordance with the Simplification steps described in section 5.2, the Nominee will then offer any MAp securities for sale as soon as reasonably practicable following Implementation (and in any event within 30 days from Implementation) and will act with MAT2 to distribute the Cash Consideration (if not already paid directly to the relevant Ineligible Overseas Investors at the Nominee's direction) and any proceeds of the sale of their MAp securities (net of expenses and any withholding required by law) to the Ineligible Overseas Investors.

The Registry will arrange for the despatch of a cheque or bank draft or electronic fund transfer into the same bank account nominated by the Ineligible Overseas Investor for receipt of MAp distributions (unless the Ineligible Overseas Investor advises otherwise) for the amount due to each Ineligible Overseas Investor, together with a statement of how the amount is calculated.

Any amounts to be paid to Ineligible Overseas Investors are expected to be despatched on or about 3 February 2012.

10.12 Foreign law disclaimers

The following jurisdiction specific disclaimers should be read by Investors located in those jurisdictions:

(a) **Important notice to residents of Belgium**

WARNING

MAT2 has not been and will not be registered with the Belgian Financial Services and Markets Authority ("Autoriteit voor Financiële Diensten en Markten" / "Autorité des services et marchés financiers") as a foreign collective investment institution under Articles 127 and 128 of the Belgian Law of July 20, 2004 on Certain Forms of Collective Management of Investment Portfolios.

No offer of the interests in MAT2 to the public in Belgium within the meaning of the Belgian Law of July 20, 2004 on Certain Forms of Collective Management of Investment Portfolios, the Belgian Law of June 16, 2006 on the Public Offering of Investment Instruments and the Admission of Investment Instruments to Trading on a Regulated Market and the regulations enacted thereunder has been authorised. The offering in Belgium has not been, and will not be, notified to the Belgian Financial Services and Markets Authority. This Explanatory Memorandum has not been, and will not be, approved by the Belgian Financial Services and Markets Authority.

The interests in MAT2 may not be offered to, subscribed to by, or sold to persons in Belgium, and neither this information document nor any other information in connection with the foregoing may be distributed or published in Belgium other than in

10. ADDITIONAL INFORMATION CONTINUED

circumstances which do not constitute an offer of the interests in MAT2 in Belgium in accordance with the aforementioned rules and regulations.

This Explanatory Memorandum has been issued to the intended recipient for personal use only and exclusively for the purposes of the Simplification. Therefore, it may not be used for any other purpose or passed on to any other person in Belgium.

(b) **Important notice to residents of Canada**

This Explanatory Memorandum describes a distribution of securities in the Provinces of British Columbia, Ontario, New Brunswick and Quebec (the "Provinces") which is being made pursuant to an exemption from the prospectus requirements in the Provinces. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document or the issuance of the securities referenced herein and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the distribution or resale of securities. Any person in the Provinces lawfully participating in the Simplification will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the Provinces. Furthermore, any resale of the securities distributed pursuant to the Simplification by residents in the Provinces must be made in accordance with applicable Canadian securities laws which may require that resales be made through a locally registered dealer and pursuant to local prospectus requirements or in accordance with exemptions from dealer registration and prospectus requirements.

Any financial information contained in this document has been prepared in accordance with International Financial Reporting Standards. Unless specifically stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Prospective recipients of the MAT2 units should consult their own tax adviser with respect to any taxes payable in connection with the Simplification or the holding, or disposition of the securities described herein.

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the distribution of the securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

(c) **Important notice to residents of Germany**

No offer is made under this Explanatory Memorandum in Germany, other than to qualified investors as defined in Sec. 2 No. 6 of the German Securities Prospectus Act (Wertpapierprospektgesetz – WpPG), or the offer is made to a 'restricted circle of persons' as this term is interpreted by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin) and the German courts, or in circumstances where the offer of MAT2 units is exempt from the publication of a prospectus pursuant to any other exemption from the prospectus requirement under the WpPG.

Therefore, this Explanatory Memorandum has not been and will not be submitted for approval to BaFin. This Explanatory Memorandum, as well as information contained herein, may not be communicated to the public in Germany in any form and by any means, and any offer or solicitation within Germany made in connection with the issue of MAT2 units must be in full compliance with the WpPG. This Explanatory Memorandum is strictly confidential and may not be distributed to any person or entity other than the designated recipients hereof.

(d) **Important notice to residents of Hong Kong**

WARNING

The contents of this Explanatory Memorandum have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to its contents. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This Explanatory Memorandum does not constitute an offer or invitation to the public in Hong Kong to subscribe for or dispose of or acquire the MAT2 units. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Explanatory Memorandum or any advertisement, invitation or document relating to the MAT2 units, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in circumstances which do not constitute an offer or an invitation to the public for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). However, numbered copies of this Explanatory Memorandum may be issued to a limited number of Investors in Hong Kong in a manner which does not constitute an issue, circulation or distribution of this Explanatory Memorandum, or any offer or invitation in respect of the MAT2 units, to the public in Hong Kong. Only the person to whom a numbered copy of this Explanatory Memorandum has been issued may take action in response to this Explanatory Memorandum. No person to whom a numbered copy of this Explanatory Memorandum is issued may issue, circulate or distribute this Explanatory Memorandum in Hong Kong or make or give a copy of this Explanatory Memorandum to any other person.

(e) **Important notice to residents of Japan**

Pursuant to Article 2(3)(ii)(a) of the Financial Instruments and Exchange Law (FIEL), the solicitation to acquire a unit in MAT2 ("Acquisition Solicitation") is required to be targeted only at persons who are Qualified Institutional Investors (Tekikaku Kikan Toshika) (as defined in Article 10, paragraph 1 of the Cabinet Office Ordinance Concerning the Definitions as Stipulated in Article 2 of the Financial Instruments and Exchange Law (MOF Ordinance No. 14 of 1993, as amended) as those having expert knowledge of and experience with investment in securities (each a "QII")) and any holder of the MAT2 units who is a resident of Japan (including a holder who is allotted the MAT2 units in response to the Acquisition Solicitation) is not allowed to transfer the MAT2 units to anyone other than a QII.

Registration under the relevant Japanese legislation has not been made with respect to the issue of MAT2 units since the offer is made in a private placement to QIIs. MAT2 units must not be resold to anyone in Japan other than a QII.

(f) **Important notice to residents of Ireland**

This Explanatory Memorandum does not constitute a prospectus within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2005 of Ireland. No offer of MAT2 units to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law (within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2005 of Ireland) in general, or in particular pursuant to the Prospectus (Directive 200317 J IEC) Regulations 2005 of Ireland.

(g) **Important notice to residents of Norway**

The offering of units in MAT2 is subject to the Securities Trading Act (the "Act"). The offering is targeted only at professional investors (as defined in the Act and appurtenant regulations) and is not subject to a requirement to produce a prospectus. No action has or will be taken for the offering of the MAT2 units to be registered under the public offering rules of the Act. This Explanatory Memorandum is solely directed towards the recipients, and may not be copied or otherwise distributed by the recipient.

(h) **Important notice to residents of The Netherlands**

The MAT2 units may not be offered, sold, transferred or delivered in or from The Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, other than to Qualified Investors (Gekwalificeerde Beleggers) within the meaning of the Dutch Financial Supervision Act (Wet op het financieel toezicht) as amended from time to time.

(i) **Important notice to residents of Singapore**

WARNING

This Explanatory Memorandum is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Explanatory Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Explanatory Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the MAT2 units may not be circulated or distributed, nor may the MAT2 units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined under the SFA, or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

10.13 Supplementary Information

MAp will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of this document and the date of the Meetings:

(a) a material statement in this Explanatory Memorandum is false or misleading (including by way of omission);

(b) a significant change affecting a matter included in this Explanatory Memorandum; or

(c) a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if it had arisen before the date of this Explanatory Memorandum.

Any supplementary document will be made available to Investors by announcement to ASX and on the MAp website at www.mapairports.com.au. MAp will provide a copy of any supplementary document free of charge to any person who requests a copy by calling the MAp Simplification Information Line on 1300 570 798 (within Australia) or +61 3 9415 4018 (outside Australia).

10.14 Governing law

Certain aspects of the Simplification are governed by Bermuda law while other aspects are governed by the laws of New South Wales. The Scheme, for example, is governed by Bermuda law whereas the Scheme Implementation Agreement is governed by the laws of New South Wales. You should refer to the terms of the Scheme or any other document or agreement referred to in this Explanatory Memorandum (by incorporation or otherwise) to determine which governing law will apply and seek legal advice as necessary.

11. ANNEXURES
ANNEXURE 1 – NOTICES OF MEETING

In considering this Notice of Meeting, please refer to section 3.5 of this Explanatory Memorandum which provides an explanation of the Resolutions.

NOTICE OF SCHEME MEETING

MAp Airports International Limited (ARBN 099 813 180)

A company incorporated in Bermuda with registration number 31667.

Notice is given that by an order of the Court made on 21 October 2011 pursuant to the Companies Act, a meeting of the holders of ordinary shares in MAIL will be held at 11.00 am (Sydney time) on Thursday, 24 November 2011 at the Four Seasons Hotel, 199 George Street, Sydney, New South Wales, to transact the following business:

Scheme Resolution – Approval of the Scheme

To consider, and if thought fit, to approve as a resolution in accordance with section 99 of the Companies Act:

THAT, subject to MAIL Resolution 1, MAIL Resolution 2, MAT1 Resolution 1, MAT2 Resolution 1 and MAT2 Resolution 2 being passed, the arrangement proposed between MAIL and the holders of its fully paid ordinary shares, designated the 'Scheme', the terms of which are contained in and more particularly described in the Explanatory Memorandum (of which this Notice of Scheme Meeting forms a part), is agreed to, with or without modification as approved by the Court.

BY ORDER OF THE BOARD

C/- ISIS Fund Services Ltd
Penboss Building
2nd Floor, 50 Parliament Street
Hamilton HM 12
Bermuda

Anne Bennett-Smith
Secretary

24 October 2011

In considering this Notice of Meeting, please refer to section 3.5 of this Explanatory Memorandum which provides an explanation of the Resolutions.

NOTICE OF SPECIAL GENERAL MEETING

MAp Airports International Limited (ARBN 099 813 180)

A company incorporated in Bermuda with registration number 31667.

MAIL gives notice that a meeting of the holders of ordinary shares in MAIL will be held at 11.00 am (Sydney time) on Thursday, 24 November 2011 at the Four Seasons Hotel, 199 George Street, Sydney, New South Wales, to transact the following business:

Resolution 1 – Unstapling of MAIL shares

To consider, and if thought fit, to approve as an ordinary resolution:

THAT, subject to the Scheme Resolution, MAIL Resolution 2, MAT1 Resolution 1, MAT2 Resolution 1 and MAT2 Resolution 2 being passed, the MAIL shares be unstapled from MAT1 units and MAT2 units with effect from the date that is two Business Days prior to the Implementation Date, or such other date as is determined by the MAIL board in order to implement the Scheme in accordance with the terms of the Explanatory Memorandum (of which this Notice of Special General Meeting forms a part).

Resolution 2 – Amendments to MAIL Bye-Laws

To consider, and if thought fit, to approve as a special resolution:

THAT, subject to the Scheme Resolution, MAIL Resolution 1, MAT1 Resolution 1, MAT2 Resolution 1 and MAT2 Resolution 2 being passed, the MAIL bye-laws be amended with immediate effect so that in each of the Bye Laws listed below, the reference to “Bermuda” is replaced with a reference to “Australia”:

(i) Bye–Law 38 Power of Directors to Convene

(ii) Bye–Law 56 Appointment of Directors

(iii) Bye–Law 58 Resignation and Disqualification of Directors

(iv) Bye–Law 59 Alternate Directors

(v) Bye–Law 64 Delegation of the Director’s Powers

(vi) Bye–Law 67 Proceedings

(vii) Bye–Law 68 Quorum at Meetings

(viii) Bye–Law 69 Meetings by Technology

(ix) Bye–Law 71 Officers

BY ORDER OF THE BOARD

C/- ISIS Fund Services Ltd
Penboss Building
2nd Floor, 50 Parliament Street
Hamilton HM 12
Bermuda

Anne Bennett-Smith
Secretary

24 October 2011

ANNEXURE 1 – NOTICES OF MEETING *CONTINUED*

In considering this Notice of Meeting, please refer to section 3.5 of this Explanatory Memorandum which provides an explanation of the Resolutions.

NOTICE OF GENERAL MEETING

MAp Airports Trust 1 (ARSN 099 597 921)

MAPL, as responsible entity of MAT1, gives notice that a meeting of the unitholders of MAT 1 will be held at 11.00 am (Sydney time) on Thursday, 24 November 2011 at the Four Seasons Hotel, 199 George Street, Sydney, New South Wales, to transact the following business:

Resolution 1 – Unstapling of MAIL shares and temporary suspension of unit stapling

To consider, and if thought fit, to approve as an ordinary resolution:

THAT subject to the Scheme Resolution, MAIL Resolution 1, MAIL Resolution 2, MAT2 Resolution 1 and MAT2 Resolution 2 being passed, the MAT1 units cease to be stapled to the Shares, and the stapling of the MAT1 units to the MAT2 units be temporarily suspended for a period of no longer than three days as determined by MAPL, as responsible entity of MAT1, in the manner described in the Explanatory Memorandum (of which this Notice of General Meeting forms part).

BY ORDER OF THE BOARD

Sally Webb
Company Secretary

24 October 2011

In considering this Notice of Meeting, please refer to section 3.5 of this Explanatory Memorandum which provides an explanation of the Resolutions.

NOTICE OF GENERAL MEETING

MAp Airports Trust 2 (ARSN 099 597 896)

MAPL, as responsible entity of MAT2, gives notice that a meeting of the unitholders of MAT 2 will be held 11.00 am (Sydney time) on Thursday, 24 November 2011 at the Four Seasons Hotel, 199 George Street, Sydney, New South Wales, to transact the following business:

Resolution 1 – Unstapling of MAIL shares and temporary suspension of unit stapling

To consider, and if thought fit, to approve as an ordinary resolution:

THAT subject to the Scheme Resolution, MAIL Resolution 1, MAIL Resolution 2, MAT1 Resolution 1 and MAT2 Resolution 2 being passed, the MAT2 units cease to be stapled to the Shares, and the stapling of the MAT2 units to the MAT1 units be temporarily suspended for a period of no longer than three days as determined by MAPL, as responsible entity of MAT2, in the manner described in the Explanatory Memorandum (of which this Notice of General Meeting forms part).

Resolution 2 – Amendments to Constitution

To consider, and if thought fit, to approve as an special resolution:

THAT, subject to the Scheme Resolution, MAIL Resolution 1, MAIL Resolution 2, MAT1 Resolution 1 and MAT2 Resolution 1 being passed, the MAT2 constitution be amended with effect from the Effective Date so that the following alterations are made:

(a) in clause 6.2(e) delete the words "NOT USED" and insert the following:

"in the case of Units issued to acquire Stapled Shares while the Trust is Listed, determined in accordance with clause 6.4B"; and

(b) insert new clause 6.4B as follows:

"Scheme consideration for Stapled Shares

6.4B The Manager may at any time issue Units to those persons who were Members on a date determined by the Manager not being more than 30 days immediately prior to the date of issue, as consideration, or partial consideration, for the acquisition of their Stapled Shares, subject to obtaining any necessary Member approvals, and provided that the issue price of the Units is equal to their Average Market Price.

For the purposes of this clause 6.4B:

(a) the Average Market Price of Units shall be calculated by reference to the Average Market Price of Stapled Securities multiplied by the proportion that the Net Asset Value of the Trust bears to the aggregated net asset value of the Trust, the Stapled Trust and the Stapled Company; and

(b) subject to the Listing Rules and the conditions of any applicable ASIC relief, the Manager is not required to issue Units under this clause to persons whose address on the Register is in a place other than Australia and its external territories or New Zealand."

BY ORDER OF THE BOARD

Sally Webb
Company Secretary

24 October 2011

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT

Deloitte.

MAp Airports International Limited

Independent expert's report and Financial Services Guide

19 October 2011

Deloitte.

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide general financial product advice or to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes and government debentures, stocks or bonds.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately $95,000 excluding GST in relation to the preparation of this report. This fee is based on time spent at our normal hourly rates and is not contingent upon the success or otherwise of the proposed transaction between MAp Airports International Limited and MAp Airport Trust 2 (the simplification transaction).

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately owned by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

The only work performed for MAp by Deloitte and Deloitte Touche Tohmatsu (and other entities related to Deloitte Touche Tohmatsu) (together Deloitte Australia) over the past two years is the valuation of Southern Cross Airports Corporation Holdings Limited (SCACH) as at 31 December 2009 and 31 December 2010 for SCACH's financial reporting purposes. MAp owns a controlling equity interest in SCACH and may rely on these valuations.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Services
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1300 780 808
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

Deloitte Corporate Finance Pty Limited
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Directors
MAp Airports International Limited
Penboss Building
50 Parliament Street
2nd Floor
Hamilton HM 12
Bermuda

19 October 2011

Dear Directors

Independent expert's report

Introduction

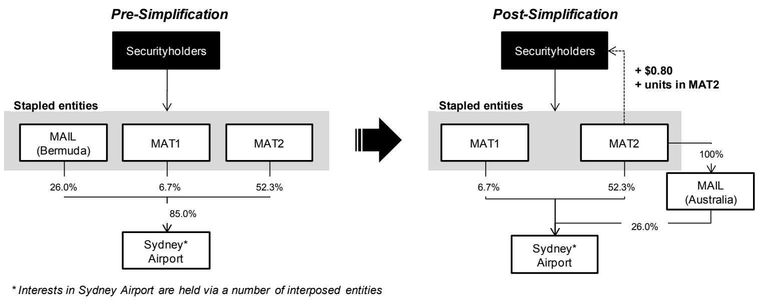
MAp is an ASX-listed triple stapled structure comprising shares in MAp Airports International Limited (MAIL) and units in MAp Airports Trust 1 (MAT1) and MAp Airports Trust 2 (MAT2) (the Stapled Securities). Each Stapled Security comprises one unit in MAT1, one unit in MAT2 and one share in MAIL.

On 20 July 2011, MAp announced it had reached a binding agreement with Ontario Teachers' Pension Plan Board (OTPP) for an asset swap whereby OTPP would be acquiring MAp's 39.0% interest in Brussels Airport and 30.8% interest in Copenhagen Airports in return for OTPP's 11.02% interest in Sydney Airport and $791 million of cash[1] (the Asset Swap).

Following the satisfaction of the remaining conditions precedent for the Asset Swap, on 28 September 2011 MAp announced a proposed simplification of its structure from a triple stapled structure to a double stapled structure whereby MAIL would be governed from Australia and MAT2 would acquire all the issued shares in MAIL for consideration comprising cash ($0.80 for each share in MAIL) and units in MAT2 (the Simplification). The Simplification will be executed via a scheme of arrangement (the Scheme).

The figures below illustrate the structure of MAp before and after the Simplification.

Figure 1: Impact of the Simplification



Source: MAp
Note: the percentages in the figure above are approximate as MAp's ownership of Sydney Airport is still subject to any exercise by Sydney Airport co-investors of their pre-emptive rights.

[1] As at the date of this report the Asset Swap is substantially completed although MAp's ownership of Sydney Airport is still subject to any exercise by Sydney Airport co-investors of their pre-emptive rights. To the extent that all co-investors in Sydney Airport exercise their pre-emptive rights, MAp would acquire a 10.71% interest (instead of an 11.02% interest) in Sydney Airport making its total interest in Sydney Airport 84.66% (instead of 84.97%). The Cash Consideration for the Asset Swap would consequently increase from $791 million to $813 million.

Pursuant to the Simplification, MAIL shareholders will receive the following (the Scheme Consideration) for the transfer to MAT2 of each of their shares in MAIL:

- $0.80 in cash (the Cash Consideration); and
- an issue of MAT2 units (the Scrip Consideration)[2] to be subsequently consolidated within MAp security holders' (Investors) existing MAT2 units.

The rationale for the Simplification is to simplify the MAp structure to reflect that MAp will be a single asset vehicle focussed on Sydney Airport and in order to deliver benefits of reduced overheads. Following the disposal of investments in international airports (including Brussels Airport, Copenhagen Airports, Bristol Airport, Aeroporti di Roma, Birmingham Airport, Japan Airport Terminal Co Ltd and a Mexican airport group), MAp no longer holds any investments in operating assets other than Sydney Airport. The expressed intention by the directors of each MAp board is to focus their efforts on MAp's ownership and operation of Sydney Airport.

MAp will adopt the Sydney Airport branding and change its ASX ticker from 'MAP' to 'SYD' and MAIL will no longer have a Bermuda based board, resulting in MAp being governed solely from Australia.

The full details of the Simplification are included in an Explanatory Memorandum to which this independent expert's report is attached.

Purpose of the report

As MAIL is a Bermudian company, the acquisition of MAIL by MAT2 under the Simplification requires a scheme to be undertaken under Bermudian law. The Bermudian company scheme process and voting thresholds are similar to those for Australian company schemes. The resolution to approve the Scheme must be passed by:

- a majority of the MAIL members present and voting (either in person or by proxy)
- those members must also represent at least 75% of the value of the MAIL shares voted on the Scheme resolution.

Whilst an independent expert's report is not required to meet any statutory obligations in Bermuda, the directors of MAIL have requested us to prepare this independent expert's report in order to assist MAIL's shareholders in their consideration of the Scheme, setting out our opinion as to whether the Simplification is in the best interests of MAIL's shareholders.

We note that if the Simplification were to be conducted under Australian law, there would be a legal requirement for an independent expert's report because there are some directors who sit on the boards of both MAIL and MAp Airports Limited, the responsible entity of each of MAT1 and MAT2. Notwithstanding there is no specific legal requirement under Bermudian law, we have prepared this independent expert's report in a manner consistent with Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cwlth) (Part 3) to assist MAIL shareholders in their consideration of the Scheme[3]. Furthermore, we have had regard to the relevant Australian Securities and Investments Commission (ASIC) Regulatory Guides.

This report is to be included in an Explanatory Memorandum to be sent to MAIL shareholders and has been prepared for the exclusive purpose of assisting MAIL shareholders in their consideration of the Simplification. Neither Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance), Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than Investors or MAIL shareholders, in respect of this report, including any errors or omissions however caused.

[2] The market value of the Scrip Consideration will equate to the market value of all MAIL shares less the Cash Consideration. The market value of all MAIL shares will be based on a 10 consecutive day volume weighted average price of MAp securities up to and including the day that is five trading days before 12 December 2011 (the Record Date), and the net asset value MAp allocates to MAIL shares and to MAT2 units within the triple stapled structure. Further details regarding the market value of MAIL shares are set out in section 3.9 of the Explanatory Memorandum.

[3] Section 411 of the Corporation Act 2001 regulates schemes of arrangement between companies and their shareholders. Part 3 prescribes the information to be provided to shareholders in relation to schemes of arrangement.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

Basis of evaluation

In evaluating the Simplification we have considered common market practice in respect of transactions broadly similar to the Simplification and ASIC Regulatory Guide 111: *Content of expert reports*, issued by ASIC in March 2011 (ASIC Regulatory Guide 111).

Having regard to the above, we consider it appropriate to assess whether the Simplification is in the best interests of MAIL shareholders by evaluating whether the advantages of this transaction outweigh the disadvantages to MAIL shareholders.

In addition to their MAIL shares, MAIL shareholders hold units in each of MAT1 and MAT2 (as part of their MAp securities). In evaluating the advantages and disadvantages of the Simplification, it is appropriate to consider unit holders' interests in each of MAT1 or MAT2 as well as their shareholdings in MAIL.

Summary and conclusion

In our opinion the Simplification is in the best interests of MAIL shareholders. In arriving at this opinion, we have concluded that the advantages of the Simplification outweigh the relevant disadvantages. In particular, we have had regard to the following factors.

Advantages of the Simplification

The likely advantages to MAIL shareholders if the Simplification is approved include:

Potential re-rating of MAp following implementation of simplified legal structure

The Simplification better aligns MAp's legal structure to its new and Australian focussed investment portfolio. Following the Asset Swap, Sydney Airport has become the only operating asset owned by MAp. As a result, the existence of MAIL, which was originally set up to function as an investment vehicle for non-Australian investments, is now redundant.

The removal of MAIL from the MAp stapled structure should enhance investors' ability to understand MAp's financial performance and position. Everything else being equal, the ability of investors to interpret and assess the financial performance of Sydney Airport should improve.

We also note that there has been a general market trend for listed infrastructure investments to simplify their structures following the global financial crisis. Listed infrastructure investment vehicles have been criticised for their relatively complex structures and the difficulty for investors to properly assess their effective risk of default (similar criticism has also been raised in respect of real estate property groups). Transactions broadly similar to that proposed by MAIL have been undertaken by a number of other listed infrastructure investment stapled structures with the support of their respective security holders (i.e. Southern Cross Media Group, Asciano Group and Spark Infrastructure).

A 'leaner' structure, such as that resulting from the Simplification (whereby MAp would be represented by a double stapled structure comprising two Australian trusts only), could result in a re-rating of MAp's securities by investors.

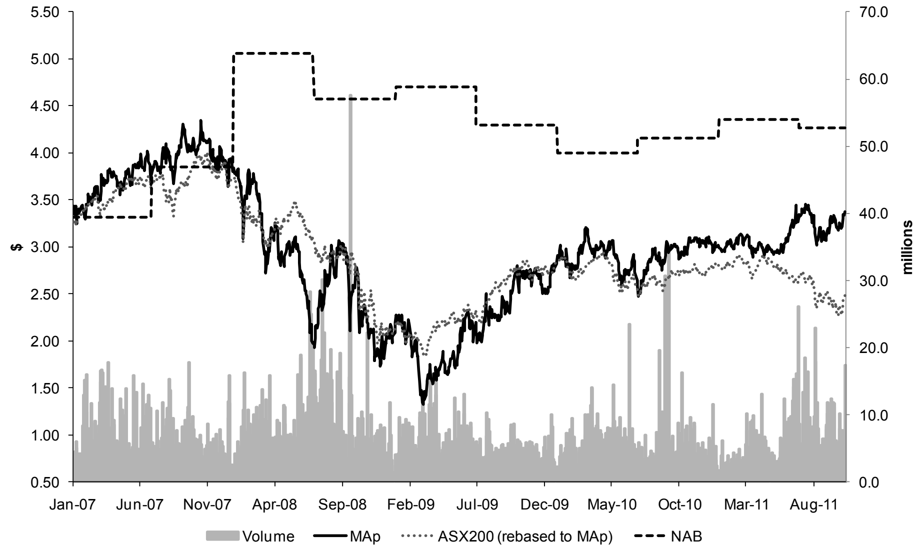
In addition, the Simplification may result in MAp being a more attractive investment to a wider range of potential buyers who may otherwise have investment mandate restrictions that prevent them from buying entities incorporated in Bermuda or overseas and, therefore, enhance the potential for MAp to attract a full control premium for its Investors.

A more efficient capital allocation to MAIL shareholders

Following the Asset Swap, MAp has a total of $1.5 billion in cash reserves (based on MAp's pro-forma financial position as at 30 June 2011). In the absence of attractive alternative investment opportunities for use by MAp, this cash would result in MAp having a sub-optimal capital structure if retained.

MAp securities have consistently been trading at a discount to MAp's net asset backing (NAB) per security since the onset of the global financial crisis in August 2007, although the discount has narrowed since the restructure of the group resulting from the internalisation of the management function in October 2009.

Figure 2: MAp security price movements, ASX 200 index and NAB per security to 12 October 2011



Source: Thomson Reuters, Deloitte Corporate Finance analysis

Whilst it is difficult to assess which investment of MAp, if any, has not been fully priced by the market over the observed period, there is a possibility that MAp's security trading price is also factoring in a discount to MAp's cash balance. This could be explained by Investors' inability to employ that cash without also controlling MAp (MAp securities being traded on-market represent only minority parcels of MAp's capital).

The Cash Consideration paid to Investors means that the Simplification is likely to increase value to Investors by neutralising any discount to cash potentially factored into the current security trading price of MAp.

The consideration received by MAIL shareholders is fair

We are of the view that an analysis on whether the Scheme Consideration payable to MAIL shareholders pursuant to the Simplification is fair is not relevant to an assessment of their overall economic interest in MAp securities. Since MAIL shareholders also hold units in MAT1 and MAT2 in the same proportions (through the current stapled structure of MAp), the overall value attributable to their ownership in MAp under the current structure and the Scheme Consideration received plus their holdings after the Simplification is identical.

The Simplification is necessarily a fair transaction to MAIL shareholders. Since the counterparties of any dilutionary (or accretive) valuation effect resulting from the Simplification are the same for MAIL shareholders (through their ownership in MAT1 and MAT2), should the Scheme Consideration being paid to MAIL shareholders in return for their interests in MAIL be less than the market value of their shares in MAIL (that is, not fair), the beneficiaries of such transfer of value would be MAIL shareholders themselves via an accretion in value of their units in MAT2. .

The inclusion of the Cash Consideration in the Scheme Consideration means that it is unlikely that the Simplification will result in a loss of value to MAIL shareholders (as discussed above, there is a risk that the current trading security price of MAp is factoring in a discount to the face value of cash reserves).

Ongoing cost benefits

By removing MAIL from the stapled structure of MAp (pursuant to the Simplification, MAIL would become governed from Australia and become a subsidiary of MAT2), MAp is expected to achieve cost savings associated with the relevant overhead expenses currently being incurred in MAIL. MAp management has estimated ongoing annual operating cost savings would be in the region of $1.0 million in 2011 real terms.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

Disadvantages of the Simplification

The likely disadvantages to MAIL shareholders if the Simplification is approved include:

Reduced flexibility to undertake refinancing of external debt and/or debt raised by Sydney Airport

Pursuant to the Simplification, MAp's current cash reserves will be substantially reduced. As a result, MAp's ability to meet significant and unforeseen capital requirements would reduce. However, we note that:

- capital requirements at the MAp level are limited (MAp has no external debt at the holding entity level and has credit approval for a short term working capital facility for unforseen events)
- the ability of MAp to fund future capital requirements associated with its investment in Sydney Airport is unlikely to be adversely impacted by the Simplification. Sydney Airport has recently successfully raised $1.1 billion worth of bank and bond financing to redeem Sydney Kingsford Smith Interest Earning Securities (SKIES) so that the next debt maturities will be in 2013 ($467 million) and 2014 ($736 million). Based on discussions with MAp management, we understand that Sydney Airport is not expected to require any share capital injection in order to refinance these debt facilities.

Reduced relative size of MAp will impact its weighting in relevant stock indices

MAp securities are constituents of a number of listed stock indexes commonly referred to by market participants. Should the Simplification be implemented, MAp's market capitalisation would reduce as a result of the Cash Consideration (approximately $1.5 billion) being paid. As at the date of this report, MAp's market capitalisation was approximately $6.3 billion[4] and the market capitalisation of the 'smallest' listed company included in the ASX 50 index is approximately $3.3 billion. It is unlikely MAp's inclusion in the ASX 50 index will change as a result of the Simplification. Whilst the ultimate impact on the relative size of MAp within the various relevant indices is not known, we anticipate that MAp's weighting on stock exchange indices may decrease and it is possible that its traded security price may consequently suffer from a reduction in demand from index tracking investors.

One-off transaction costs

The process of implementing the Simplification involves one-off transaction costs associated with the relevant required transactions. These one-off transaction costs are estimated to be approximately $3.5 million.

However, we note that a portion of these costs (approximately $1.8 million) have already been incurred or will be incurred by the date of the meeting to approve the Scheme, regardless of whether the Scheme is actually implemented.

Other matters

Impact on net asset backing

Pursuant to the Simplification, MAp's cash will reduce by approximately $1,492 million to $42 million. Since the number of outstanding securities in MAp will remain unchanged, the Simplification will result in a reduction in the net asset backing per security of approximately 80 cents, being the Cash Consideration paid to MAp Investors. Accordingly, it is highly likely that the trading price for MAp securities will fall as a consequence of this reduction in net asset backing. However, the quantum of any fall in the traded security price is uncertain and will depend on a range of factors which impact security trading.

The table below sets out the impact of the Simplification on the pro-forma (taking into account the Asset Swap) net asset backing per security as at 30 June 2011.

[4] Based on the total market capitalisation without any adjustment to reflect the free float in MAp that may be reflected in index weighting calculations.

Table 1: Pro-forma net asset backing per security as at 30 June 2011 – Impact of the Simplification

	Unit	Post-Asset Swap	Post-Simplification
		Pro-forma at 30 June 2011	Pro-forma at 30 June 2011
Equity value (pre-Asset Swap)	$'million	7,944	
Pro-forma net asset value per MAp security	$	4.27	
Less: interests in Brussels and Copenhagen Airports	$'million	(1,577)	
Add: increase in cash received from Asset Swap[1]	$'million	772	
Add: 11.02% additional interest in Sydney Airport[2]	$'million	840	
Equity value (post-Asset Swap)	$'million	7,979	7,979
Pro-forma net asset value per MAp security	$	4.29	4.29
Less: cash utilised for the Simplification	$'million		(1,489)
Less: costs of the Simplification	$'million		(3.5)
New implied equity value (post-Simplification)	$'million		6,486
Pro-forma net asset backing per MAp security	$		3.49

Source: MAp 2011 Interim Results, MAp, Deloitte Corporate Finance analysis

Notes:

1. Net of transaction costs in relation to the Asset Swap
2. MAp directors' valuation of Sydney Airport as at 30 June 2011 of $5,640.7 million grossed up for MAp's additional 11.02% interest in Sydney Airport following the Asset Swap.

Tax implications

MAIL has obtained independent tax advice in relation to the Simplification and MAp is seeking a Class Ruling from the Australian Tax Office (ATO) to confirm certain tax matters relating to the Simplification for MAIL shareholders. The key tax considerations from the perspective of Investors are:

- Investors will dispose of their MAIL shares for Scrip Consideration and Cash Consideration
- the part of any capital gain made by an Investor on the disposal that relates to the Scrip Consideration should be eligible for capital gains tax (CGT) roll-over relief
- the part of any capital gain made by an Investor on the disposal that relates to the Cash Consideration will not be eligible for CGT roll-over relief
- the CGT cost base of the Investor's MAp securities will be reduced by the part thereof taken into account in working out the Investor's capital gain or loss on the disposal (other than the part taken into account in working out any part of a gain that was rolled-over).

Detailed considerations in respect of the tax implications of the Simplification are set out in sections 3.10 and 9 of the Explanatory Memorandum.

Impact on shareholders' protection and familiarity with legislation

If the Simplification is approved, by de-stapling MAIL from MAT1 and MAT2, Investors will no longer have a direct equity investment in a Bermudian company and will have their rights regulated solely by Australian law.

However, if the Simplification is not approved there is a lower level of takeover protection for MAIL shareholders provided under the Companies Act 1981 of Bermuda (Bermuda Companies Act) compared with the Corporations Act 2001 (Cth) (the Corporations Act). Specifically, we note that it is currently possible for somebody to acquire a significant or even controlling interest in a Bermudian entity without having to make a takeover offer to all shareholders or obtain shareholder approval for the acquisition. The stapling structure of MAp and the ASX listing rules (Listing Rules) offer some protection to MAIL shareholders relating to related party transactions, continuous disclosure requirements and the issue of shares for capital raising. However, the Listing Rules provide only limited takeover protection similar to those legislated under the Corporations Act.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

However, we note that with MAIL shares stapled within MAp, MAIL shareholders currently de facto benefit from the legal requirements otherwise applicable to Australian unit holders.

Impact on foreign investors

The impact on foreign shareholders will have to be assessed individually depending on the specific circumstances and on their country of residence. As a result of the Simplification, foreign MAIL shareholders will have dividends potentially received from MAIL replaced with distributions potentially received from MAT2. Some foreign shareholders may pay withholding tax on such distributions since MAT2 is an Australian resident.

Alternatives available appear to be suboptimal solutions

In our opinion, the Simplification is basically made up of three components:

- the removal of MAIL from MAp's triple stapled structure
- the payment of cash to Investors
- the issue of MAT2 units to Investors (Scrip Component).

Alternatives to the Simplification appear to result in a suboptimal solution to Investors as a whole. Below we set out alternatives to the Simplification together with relative advantages and disadvantages compared to the Simplification.

Maintaining the existing legal and operating structure of MAp

As discussed above, the removal of MAIL from the MAp stapled structure is a first and essential step towards a simplification of the group and is possible since the Asset Swap resulted in Sydney Airport being MAp's only investment in an operating asset. MAp could have retained the current stapling structure either as an investment vehicle for future international acquisitions or as an integral part of the new Sydney Airport-focussed MAp investment portfolio. Both these options appear to have suboptimal consequences to MAIL shareholders as a whole.

In particular, MAp directors have announced the intention to reposition MAp solely as the owner and operator of Sydney Airport and focus their efforts on maximising the value of Sydney Airport. Accordingly, the existence of a foreign investment vehicle is now redundant. Should there be international investment opportunities in the future, MAp would still be able to set up another international investment vehicle. In the meantime, MAp would have a leaner group structure and would save in overhead costs associated with MAIL.

Retaining cash

The suite of alternatives available to MAp as to the uses of available cash is limited and includes:

- *retaining cash to invest in assets as available* – Such an option should be considered by MAp where attractive investments were available or expected to be available in the near future. However, given the discount to the net asset backing at which MAp Securities have been recently trading, it may be challenging to identify viable investments at the cost of capital that is implied by MAp Securities current trading price.

  Based on media reports and market speculation, some of the other investors in Sydney Airport could be seen as possible sellers. It may therefore be argued that a further consolidation of the ownership in Sydney Airport is an option currently viable to MAp and that MAp may exercise some bargaining power should negotiations be undertaken. On the other hand, we note that:

  - pursuant to the Asset Swap, MAp already has an approximately 85% economic interest in Sydney Airport, carrying an aggregate voting interest in excess of the 75% threshold for special resolutions. Accordingly, gaining a 100% control over Sydney Airport would not necessarily unlock a premium for control
  - whilst the opportunity of further increasing the shareholding in Sydney Airport is appealing, this is an option that would still be available to MAp in the future if the Simplification is approved.

- *retaining cash as a buffer for future uncertainties* – Unless specific funding threats or constraints are identified, retaining cash is typically considered to be a suboptimal solution in terms of accepted corporate finance theory. Based on discussions with MAp management, we understand that the funds available subsequent to the implementation of the Simplification should be sufficient for MAp to take on capital requirements reasonably foreseeable in the medium term.

Security buy-backs

Below we have set out key considerations in respect of the corporate transactions typically considered as a form of capital return and which could be alternatives to the Scrip Component of the Simplification:

- *on-market security buy-back* – other than being potentially accretive to non-participating Investors (assuming the buy-back price is lower than the market value of MAp securities, as it typically would be in on-market security buy-backs), an on-market security buy-back is unlikely to be a superior alternative to the Simplification's Scrip Component since:
  - given the recent trading volumes in MAp Securities, it may take an extensive period of time before an equivalent cash amount is absorbed by the market
  - given foreign ownership restrictions under the Australian Airport's Act 1996 (Cth) (the Airports Act), it would be very difficult to manage a security buy-back without the risk of breaching the relevant foreign ownership thresholds.
- *off-market security buy-back* – an off-market security buy-back is likely to be a suboptimal solution to investors since MAp would not have any franking credits available for any component of the buy-back treated as a 'distribution'. Furthermore:
  - risks of breaching foreign ownership thresholds would exist
  - it would be difficult to combine such a transaction with a simplification of MAp's structure.

A detailed list of other alternatives to the Simplification considered by the boards of directors of MAp is set out in section 3.7 of the Explanatory Memorandum.

Ineligible Overseas Investors

Investors who are resident outside Australia, Abu Dhabi, Belgium, Canada, Germany, Hong Kong, Ireland, Japan, Netherlands, New Zealand, Norway, Switzerland, Singapore, United Kingdom, United States of America[5] or where it is unlawful or impractical for MAp to comply with the legal requirements of that jurisdiction (Ineligible Overseas Investors) may not participate in the Simplification.

Instead, Ineligible Overseas Investors' interests will be transferred to the nominee appointed who will sell those MAp securities held by those Ineligible Overseas Investors. The nominee will then distribute the proceeds received to the Ineligible Overseas Investors together with the Cash Consideration after deduction of any brokerage, taxes or other costs of sale. Further details of the arrangement with the nominee are detailed in section 10.11 of the Explanatory Memorandum.

As at 19 October 2011, MAIL had no Ineligible Overseas Investors.

Opinion

In our opinion, the Simplification is in the best interests of MAIL shareholders. The key considerations in reaching this opinion include the following:

- potential re-rating of MAp following implementation of simplified legal structure
- MAp will benefit from a reduction of ongoing overhead costs
- MAIL shareholders will receive significant cash proceeds
- alternative ways to implement a simplification of MAp structure are considered to be suboptimal
- the Simplification will result in relatively limited disadvantages to MAIL shareholders.

An individual MAIL shareholder's decision in relation to the Simplification may be influenced by his or her particular circumstances. If in doubt the MAIL shareholder should consult an independent adviser, who should have regard to their individual circumstances.

[5] These countries are subject to change and no assurance can be given that Investors residing in any of these countries will be able to receive MAT2 units under the Simplification.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully
DELOITTE CORPORATE FINANCE PTY LIMITED

M. Pittorino

Mark Pittorino
Director

R Foley-Lewis

Rachel Foley-Lewis
Director

Contents

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT CONTINUED

1 Background to the Simplification

1.1 Summary of the transaction

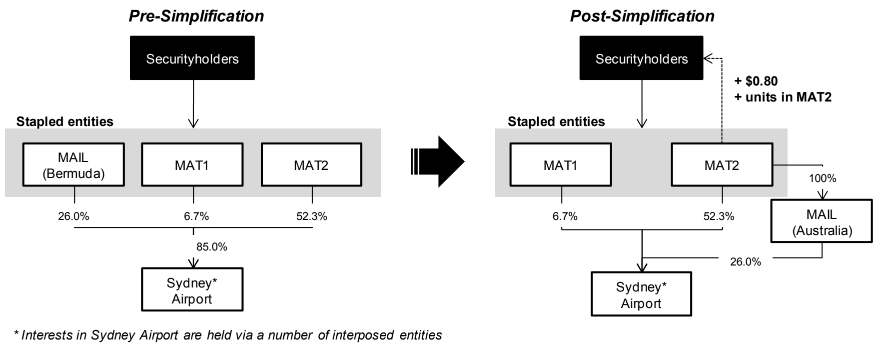
MAp is an ASX-listed triple stapled structure comprising shares in MAp Airports International Limited (MAIL) and units in MAp Airports Trust 1 (MAT1) and MAp Airports Trust 2 (MAT2) (the Stapled Securities).

On 20 July 2011, MAp announced it had reached a binding agreement with Ontario Teachers' Pension Plan Board (OTPP) for an asset swap whereby OTPP would be acquiring MAp's 39.0% interest in Brussels Airport and 30.8% interest in Copenhagen Airports in return for OTPP's 11.02% interest in Sydney Airport and $791 million of cash[6] (the Asset Swap).

Following the satisfaction of the remaining conditions precedent for the Asset Swap, on 28 September 2011 MAp announced a proposed simplification of its structure from a triple stapled structure to a double stapled structure whereby MAIL would be governed from Australia and MAT2 would be acquiring all issued shares in MAIL for consideration comprising cash ($0.80 for each share in MAIL) and units in MAT2 (the Simplification). The Simplification will be executed via a scheme of arrangement (the Scheme).

The figures below illustrate the structure of MAp prior and after the Simplification.

Figure 3: Impact of the Simplification



Source: MAp

Note: the percentages in the figure above are approximate as MAp's ownership of Sydney Airport is still subject to any exercise by Sydney Airport co-investors of their pre-emptive rights.

Pursuant to the Simplification, MAIL shareholders will receive the following (the Scheme Consideration) for the transfer to MAT2 of each of their shares in MAIL:

- $0.80 in cash (the Cash Consideration); and
- an issue of MAT2 units (the Scrip Consideration)[7] to be subsequently consolidated within MAp security holders' (Investors) existing MAT2 units.

MAp will adopt the Sydney Airport branding and change its ASX ticker from 'MAP' to 'SYD' and MAIL will no longer have a Bermuda based board, resulting in MAp being governed solely from Australia.

[6] As at the date of this report the Asset Swap is substantially completed although MAp's ownership of Sydney Airport is still subject to any exercise by Sydney Airport co-investors of their pre-emptive rights. To the extent that all co-investors in Sydney Airport exercise their pre-emptive rights, MAp would acquire a 10.71% interest (instead of an 11.02% interest) in Sydney Airport making its total interest in Sydney Airport 84.66% (instead of 84.97%). The Cash Consideration for the Asset Swap would consequently increase from $791 million to $813 million.

[7] The market value of the Scrip Consideration will equate to the market value of all MAIL shares less the Cash Consideration. The market value of all MAIL shares will be based on a 10 consecutive day volume weighted average price of MAp securities up to and including the day that is five trading days before 12 December 2011 (the Record Date), and the net asset value MAp allocates to MAIL shares and to MAT2 units within the triple stapled structure. Further details regarding the market value of MAIL shares are set out in section 3.9 of the Explanatory Memorandum.

The full details of the Simplification are included in the Explanatory Memorandum to which this independent expert's report is attached.

1.2 Rationale of the Simplification

The rationale for the Simplification is to simplify the MAp structure to reflect that MAp will be a single asset vehicle focussed on Sydney Airport and in order to deliver benefits of reduced overheads. Following the disposal of investments in international airports (including Brussels Airport, Copenhagen Airports, Bristol Airport, Aeroporti di Roma, Birmingham Airport, Japan Airport Terminal Co Ltd and a Mexican airport group), MAp no longer holds any investments in operating assets other than Sydney Airport. The expressed intention by the directors of each MAp board is to focus their efforts on MAp's ownership and operation of Sydney Airport.

Further details on the rationale of the Simplification are set out in sections 1.1 and 3.1 of the Explanatory Memorandum.

1.3 Ineligible Overseas Investors

Investors who are resident outside Australia, Abu Dhabi, Belgium, Canada, Germany, Hong Kong, Ireland, Japan, Netherlands, New Zealand, Norway, Switzerland, Singapore, United Kingdom, United States of America[8] or where it is unlawful or impractical for MAp to comply with the legal requirements of that jurisdiction, may not participate in the Simplification.

Instead, Ineligible Overseas Investors' interests will be transferred to the nominee appointed who will sell those MAp securities held by those Ineligible Overseas Investors. The nominee will then distribute the proceeds received to the Ineligible Overseas Investors together with the Cash Consideration after deduction of any brokerage, taxes or other costs of sale. Further details of the arrangement with the nominee are detailed in section 10.11 of the Explanatory Memorandum.

As at 19 October 2011, MAIL had no Ineligible Overseas Investors.

1.4 Key conditions of the Simplification

The Simplification is subject to various conditions, the most significant being:

- obtaining all regulatory approvals required to implement the Simplification
- the independent expert stating in its opinion the Scheme is in the best interests of MAIL shareholders
- the approval of the Scheme under Bermudian law in relation to the transfer of 100% of MAIL shares on issue to MAT2. The Scheme must be approved by a majority in number of MAIL shareholders present and voting at the Scheme meeting (either in person or by proxy) representing 75% of the value of MAIL shares held by MAIL shareholders
- the Scheme must also be sanctioned by the Supreme Court of Bermuda. MAIL will apply to the Supreme Court of Bermuda for an order sanctioning the Scheme
- the approval to temporarily suspend the stapling of the MAT1 units from MAT2 units and to destaple MAIL shares for the purposes of undertaking the Simplification. More than 50% of votes cast by Investors must be in favour of the resolutions to temporary suspend the stapling arrangements
- to be implemented the Simplification requires other Investor approvals to ensure that MAIL can appoint a majority of Australian resident directors and become governed from Australia
- an amendment to the MAT2 Constitution to provide for the price at which the new MAT2 units are being issued to the Investors as the Scrip Consideration
- the above approvals require the amendment of the constitution of MAT2 and the bye-laws of MAIL. Approvals must be given by a minimum of 75% of Investors who vote, and are entitled to vote.

Further details of the key conditions and material documents in relation to the Simplification are set out in section 3.5 and section 10.8, respectively, of the Explanatory Memorandum. Annexure 3 of the Explanatory Memorandum also provides a summary of the scheme implementation agreement and conditions precedent.

[8] These countries are subject to change and no assurance can be given that Investors residing in any of these countries will be able to receive MAT2 units under the Simplification.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

2 Scope of the report

2.1 Purpose of the report

As MAIL is a Bermudian company, the acquisition of MAIL by MAT2 under the Simplification requires a scheme to be undertaken under Bermudian law. The Bermudian company scheme process and voting thresholds are similar to those for Australian company schemes. The resolution to approve the Simplification must be passed by:

- a majority of the MAIL members present and voting (either in person or by proxy)
- those members must also represent at least 75% of the value of the MAIL shares voted on the Scheme resolution.

Whilst an independent expert's report is not required to meet any statutory obligations in Bermuda, the directors of MAIL have requested us to prepare this independent expert's report in order to assist MAIL shareholders in their consideration of the Scheme, setting out our opinion as to whether the Simplification is in the best interests of MAIL shareholders.

We note that if the Simplification were to be conducted under Australian law, there would be a legal requirement for an independent expert's report because there are some directors who sit on the boards of both MAIL and MAp Airports Limited, the responsible entity of each of MAT1 and MAT2. Notwithstanding there is no specific legal requirement under Bermudian law, we have prepared this independent expert's report in a manner consistent with Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cwlth) (Part 3) to assist MAIL shareholders in their consideration of the Scheme[9]. Furthermore, we have had regard to the relevant Australian Securities and Investments Commission (ASIC) Regulatory Guides.

This report is to be included in an Explanatory Memorandum to be sent to MAIL shareholders and has been prepared for the exclusive purpose of assisting MAIL shareholders in their consideration of the Simplification. Neither Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance), Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Investors or MAIL shareholders, in respect of this report, including any errors or omissions however caused.

2.2 Basis of evaluation

2.2.1 Guidance

Schemes of arrangement can include many different types of transactions. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

As there is no specific requirement for an independent expert's report in Bermuda for the scheme of arrangement in respect of the Simplification, we sought guidance for our opinion in common market practice and in a broad range of regulatory and legal requirements in Australian corporate regulation and law. In particular, we have referred to the Corporations Act 2001 (Cth) (the Corporations Act) and to ASIC Regulatory Guide 111: *Content of expert reports*.

2.2.2 Best interests opinion

In the context of transactions involving a change of control, Section 640 of the Corporations Act (Section 640) requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'.

[9] Section 411 of the Corporation Act 2001 regulates schemes of arrangement between companies and their shareholders. Part 3 prescribes the information to be provided to shareholders in relation to schemes of arrangement.

The Simplification involves a change of control in MAIL's equity from MAIL shareholders to MAT2. Given the overall structure of MAp (where MAIL shareholders are also MAT1 and MAT2 unit holders in the same proportions), it is relevant to consider Investors' unitholdings in MAT2 as well as their shares in MAIL in addressing the Simplification. Following the Simplification Investors will hold the same economic interest in MAT1 and MAT2 as they did in the triple stapled structure prior to the Simplification. For this reason, we consider providing a 'fair and reasonable' opinion as the basis for a 'best interests opinion' (which typically involves a valuation analysis in accordance with ASIC Regulatory Guide 111) is not appropriate in these circumstances.

Further guidance on 'best interests opinion' is provided in ASIC Regulatory Guide 111. This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions, including transactions not involving a change of control such as demergers and demutualisations. ASIC Regulatory Guide 111 indicates that for these types of transactions, the issue of 'value' (which is fundamental in transactions involving a change of control) is of secondary importance and that the expert should provide an opinion as to whether the advantages of the transaction outweigh the disadvantages. Furthermore, it provides that if the demerger or demutualisation involves a scheme of arrangement and the expert concludes that the advantages of the transaction outweigh the disadvantages, the expert should say that the scheme is in the best interests of the members.

Given the terms of the Scheme, we are of the view that an assessment of whether the Simplification is in the best interests of MAIL shareholders should be formed on the basis of whether the advantages associated with the Simplification outweigh the relevant disadvantages to MAIL shareholders.

In addition to their MAIL shares, MAIL shareholders hold units in each of MAT1 and MAT2 (as part of their MAp securities). In evaluating the advantages and disadvantages of the Simplification, it is appropriate to consider their unitholdings in each of MAT1 and MAT2 as well as their shareholdings in MAIL

2.2.3 Conclusion

In the absence of any specific regulatory guidance or legal requirements, we consider it appropriate to assess whether the Simplification is in the best interests of MAIL shareholders having regard to whether the advantages of the Simplification outweigh the disadvantages to MAIL shareholders.

2.2.4 Individual circumstances

We have evaluated the Simplification for MAIL shareholders as a whole and have not considered the effect of the Simplification on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Simplification from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Simplification is in their best interests. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

2.3 Limitations and reliance on information

The opinion of Deloitte Corporate Finance is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix C.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (APESB).

Our procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

3 Profile of MAp

3.1 Overview

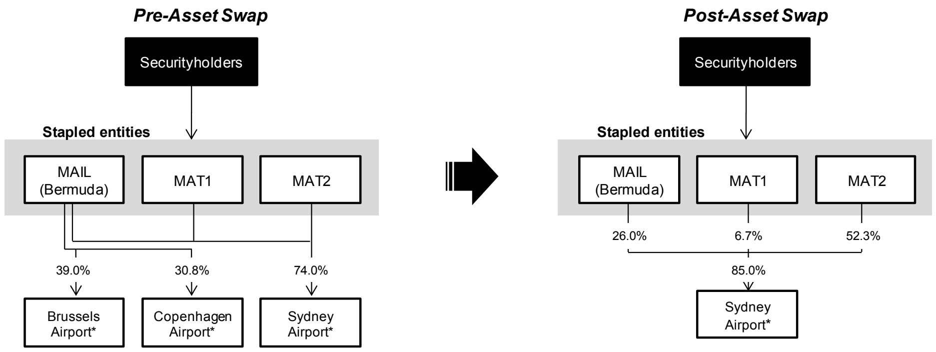
MAp is one of the world's largest private airport owners and operators with a majority ownership (approximately 85%) of Sydney Airport. Listed on the ASX as a triple stapled security, as at 12 October 2011 MAp had a market capitalisation of approximately $6.3 billion.

The nature and the investment portfolio of MAp has changed substantially over time. At the time of the initial public offering in April 2002, MAp was an externally managed investment vehicle whose only asset consisted of a 36.7% investment in Macquarie Airports Group Limited (MAG), an unlisted investment vehicle with interests in Bristol Airport (50% stake) and Birmingham Airport (24.1% stake). Since then, MAp had acquired interests in Sydney Airport, Rome's Aeroporti Di Roma, Brussels Airport, Copenhagen Airports, an investment in Japan Airport Terminal Co Ltd and shares in Grupo Aeroportunario del Sureste de Mexico S.A. de C.V. (ASUR), a Mexican airport group.

Following the onset, and subsequent deterioration, of the global financial crisis in 2007, MAp's security price commenced trading at a progressively greater discount to MAp's underlying net asset backing. In an attempt to re-align MAp's security price and net asset backing (NAB), and deal with investor concerns about high debt levels, a number of strategic steps have been taken, including:

- in 2007, the sale of Rome and Birmingham airports (at a premium to their carrying values)
- in 2008, the $151.4 million partial redemption of the Tradeable Interest-bearing Convertible to Equity Trust Securities (TICkETS) and the full redemption of TICkETS ($800.5 million) in December 2009 to eliminate all external debt at the holding entity level
- in 2009, the internalisation of MAp's management rights, previously owned by Macquarie Group Limited, a step undertaken by a number of listed and externally managed infrastructure and real estate investment vehicles (i.e. Dexus Property Group, GEO Property Group, RiverCity Motorway Group, Babcock & Brown Wind Partners, Prime Infrastructure Holdings Limited, Macquarie Infrastructure Group, Macquarie Media Group and Macquarie Leisure Trust Group) amid investors' concern about value leakage to the investment manager. In the same year, MAp also divested its investments in the Japan Airport Terminal Co Ltd and Bristol Airport
- in 2010 MAp sold its interest in the ASUR shares, leaving MAp with investments in Sydney Airport (74% interest), Brussels Airport (39% interest) and Copenhagen Airports (30.8% interest)
- the Asset Swap, as announced on 20 July 2011 reached financial close on 7 October 2011. The figure below summarises the impact of the Asset Swap and the resulting current structure of MAp.

Figure 4: MAp pre-and post-Asset Swap



** Interests in airports are held via a number of interposed entities*

Source: MAp

Following the Asset Swap, MAp has become a single asset owner with Sydney Airport being its only remaining operating investment. It also holds cash in excess of $1.5 billion.

3.2 Stapled Entities

MAp is a triple stapled structure comprising MAIL, a legal entity domiciled in Bermuda, and MAT1 and MAT2, both Australian trusts managed by MAp Airports Limited (MAPL) (the Stapled Entities). The principal operations of each stapled entity in MAp are discussed below.

MAT1 and MAT2

MAT1 and MAT2 are Australian registered managed investment schemes managed by MAPL, in its capacity as the responsible entity and the trustee of each of MAT1 and MAT2. MAT1 is the entity used to acquire non-controlling interests in Australian airports, and MAT2 is the entity used to acquire controlling interests in Australian airports. MAT1 and MAT2 own approximately a 6.7% interest and a 52.3% interest, respectively, in Sydney Airport and are directly and indirectly holders of the redeemable preference shares (RPS) issued by Southern Cross Airports Corporation Holdings Limited (SCACH), the ultimate holding company of the group owning Sydney Airport (with each RPS stapled to one ordinary share in SCACH). For the six months ending 30 June 2011, MAT2 received $155.9 million of income from its investment in Sydney Airport[10].

MAT2 group has issued RPS to MAT1 with a balance of $1.8 billion outstanding as at 30 June 2011. Interest which is not paid by MAT2 group on a quarterly basis may be capitalised at a contractual rate of 15.0% per annum. These MAT2 group RPS expire in either 30 years or 40 years depending on the tranche. Income received by MAT2 group is therefore predominantly offset by the interest payments required to service these RPS.

An intercompany loan from MAT1 is provided to MAT2 with a book value of $78.5 million as at 30 June 2011.

The only direct operating costs incurred by MAT1 relate to adviser fees to MAPL. The primary operating costs for MAT2 group include staff costs, investment transaction expenses and adviser fees (including responsible entity fees).

The directors of MAPL are set out in the table below.

Table 2: Directors of MAPL

Name	Role	Period of Directorship
Max Moore-Wilton[1]	Chairman and Non-executive director	Since April 2006
Trevor Gerber	Non-executive director	Since April 2002
Michael Lee	Non-executive director	Since June 2003
Robert Morris	Non-executive director	Since September 2002
John Roberts	Non-executive director	Since October 2009
Stephen Ward[2]	Non-executive director	Since 21 February 2011
Kerrie Mather	Executive director	Since July 2010

Source: MAp 2010 annual report

Notes:
1. Max Moore-Wilton is also a Non-executive director of MAIL
2. Stephen Ward is also a Non-executive director of MAIL
3. Kerrie Mather, MAp's Chief Executive Officer, receives no additional remuneration in her role as an executive director of MAPL.

MAIL

MAIL is a mutual fund company incorporated in Bermuda and is the entity set up to primarily acquire interests in airports outside of Australia. MAIL is a 'Bermuda exempt company' under the Bermuda Companies Act which provides an exemption from the 60% local ownership requirement of a Bermudian company. Under Bermudian law, MAIL is not subject to any income, withholding or capital gains taxes in Bermuda.

The ongoing operating costs incurred by the MAIL group relate to adviser fees, investment transaction expenses, staff costs, directors' fees, premises costs, registry fees and other general administration expenses. MAIL is liable to pay an annual registration fee in Bermuda based upon its assessable share capital which was $95,000 for the six months ending 30 June 2011.

[10] MAp interim financial report for half year ended 30 June 2011

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

The issued share capital of MAIL consists of the following classes of shares:

- Ordinary shares: 1,861,210,782
- Stapling Share: 1, held by the trustee of MAT2 who may appoint one director to the board of MAIL.

MAIL group has issued RPS to MAT1 with a balance of $677.9 million as at 30 June 2011. The terms of the RPS include tenor of 40 years and interest at 15% per annum paid quarterly (with any interest not paid being capitalised).

The board of MAIL is based in Bermuda and is responsible for the proper management and corporate governance of MAIL with full board meetings held regularly. The directors of MAIL are set out in the table below.

Table 3: Directors of MAIL

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[1]	Non-executive director	Since April 2006

Source: MAp 2010 annual report

Note 1. Max Moore-Wilton is also the Chairman and Non-executive director of MAPL.

3.3 Sydney Airport

3.3.1 Overview

Sydney Airport is situated eight kilometres south of the central business district on a 907 hectare site owned by the Australian Government. On 1 July 1998, ownership of Sydney Airport was transferred to Sydney Airport Corporation, a wholly owned Government entity, under a lease agreement over the airport site for a term of 50 years with an option for a 49 year extension. Sydney Airport was later privatised in June 2002 through the sale of shares in Sydney Airport Corporation to the Southern Cross Consortium for $5.4 billion paid to the Government. MAp as a consortium member and through its shareholding in MAG, initially acquired a beneficial interest of 44.7% of the equity in Sydney Airport for $903 million in June 2002.

Sydney Airport is Australia's busiest airport for scheduled passenger services, currently handling 42% of all international passengers (through 37 airlines) and 22% of all domestic passengers (through 8 airlines). Facilities at Sydney Airport include three passenger terminals, three runways, commercial facilities, an underground railway link, car parking facilities, taxi and hire-car parking, air freight facilities, a general aviation area, maintenance hangars, navigation aids and vacant land. The passenger terminals comprise one international (T1) and two domestic (T2 and T3), with T3 leased and operated by Qantas Airways Limited.

According to the Bureau of Infrastructure, Transport and Regional Economics (BITRE), the number of passenger movements through Sydney Airport is expected to increase from 35.9 million passengers in 2010-11 to approximately 72.9 million passengers in 2029–30 (comprising approximately 26.7 million international passengers, 33.4 million inter-capital passengers and 12.8 million regional passengers)[11].

[11] BITRE research report 117 – Aircraft movements through capital city airports to 2029-30

3.3.2 Operations

3.3.2.1 Aeronautical income

Sydney Airport operates under a light-handed regulatory regime where aeronautical charges for the use of the runways, taxiways and terminal facilities are agreed with airlines under commercial agreements. Sydney Airport has commercial agreements (typically of a five year tenure) with all the international and domestic (non-regional) airlines. In addition, Sydney Airport passes on necessary new investment costs to airlines to recover aeronautical capital expenditure as it is incurred. Aeronautical revenues represented approximately 50% of total revenues in the 2010 calendar year (CY10).

3.3.2.2 Non-aeronautical income

Non-aeronautical revenues represented approximately 50% of total revenues in CY10 and primarily comprise:

- **retail operations:** revenues from retail are derived from concession contracts supported by a high percentage of leases on minimum guaranteed rents. There is 25,587 square metres of retail space with 200 retail shops, food outlets and convenience stores in T1 and T2. Retail operations comprised approximately 23% of total revenues in CY10
- **property and car rental:** the property portfolio comprises a net lettable area of approximately 955,000 square metres of commercial and industrial property. Property revenue is derived through leases with tenants (including car rental companies) that require commercial or industrial property proximate to the airport to conduct their businesses, in addition to leases with airline tenants for space within the passenger terminals. Property revenues comprised approximately 16% of total revenues in CY10
- **ground transport and commercial services**: revenues incorporate car parking and fees for taxis, buses and hire cars. This revenue stream contributed to approximately 11% of total revenues in CY10.

3.3.3 Regulation

In addition to the Australian airport regulation set out under the Airports Act, Sydney Airport's operations are subject to a number of government-regulated operational, regulatory and policy requirements. In particular, Sydney Airport must comply with the following:

- **curfew:** between 11pm and 6am, to mitigate noise impacts on residential areas, only small, low-noise aircraft approved by the Minister and a limited number of freight movements by medium-sized aircraft are allowed (Sydney Airport Curfew Act 1995). Further restrictions are imposed for an additional hour either side of the curfew
- **movement cap:** the number of scheduled take-offs and landings is restricted to 80 per regulated hour (Sydney Airport Demand Management Act 1997)
- **regional ring fence:** requires certain slots by time of day to be set aside for use by regional airlines flying intra New South Wales routes. Each consumes one of the 80 slots per regulated hour
- **noise sharing principles:** the opening of the third runway was followed by the introduction of a long term operating plan to redistribute aircraft flight paths over Sydney to ensure that residential areas are not exposed to a disproportionately high amount of aircraft noise.

3.3.4 Ownership structure

MAp's investment in Sydney Airport comprises ordinary shares and RPS issued by SCACH. The ordinary shares in SCACH are stapled to the RPS on a one to one basis.

Following the completion of the Asset Swap, MAp's beneficial interest in Sydney Airport increased from 74% to approximately 85%. The provisions of the SCACH shareholders' agreement require a 75% majority in order to pass significant resolutions. As a result, MAp now has the capacity to control the operating and financial decisions of SCACH.

The remaining 15% in SCACH is owned by Hochtief AirPort and Hochtief AirPort Capital (via Sydney Airport Intervest GmbH) (12.1% interest) and Australian superannuation funds (2.9%).

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

3.4 Capital structure and security holders

Each Investor is entitled to one vote for each dollar value of the total interests they have in MAT1 and MAT2, and one vote for each fully paid share in MAIL. Macquarie Group Limited is the largest substantial investor in MAp with the balance of securities held predominantly by domestic and foreign institutional investors. MAp has no options on issue.

The following table sets out the top 6 security holders of MAp as at the date of this report.

Table 4: The substantial holders of MAp securities

#	Name	Securities held	Proportion
1	Macquarie Group Limited	416,044,254	22.4%
2	RARE Infrastructure Limited	126,714,427	6.8%
3	The Capital Group Companies, Inc.	104,875,548	6.7%
4	FMR LLC and FIL	112,251,445	6.0%
5	Abu Dhabi Investment Authority	94,553,945	5.1%
6	Future Fund Board of Guardians	94,038,612	5.1%
	Total securities on issue	**1,861,210,782**	**100.0%**

Source: MAp

MAp has the power to require a foreign investor to dispose of its MAp securities if the 40% foreign ownership level is exceeded or is likely to be exceeded.

MAp applies a 'foreign ownership trigger' of 39.5% in MAp before commencing the process of divestment by foreign security holders (on a last in, first out basis). If the foreign security holder fails to dispose of its MAp stapled securities, MAp may sell those securities at the best price reasonably obtainable at the time.

Accordingly, MAp must manage carefully its security register to avoid breaching foreign ownership thresholds. In May 2010, MAp's foreign ownership interest reached 41.0%, breaching the foreign ownership threshold of 40%. For the first time, MAp issued disposal notices to foreign investors requiring the disposal of 28.6 million securities within 28 days. Sufficient foreign investors sold their MAp securities voluntarily within the disposal notice period.

As at 10 October 2011, MAp's foreign ownership level was 35.9%. MAp is therefore not a "Foreign Person" as defined under the Airports Act, as the foreign ownership of MAp is below 40%.

3.5 Security price performance

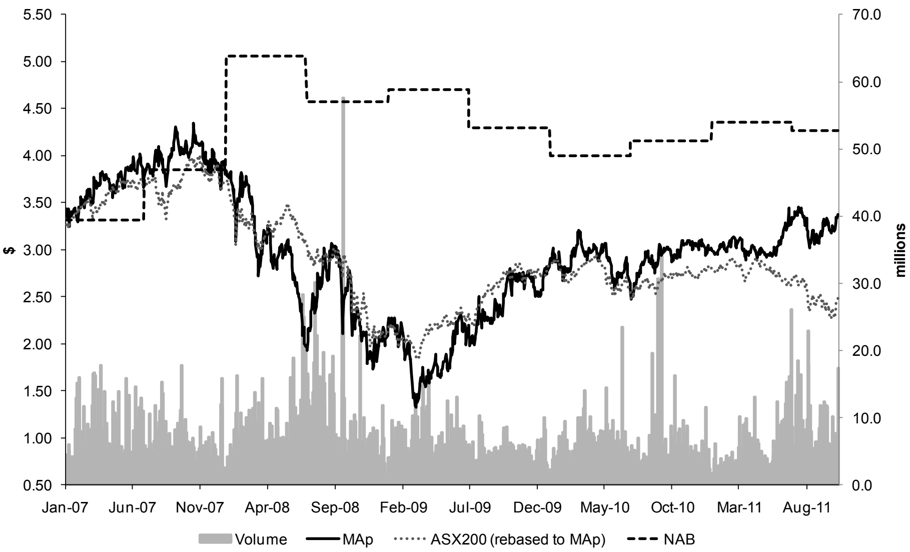
MAp securities have consistently been trading at a discount to MAp's NAB per security since the onset of the global financial crisis in August 2007, although the discount has narrowed since the restructure of the group resulting from the internalisation of the management function in October 2009.

A number of strategic actions have been taken to close the gap between MAp's security price and its NAB including significant asset disposals and increases in ownership levels in existing airport assets as outlined in section 3.1. These acquisitions and disposals have seen temporary changes in the MAp security price, however the gap between MAp's security price and the NAB remains.

In a further attempt to enhance Investor value, the Asset Swap was announced in June 2011 and Sydney Airport's intention to redeem the $650 million issue of SKIES was announced in July 2011 following the $1,069 million worth of debt financing.

MAp's security price movements and trading volumes are presented graphically in the figure below.

Figure 5: MAp security price movements, ASX 200 index and NAB to 12 October 2011



Source: Thomson Reuters, Deloitte Corporate Finance analysis

Since the beginning of 2009, the MAp security price has increased 47.9% to 12 October 2011, outperforming the ASX200 which has increased by 12.9% over the same period. A spike in trading volume occurred in June 2010 following divestment by some foreign investors to reduce MAp's foreign ownership levels below the 40% threshold. Subsequent spikes in trading volume occurred in August 2010 and September 2010 as a result of the disposal of the ASUR investment and the inclusion of MAp in the ASX 50 Index, respectively.

A summary of MAp's security price performance, volumes and foreign ownership levels are provided in the table below.

Table 5: MAp quarterly security price information

Quarter end date	High ($)	Low ($)	Last trade ($)	Volume (million)	Volume (% of MAp securities outstanding)	MAp foreign ownership level[1]
30 June 2009	2.36	1.54	2.19	373	21.7%	35.0%
30 September 2009	2.74	1.92	2.70	289	16.8%	36.0%
31 December 2009	2.92	2.44	2.91	262	14.5%	39.9%
31 March 2010	3.24	2.65	2.97	353	19.0%	39.1%
30 June 2010	3.14	2.53	2.58	365	19.6%	39.4%
30 September 2010	3.07	2.45	2.92	371	20.0%	39.1%
31 December 2010	3.12	2.85	2.99	300	16.1%	37.2%
31 March 2011	3.17	2.86	3.04	245	13.1%	37.6%
30 June 2011	3.45	2.91	3.34	384	20.6%	37.3%
30 September 2011	3.47	2.89	3.23	485	26.1%	36.8%

Source: Thomson Reuters, Deloitte Corporate Finance analysis

Note: 1. Foreign ownership level announced to the ASX prior to the quarter end date

On a quarterly basis, as per the above table, the trading volume for the quarter ending 30 September 2011 was approximately 26.1% of MAp stapled securities on issue.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

3.6 Financial performance

MAp's proportionate earnings[12] for the periods ended 31 December 2009 (CY09) and 31 December 2010 (CY10) and the proportionate earnings for the six months ended 30 June 2011 (1H11) are summarised in the table below. We note that the following financials and data do not reflect the impact of the Asset Swap.

Table 6: MAp's proportionate earnings (prior to the Asset Swap and pre-Simplification)

A$ million (unless otherwise stated)	CY09 12 months	CY10 12 months	1H11 6 months
Passenger traffic (millions)	45	41	20
Airport revenue	1,262	1,129	537
Growth	*n/a*	*-11%*	*-4%*
Airport operating expenses	(456)	(317)	(153)
Corporate net expenses	(38)	(17)	(9)
EBITDA (before specific gains / losses)	**767**	**795**	**375**
Airport specific gains / (losses)	(11)	10	1
EBITDA	**757**	**805**	**376**
Margin	*60%*	*71%*	*70%*
Airport economic depreciation	(35)	(29)	(11)
Airport net interest expense	(347)	(335)	(174)
Airport net tax expense	(34)	(36)	(17)
Corporate net interest income	34	46	24
Corporate net tax expense	(1)	(7)	(3)
Proportionate earnings	**373**	**445**	**195**
Concession airport net debt amortisation[1]	(1)	(1)	(1)
Internalisation payment[2]	(351)	-	-
Proportionate earnings less allowance for net debt amortisation	**21**	**444**	**194**

Source: MAp Management Information reports
Notes:
1. Relates to Sydney Airport only
2. Payment to Macquarie Group Limited in order to internalise the management arrangements of MAp.

In relation to the recent financial performance, we note the following:

- revenues decreased from CY09 to 1H11 due to the sale of MAp's interests in Japan Airport Terminal Co Ltd, Bristol Airport (i.e. MAG's sole remaining asset) and ASUR as well as the effects of the appreciation of the Australian dollar relative to the Euro and Danish Kroner. CY10 revenues were impacted by the non-recurring SAS Cargo Rent Termination revenue as well as the volcanic ash cloud that resulted in the closure of Brussels and Copenhagen airports for several days
- operating expenses decreased following the factors identified above and in particular expenses decreased due to the absence of management fees following the internalisation of MAp in 2009
- the 19% drop in economic depreciation in CY10 reflects the divestments identified above
- net interest expense for 1H11 is higher than the previous corresponding period due to the higher interest margins incurred resulting from the DKK1.0 billion refinancing of Copenhagen Airports in CY09 and $1.9 billion refinancing of Sydney Airport in CY10

[12] Proportionate earnings is calculated as the aggregation of the financial results of MAp's airport investments in the relevant proportions that MAp holds. It reflects the operating performance of MAp and its airports and is not affected by revaluation gains or losses.

- despite higher staffing and utility expenses at Copenhagen Airports and non-recurring staff expenses at Sydney Airport in 1H11, operating expenses decreased due to divestments and foreign exchange movements.

3.7 Financial position

The audited balance sheet of MAp[13] as at 31 December 2009 and 31 December 2010 and unaudited balance sheet as at 30 June 2011 are summarised in the table below. We note that the following financials and data do not reflect the impact of the Asset Swap. Accordingly, the following table does not display the current cash position of MAp.

Table 7: Financial position of MAp (prior to the Asset Swap and pre-Simplification)

A$ million (unless otherwise stated)	December 2009 audited	December 2010 audited	June 2011 unaudited
Cash	1,460	1,257	965
Receivables	514	490	497
Other current assets	18	6	224
Total current assets	**1,992**	**1,753**	**1,686**
Property, plant and equipment	2,583	2,509	2,480
Investment in financial assets	2,065	1,944	1,583
Intangibles	8,167	8,057	8,005
Other non-current assets	88	64	59
Total non-current assets	**12,903**	**12,573**	**12,127**
Distributions payable	149	186	205
Payables	548	553	546
Other current liabilities	89	91	92
Total current liabilities	**786**	**830**	**843**
Payables	6	5	4
Interest bearing liabilities	6,107	6,181	6,184
Other non-current liabilities	1,952	1,916	1,937
Total non-current liabilities	**8,064**	**8,102**	**8,126**
Net assets	**6,045**	**5,394**	**4,844**

Notes:

1. 30 June 2011 financial position presents marginal differences with the audited financial position of MAp as at 30 June 2011 due to minor rounding.

In relation to the balance sheets, we note the following:

- as at 31 December 2010, MAp's cash balance included approximately $112 million not available for use. These funds are designated for liquidity and debt reserves
- the growth in other current assets for the six months to June 2011 was driven by an increase of $219 million predominantly representing 'other financial assets'

[13] 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.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

- property, plant and equipment consists primarily of land, buildings, plant and machinery
- investment in financial assets represents MAp's interest in Brussels Airport and Copenhagen Airports. For the six months ended 30 June 2011, the investments in Brussels and Copenhagen Airports were revalued to reflect the value from the agreed sale with OTPP. This resulted in a revaluation decrement of $345 million and decrease in 'investment in financial assets' as at 30 June 2011
- intangibles represents the net book value of concession and customer contracts, airport operator licences, leasehold land and goodwill
- other current liabilities and non-current liabilities include deferred income, derivative financial instruments, provisions and deferred tax liabilities
- the increase in interest bearing liabilities in 2010 was due to the Sydney Airport $175 million medium term note issuance in July 2010 in addition to capital indexed bonds[14]. This was partially offset by the buyback of $120 million in medium term notes due in November 2011
- in relation to the Asset Swap, there are certain indemnities and warranties given by MAIL to OTPP involving Brussels Airport and Copenhagen Airports. The outcome of any claim under these indemnities and warranties is a separate matter to the Simplification, regardless of whether the Simplification is approved. We note that MAp has credit approval for a short term working capital facility in the event of unforeseen events. For further details regarding indemnities and warranties, please refer to section 6.1 (viii) of the Explanatory Memorandum
- interest bearing liabilities includes Sydney Airport bank facilities, capital index bonds, medium term notes, SCACH RPS and SKIES. The SCACH RPS securities entitle holders to a fixed annual cumulative dividend at a rate of 13.5% per annum payable quarterly until the redemption date of 28 June 2032. Further details of external borrowings as at 30 June 2011 are set out in section 3.8 below.

MAp's regular distributions are paid every six months ending June and December. The distributions from MAp since 2009, including special distributions, are presented in the table below.

Table 8: MAp distributions (cents per security)

	June 2009	December 2009	June 2010	October 2010[1]	December 2010	June 2011
MAIL	-	8.000	-	12.500	1.602	-
MAT1	13.000	-	11.000	-	8.398	11.000
MAT2	-	-	-	-	-	-
Total	**13.000**	**8.000**	**11.000**	**12.500**	**10.000**	**11.000**

Source: MAp financial reports

Note: 1. Special distribution from sale of the ASUR shares

The distribution guidance for CY12 of approximately 21 cents is estimated, regardless of the outcome of the Simplification and distributions are expected to be fully supported by the underlying net operating receipts[15] of MAp from 2012 onwards (subject to external shocks to the aviation industry and material changes to forecast assumptions).

3.7.1 Financial position of MAIL

The audited balance sheet of MAIL[16] as at 31 December 2009 and 31 December 2010 and unaudited balance sheet as at 30 June 2011 are summarised in the table below. We note that the following financials and data do not reflect the impact of the Asset Swap. Accordingly, the following table does not display the current cash position of MAIL.

[14] Capital Index Bonds are debt instruments whereby the principal increases with CPI. These issuances pay a fixed interest rate on the principal amount.
[15] Net operating receipts defined as distributions from airport investments net of corporate expenses, interest income and interest expense.
[16] As the consolidated entity consisting of MAIL and it controlled entities.

Table 9: Financial position of MAIL (prior to the Asset Swap and pre-Simplification)

A$ million (unless otherwise stated)	December 2009 audited	December 2010 audited	June 2011 unaudited
Cash	704	439	360
Receivables	5	24	30
Other current assets	1	2	91
Total current assets	**710**	**466**	**480**
Property, plant and equipment	-	0	0
Investment in financial assets	3,999	4,158	3,861
Other non-current assets	40	-	-
Total non-current assets	**4,039**	**4,159**	**3,861**
Distributions payable	149	30	0
Payables	39	66	82
Other current liabilities	2	0	3
Total current liabilities	**190**	**96**	**85**
Interest bearing liabilities	679	678	678
Other non-current liabilities	5	80	95
Total non-current liabilities	**683**	**758**	**773**
Net assets	**3,876**	**3,770**	**3,483**

Source: MAIL financial reports

We note the following in relation to the balance sheets:

- The uplift in receivables from $5 million to $24 million for the year ended December 2010 was caused by the unpaid portion of a distribution from the TICkETS Defeasance Trust[17] of $23 million
- The increase in other current assets from $2 million to $91 million in the six months to June 2011 was driven predominantly by 'other financial assets'
- The uplift in 'investment in financial assets' for the year ended 31 December 2010 was primarily driven by revaluation increments of $667 million, partially offset by decrements driven by foreign exchange movements of approximately $334 million. In addition, the decrease to 30 June 2011 was driven by the decrement of approximately $345 million on recognising Brussels and Copenhagen Airports at the sale value agreed with OTPP.

3.8 **Debt profile**

3.8.1 MAp debt profile

As at the date of this report, MAp has no external debt at the holding entity level and has credit approval for a short term working capital facility for unforseen events.

[17] A trust established and funded by MAp to ensure all future obligations under TICkETS were covered. TICkETS are Tradeable Interest-bearing Convertible to Equity Trust Securities that were redeemed 31 December 2009.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

3.8.2 Sydney Airport debt profile

As at 30 June 2011, Sydney Airport had approximately $6,182 million of debt, consisting of:

- Medium term notes (MTNs) ($3,992 million): There are various fixed and floating interest rate MTNs with maturities ranging from 2013 to 2027
- Capital index bonds (CIB) ($931 million): Two tranches of CIBs paying a fixed interest rate on the bond principal (which grows at the rate of CPI)
- SKIES ($660 million): A subordinated, unsecured note listed on the ASX, paying interest at 180 bps above the mid-point of bid and ask rates of the bank bill swap rate (BBSW)
- SCACH redeemable preference shares ($343 million): These RPS are entitled to a fixed cumulative dividend of 13.5% p.a. and are redeemable on 28 June 2032
- Bank facilities ($259 million): Various bank facilities exist with interest rates of bank bill swap bid rate (BBSY) plus a predetermined margin.

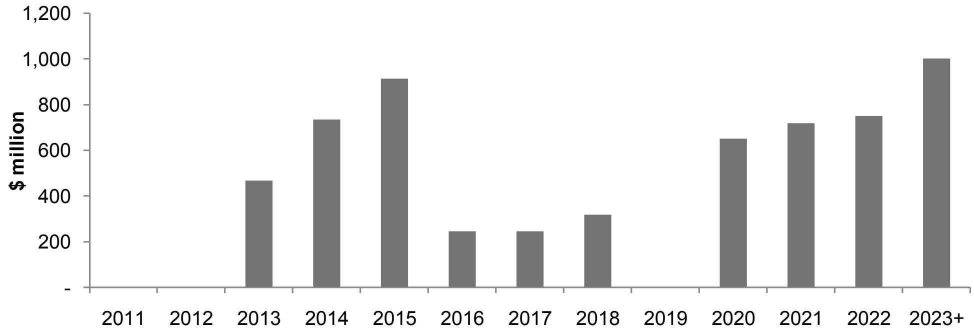
As at 30 June 2011, approximately $877 million of debt facilities remained undrawn, representing approximately 12.7% of total debt facilities. All senior secured debt categories are secured by fixed and floating charges over the assets of the SCACH Group and a mortgage over the Sydney Airport lease.

In July 2011, Sydney Airport announced its intention to redeem the issue of SKIES using the funds raised from $1,069 million worth of debt financing including:

- $752 million in various new and existing bank facilities with interest rates ranging from 190 bps to 210 bps above the BBSY (including $300 million announced in May 2011)
- $100 million seven year medium term notes priced at 210 bps above BBSW maturing in 2018 (announced in May 2011)
- $217 million (CAD225 million) in guaranteed senior secured notes with maturity in 2018 and priced at 190 bps above Canadian government bonds (announced in June 2011).

These funds will also be used to fund capital expenditure until 2014. As a consequence, MAp has no debt maturing until late 2013. Sydney Airport's debt maturity profile is diversified with no more than 15% of total debt maturing in any one year. The figure below outlines Sydney Airport's debt maturity profile as at 30 June 2011.

Table 10: Sydney Airport debt maturity profile



Source: MAp
Note: Refers to Sydney Airport debt only

3.9 Tax position of Investors

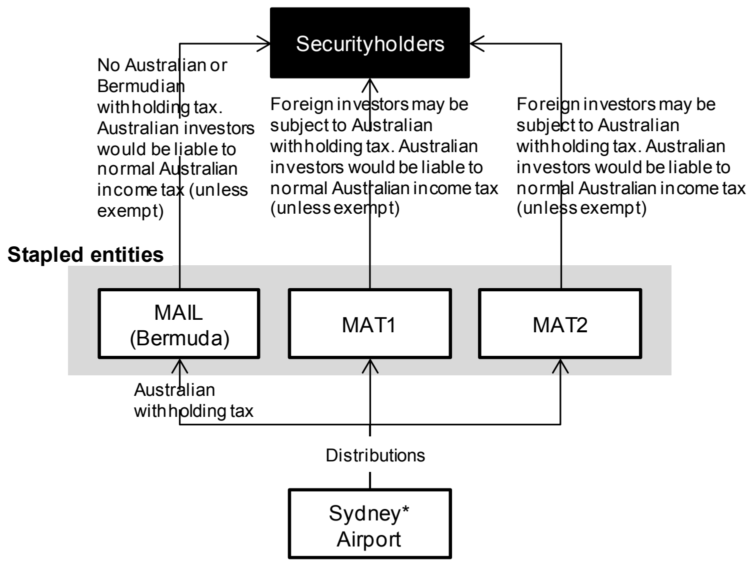
Despite the divestments and restructure steps (i.e. internalisation of management rights in 2009) recently undertaken by MAp, its structure is still relatively complex. However, going forward the distributions to be received by Investors will ultimately originate from MAp's economic interest in Sydney Airport via SCACH.

MAT1 directly and MAT2 indirectly own ordinary shares and RPS issued by SCACH.

In general, Australian Investors are expected to be liable to normal Australian income tax on distributions from the Stapled Entities, whilst foreign investors may pay Australian withholding tax on distributions received from either MAT1 or MAT2. MAT2 has not paid a distribution to date. This high level analysis is subject to many exceptions depending on the various individual tax profiles and circumstances and accordingly, may not necessarily be true for each Investor.

The figure below sets out a simplified flow of distributions outlining the income tax and withholding tax implications of the current (post-Asset Swap, pre-Simplification) structure of MAp.

Figure 6: Flow of distributions



** Interests in Sydney Airport are held via a number of interposed entities*

Source: Deloitte Corporate Finance analysis

The Australian income and capital gains tax consequences of investing in a MAp security arise on an entity by entity basis as follows:

- MAT1 is a 'flow through' trust therefore MAPL, in its capacity as the responsible entity of MAT1, will not be subject to tax provided the taxable income of MAT1 is fully distributed to unit holders in each income year where distributions are generally subject to tax in the hands of Investors
- MAT2 is classified as a public trading trust under Division 6C of the Income Tax Assessment Act 1936, and is subject to tax at the prevailing corporate tax rate on a similar basis to a company. It is also a head entity of a tax consolidated group. Its distributions may be franked such that imputation credits, if any, may flow through to Investors.
- MAIL is not an Australian resident company and therefore is not able to frank its dividends and no other Australian withholding tax obligations arise in respect of dividends MAIL pays. Under the Exempted Undertaking Tax Protection Act 1966 (Bermuda), MAIL has received an undertaking that it will be free of any Bermudian legislation imposing taxes computed on profits or income, or computed on any capital assets, gains or appreciation, or any tax in the nature of estate duty or inheritance until 28 March 2016[18]. On the same basis, Investors who acquire shares in MAIL will not be subject to any Bermudian taxation (except residents of Bermuda who hold shares in MAIL).

Individual Investors should seek advice in relation to their personal circumstances as the above analysis should be considered as a high level reference only.

[18] MAp

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

4 Impact of the Simplification

Subsequent to the Simplification, Investors will own the following assets:

- $0.80 in cash in respect of each MAp Stapled Security owned, received from MAT2 as partial consideration for their MAIL shares (for a total Cash Consideration of $1.49 billion)
- the same number of MAp Stapled Securities as previously owned. However, each Stapled Security will no longer include a share in MAIL.

Set out below are further details of the likely implications of the Simplification to MAIL shareholders as well as to Investors.

4.1 Ownership structure

If the Simplification is approved, MAIL will be governed from Australia and its shares will be acquired by MAT2. Upon completion of the Simplification, the cash reserves of MAp would be reduced by approximately $1.5 billion to $42 million.

However, given the ownership of MAIL is identical to that of MAT1 and MAT2, after the Simplification MAIL shareholders will continue to hold the same proportionate interest in MAp to that held before the Simplification.

MAp will adopt the Sydney Airport branding and change its ASX ticker from 'MAP' to 'SYD' and MAIL will no longer have a Bermuda based board, resulting in MAp being governed solely from Australia.

4.2 Net asset backing

Pursuant to the Simplification, MAp's cash will reduce by approximately $1,492 million to $42 million. Since the number of outstanding securities in MAp will remain unchanged, the Simplification will result in a reduction in the net asset backing per security of approximately 80 cents, being the Cash Consideration paid to MAp Investors. The table below sets out the impact of the Simplification on the pro-forma (taking into account the Asset Swap) net asset backing per security as at 30 June 2011 (i.e. there is no direct connection between the net assets in section 3.7 with the net asset backing in the table below).

Table 11: Pro-forma net asset backing per security as at 30 June 2011 – Impact of the Simplification

	Unit	Post-Asset Swap	Post-Simplification
		Pro-forma at 30 June 2011	Pro-forma at 30 June 2011
Equity value (pre-Asset Swap)	$'million	7,944	
Pro-forma net asset value per MAp security	$	4.27	
Less: interests in Brussels and Copenhagen Airports	$'million	(1,577)	
Add: increase in cash received from Asset Swap[1]	$'million	772	
Add: 11.02% additional interest in Sydney Airport[2]	$'million	840	
Equity value (post-Asset Swap)	$'million	7,979	7,979
Pro-forma net asset value per MAp security	$	4.29	4.29
Less: cash utilised for the Simplification	$'million		(1,489)
Less: costs of the Simplification	$'million		(3.5)
New implied equity value (post-Simplification)	$'million		6,486
Pro-forma net asset backing per MAp security	$		3.49

Source: MAp 2011 Interim Results, MAp, Deloitte Corporate Finance analysis

Notes:

1. Net of transaction costs in relation to the Asset Swap
2. MAp director's valuation of Sydney Airport as at 30 June 2011 of $5,640.7 million grossed up for MAp's additional 11.02% interest in Sydney Airport following the Asset Swap.

4.3 Financial position

MAT2 proposes to fund the Simplification through cash and issuing MAT2 units.

Table 12: Financial position of MAp as at 30 June 2011 – Impact of the Simplification

	Pre-Asset Swap	Pro-forma Post-Asset Swap	Pro-forma Post-Simplification
A$ million	**Reported at 30 June 201**	**Pro-forma at 30 June 2011[1]**	**Pro-forma at 30 June 2011[1]**
Cash	965	1,535	42
Receivables	497	497	497
Other current assets	224	224	224
Total current assets	**1,686**	**2,256**	**763**
Property, plant and equipment	2,480	2,480	2,480
Investment in financial assets	1,583	5	5
Intangibles	8,005	8,005	8,005
Other non-current assets	59	59	59
Total non-current assets	**12,127**	**10,549**	**10,549**
Distributions payable	205	-	-
Payables	546	546	546
Other current liabilities	92	92	92
Total current liabilities	**843**	**638**	**638**
Payables	4	4	4
Interest bearing liabilities	6,184	6,184	6,184
Other non-current liabilities	1,937	1,937	1,937
Total non-current liabilities	**8,126**	**8,126**	**8,126**
Net assets	**4,844**	**4,041**	**2,548**

Source: MAp, Deloitte Corporate Finance analysis

Notes:

1 .Based on unaudited and unreviewed estimates (not actual) provided by MAp management

MAp management have advised that the implementation of the Simplification is not expected to impact the group's ability to fund capital requirements over the medium term.

Following the Asset Swap, Sydney Airport represents MAp's only investment in an operating asset. Any other operations of MAp relates to the ongoing management of its investment in Sydney Airport and do not require significant capital other than for funding the relevant overhead costs.

MAIL also has exposure under the Asset Swap for certain contingent liabilities following the provision of indemnities in connection with the disposal of its European assets. It is not possible to ascertain whether such amounts will be required to be paid or the quantum. MAIL has a range of options available to it, if these contingencies were to arise, to meet, mitigate or contest the exposure.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

As discussed in section 3.8, following Sydney Airport's successful $1,069 million bank and bond refinancing announced in July 2011[19], Sydney Airport has announced its intention to redeem the entire $650 million issue of SKIES in January 2012 and will still have sufficient capital to fund capital expenditure through to 2014.

Accordingly, MAp is not expected over the medium term to be required to draw on its current cash balances for either its management initiatives or to support the growth and ongoing operations of its sole operating investment.

Further pro-forma financial position information in relation to MAp is provided in section 7 of the Explanatory Memorandum.

4.4 Financial performance

By removing MAIL from the stapled structure of MAp (pursuant to the Simplification, MAIL would be governed from Australia and become a subsidiary of MAT2), MAp will incur ongoing cost savings associated with the relevant overhead expenses currently being incurred by MAIL. MAp management has estimated ongoing annual operating cost savings in the region of $1.0 million in 2011 real terms.

Further pro-forma financial performance information in relation to MAp is provided in section 7 of the Explanatory Memorandum.

4.5 Distribution policy

On 19 May 2011, MAp announced preliminary distribution guidance of approximately $0.21 per stapled security for the year ending 31 December 2012 subject to external shocks to the aviation industry and material changes to forecast assumptions. MAp management have advised that the distribution policy will not be impacted by the Simplification.

4.6 Stock exchange indexes weighting

MAp securities are constituents of a number of listed stock indexes commonly referred to by market participants. Should the Simplification be implemented, MAp's market capitalisation would reduce as a result of the Cash Consideration (approximately $1.5 billion) being paid. As at the date of this report, MAp's market capitalisation was approximately $6.3 billion[20] and the market capitalisation of the 'smallest' listed company included in the ASX 50 index is approximately $3.3 billion. It is unlikely MAp's inclusion in the ASX 50 index will change as a result of the Simplification. Whilst the ultimate impact on the relative size of MAp within the various relevant indexes representative of Australian listed stocks is unknown, we anticipate that MAp's weighting on stock exchange indexes may decrease and may consequently lead to a reduction in demand from index tracking investors.

4.7 Governance

Pursuant to the Simplification, MAIL will be delisted from the ASX and become governed from Australia and join the MAT2 tax consolidated group.

4.8 Legal implications

If the Simplification is implemented, MAIL shareholders will no longer hold shares in a Bermudian entity as they will have been exchanged for units in an Australian trust (MAT2). As a company incorporated in Bermuda, MAIL is currently subject to the provisions of the Bermuda Companies Act and is not directly subject to many of the provisions of the Corporations Act to which MAT2 is subject.

A key difference between the Corporations Act and the Bermuda Companies Act is in relation to takeovers. In the Corporations Act, there is a prohibition on the acquisition of 20% or more of a company or the acquisition of an additional interest in a company if between 20% and 90% is already held unless a full takeover offer is made to all shareholders. There are limited exemptions to this rule set out in Section 611 of the Corporations Act, including obtaining shareholder approval in advance of an otherwise prohibited acquisition. There is no similar provision under the Bermuda Companies Act.

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[19] MAp ASX release – 4 July 2011
[20] Based on the total market capitalisation without any adjustment to reflect the free float in MAp that may be reflected in index weighting calculations.

The purpose of this takeover rule in Australia is to provide protection for minority shareholders. No similar takeover protection is provided under the Bermuda Companies Act.

Whilst the stapling structure of MAp and the Listing Rules offer some protection to MAIL shareholders relating to related party transactions, continuous disclosure requirements and the issue of shares for capital raising, they result in limited takeover protection similar to those legislated under the Corporations Act. If the Simplification is not approved the Listing Rules will continue to provide limited takeover protection similar to those legislated under the Corporations Act.

Other legal implications of the Simplification include amendments to MAT1's and MAT2's constitution, the Stapling Deed and the MAIL Bye-Laws. These changes are explained in more detail in section 3.5 of the Explanatory Memorandum.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

5 Evaluation of the Simplification

In our opinion, the Simplification is in the best interests of MAIL shareholders. The key considerations in reaching this opinion include the following:

- potential re-rating of MAp following implementation of simplified legal structure
- MAp will benefit from a reduction of ongoing overhead costs
- MAIL shareholders will receive significant cash proceeds
- alternative ways to implement a simplification of MAp structure are considered to be suboptimal
- the Simplification will result in relatively limited disadvantages to MAIL shareholders.

Details of our analysis supporting our conclusion are set out in the introductory letter of this report.

An individual MAIL shareholder's decision in relation to the Simplification may be influenced by his or her particular circumstances. If in doubt the MAIL shareholder should consult an independent adviser, who should have regard to their individual circumstances.

Appendix A: Glossary

Reference	Definition
1H11	Six months ending 30 June 2011
ACCC	Australian Competition and Consumer Commission
Airports Act	Airports Act 1996 (Cth)
AFSL	Australian Financial Services Licence
ALC	Airport lessee company
APESB	Accounting Professional and Ethical Standards Board Limited
Asset Swap	Asset swap whereby OTPP would be acquiring MAp's 39.0% interest in Brussels Airport and 30.8% interest in Copenhagen Airports in return for OTPP's 11.02% interest in Sydney Airport and $791 million of cash
ASIC	Australian Securities and Investments Commission
ASIC Regulatory Guide 111	ASIC Regulatory Guide 111: Content of expert reports
ASUR	Grupo Aeroportunario del Sureste de Mexico S.A. de C.V. (a Mexican airport group)
ASX	Australian Securities Exchange Limited
ATO	Australian Taxation Office
AUD	Australian dollars
AUASB	Auditing and Assurance Standards Board
BBSW	Australian bank bill swap rate (mid-point of bid and ask rates)
BBSY	Australian bank bill swap bid rate
Bps	Basis points
Bermuda Companies Act	Companies Act 1981 of Bermuda
BITRE	Bureau of Infrastructure, Transport and Regional Economics
CAD	Canadian dollars
Cash Consideration	The cash portion of the Scheme Consideration being $0.80 for each MAIL share held by an Investor
CGT	Capital gains tax
CIB	Capital index bond
CPI	Consumer price index
Corporations Act	Corporations Act 2001 (Cth)
CY10, CY11	Calendar year ending 31 December 2010 and 31 December 2011
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Deloitte Australia	Deloitte, Deloitte Touche Tohmatsu and other entities related to Deloitte Touche Tohmatsu
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY10, FY11	Financial year ending 30 June 2010 and 30 June 2011

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

Reference	Definition
Ineligible Overseas Investors	Investors who are resident outside Australia, Abu Dhabi, Belgium, Canada, Germany, Hong Kong, Ireland, Japan, Netherlands, New Zealand, Norway, Switzerland, Singapore, United Kingdom, United States of America or where it is unlawful or impractical for MAp to comply with the legal requirements of that jurisdiction to undertake the Simplification
Investors	A registered holder of MAp securities
Listing Rules	ASX listing rules
MAG	Macquarie Airports Group Limited (renamed Bristol Airports Bermuda Limited in 2009)
MAIL	MAp Airports International Limited
MAp	Any or all (as the context requires) of MAIL, MAPL, as the responsible entity of MAT1, and MAPL, as the responsible entity of MAT2.
MAPL	MAp Airports Limited
MAT1	MAp Airports Trust 1
MAT2	MAp Airports Trust 2
Minister	Minister of Infrastructure, Transport and Regional Development
MTN	Medium term note
NAB	Net asset backing
OTPP	Ontario Teachers' Pension Plan Board
Record date	12 December 2011 for determining entitlement to the Consideration
RPS	Redeemable preference shares
SCACH	Southern Cross Airports Corporation Holdings Limited
Scheme	The scheme of arrangement, together with any alterations or conditions made or required by the Supreme Court of Bermuda and approved in writing by MAT2 and MAIL, under which MAIL is acquired by MAT2
Scheme Consideration	The sum of the Cash Consideration and the Scrip Consideration to be given to each eligible Investor
Scrip Component	A component of the Simplification involving the issue of MAT2 units to Investors
Scrip Consideration	The non-cash portion of the Scheme Consideration being an issue of MAT2 units equating to the value of the Scheme Consideration less the Cash Consideration
Section 640	Section 640 of the Corporations Act 2001
Simplification	The proposal by which MAIL will be transferred to MAT2 in exchange for the Scheme Consideration
SKIES	Sydney Kingsford Smith Interest Earning Securities
Stapled Entities	Collectively refers to MAIL, MAT1 and MAT2
Stapled Securities	Refers to the shares in MAIL and units in MAT1 and MAT2
White Paper	National Aviation White Paper

Appendix B: Sources of information

In preparing this report we have had access to the following principal sources of information:

- Draft Explanatory Memorandum in relation to the Simplification
- Project Implement Agreement in relation to the Asset Swap dated 19 July 2011
- MAT1 constitution, MAT2 constitution and MAIL Bye-Laws
- audited financial statements for MAIL and MAp for the years ending 31 December 2009, 2010
- unaudited financial statement for MAIL and MAp for the half year ending 30 June 2011
- MAp management information reports for the years ending 31 December 2009, 31 December 2010 and for the six months ending 30 June 2011
- annual reports for MAp for the year ending 31 December 2009 and 31 December 2010
- Pro forma financials for the year ending 31 December 2010 and the six months ending 30 June 2011
- MAp internal business planning and valuations presentation dated 30 June 2011
- MAp registry analysis report dated 5 August 2011
- Airports Act 1996 (Cth) and Airports (Ownership – Interests in Shares) Regulations 1996
- Sydney Airport master plan 2009
- ACCC Airport monitoring report 2009-10
- Australian Government Productivity Commission – Economic Regulation of Airport Services - Draft Report dated August 2011
- company websites for MAp and Sydney Airport
- IBIS World Pty Limited company and industry reports
- other publicly available information, ASX announcements, media releases, statistics and brokers reports on MAIL, MAp comparable companies and the Australian airport industry.

In addition, we have had discussions and correspondence with certain directors and executives, including Keith Irving, Chief Financial Officer; Sally Webb, General Counsel; and Anton Clowes, Vice President; in relation to the above information and to current operations and prospects.

ANNEXURE 2 – INDEPENDENT EXPERT'S REPORT *CONTINUED*

Appendix C: Qualifications, declarations and consents

The report has been prepared at the request of the directors of MAIL and is to be included in the Explanatory Memorandum to be given to Investors for approval of the Simplification. Accordingly, it has been prepared only for the benefit of the directors of MAIL and those persons entitled to receive the Explanatory Memorandum in their assessment of the Simplification outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Investors and MAIL, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Simplification. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the APESB.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Simplification is in the best interests of the Investors. Deloitte Corporate Finance consents to this report being included in the Explanatory Memorandum.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by MAp and their officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to MAp management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by MAp and their officers, employees, agents or advisors, MAp has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which MAp may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by MAp and their officers, employees, agents or advisors or the failure by MAp and their officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Simplification.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Mark Pittorino, Director, B.Comm., MAppFin, CA; Rachel Foley-Lewis, Director, B.Comm., CA, F.Fin; and Michele Picciotta, Senior Manager, B.Comm. Each have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports. Also assisting in the preparation of this report was Mark Huynh, Senior Analyst, B.ActS, M.Comm.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- MAIL proposes to issue an Explanatory Memorandum in respect of the Simplification
- the Explanatory Memorandum will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Explanatory Memorandum for review
- it is named in the Explanatory Memorandum as the 'independent expert' and the Explanatory Memorandum includes its independent expert's report in Annexure 2 of the Explanatory Memorandum.

On the basis that the Explanatory Memorandum is consistent in all material respects with the draft Explanatory Memorandum received, Deloitte Corporate Finance Pty Limited consents to it being named in the Explanatory Memorandum in the form and context in which it is so named, to the inclusion of its independent expert's report in Annexure 2 of the Explanatory Memorandum and to all references to its independent expert's report in the form and context in which they are included, whether the Explanatory Memorandum is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Explanatory Memorandum and takes no responsibility for any part of the Explanatory Memorandum, other than any references to its name and the independent expert's report as included in Annexure 2.

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ANNEXURE 3 – SUMMARY OF SCHEME IMPLEMENTATION AGREEMENT

1.1 Overview

MAT2 and MAIL signed the Scheme Implementation Agreement on 19 October 2011. The Scheme Implementation Agreement sets out each party's rights and obligations in connection with the implementation of the Scheme. This section outlines certain key terms of the Scheme Implementation Agreement.

1.2 Scheme conditions

The parties' obligations to implement the Scheme are subject to the satisfaction or waiver of the following conditions precedent:

(a) before 8am (Bermuda time) on the Second Court Date (as defined in the Scheme), all regulatory approvals required to implement the Simplification are granted or obtained and those regulatory approvals are not withdrawn, cancelled or revoked;

(b) the Independent Expert provides the Independent Expert's Report to MAIL, stating that in its opinion the Simplification is in the best interests of MAIL shareholders, and the Independent Expert does not change its conclusion or withdraw the Independent Expert's Report by notice in writing to MAIL prior to 8am (Bermuda time) on the Second Court Date (as defined in the Scheme);

(c) the Scheme Resolution is approved by the requisite majorities of MAIL shareholders under the Companies Act;

(d) the other Resolutions are approved at meetings of the MAT1 unitholders, MAT2 unitholders and MAIL shareholders (as applicable) by the requisite majorities; and

(e) the Scheme is sanctioned by the Court in accordance with section 99(2) of the Companies Act.

1.3 Scheme Consideration

Subject to the Scheme becoming Effective, MAT2 agrees to pay the Scheme Consideration (comprising the Cash Consideration and the Scrip Consideration) in exchange for acquiring the MAIL shares.

1.4 Obligations on MAIL

MAIL must take all steps reasonably necessary to propose and implement the Scheme and do all other things necessary to give effect to the Scheme and the order of the Court sanctioning the Scheme.

1.5 Obligations of MAT2

MAT2 must, among other things, take all steps reasonably necessary to assist MAIL with the steps required to propose and implement the Scheme and if the Scheme becomes Effective ensure the Scheme Consideration is paid to Investors on the Implementation Date.

1.6 Termination of the Scheme Implementation Agreement

(a) Either MAT2 or MAIL may terminate the Scheme Implementation Agreement by written notice to the other if:

  (A) there is a breach or non-fulfilment of a condition precedent that is not waived before the 'End Date' (31 March 2012 or such later date as MAT2 and MAIL may agree); or

  (B) MAT2 and MAIL agree that a condition precedent of the Scheme Implementation Agreement has become incapable of satisfaction.

(b) The Scheme Implementation Agreement may be terminated at any time before the Effective Date by written agreement of MAT2 and MAIL or by written notice by either party if a temporary restraining order, preliminary or permanent injunction or other order is issued by any court of competent jurisdiction which would prevent implementation of the Scheme.

ANNEXURE 4 – SCHEME OF ARRANGEMENT

Pursuant to section 99 of the Companies Act 1981

BETWEEN **MAp Airports International Limited** of Penboss Building, 2nd Floor, 50 Parliament Street, Hamilton HM 12, Bermuda (MAIL).

AND **The holders of fully paid ordinary shares in the capital of MAIL**

It is agreed as follows.

1. Defined terms & interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.

ASX Listing Rules means the official listing rules of ASX.

Business Day means any day that is each of the following:

(a) a Business Day within the meaning given in the ASX Listing Rules; and

(b) a day that banks are open for business in Bermuda and Sydney.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Companies Act means the *Companies Act 1981* of Bermuda.

Conditions Precedent means the conditions precedent set out in clause 3.1 of the Scheme Implementation Agreement.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Court means the Supreme Court of Bermuda.

Court Order means the order of the Court sanctioning this Scheme made under section 99(2) of the Companies Act.

Effective means, when used in relation to this Scheme, the Court Order in relation to this Scheme coming into effect pursuant to section 99(3) of the Companies Act by being delivered to the Bermuda Registrar of Companies for registration.

Effective Date has the meaning given in clause 3(c).

Eligible Scheme Shareholder means a Scheme Shareholder who is not an Ineligible Overseas Investor.

End Date means 31 March 2012, or such later date as MAT2 and MAIL may agree.

Explanatory Memorandum means the information to be despatched to all MAp security holders, and approved by the Court, in connection with the Simplification.

Implementation Date means the date that is 5 Business Days after the Record Date, or such other date as MAT2 and MAIL may agree in writing or as may be required by ASX.

Ineligible Overseas Investor means a Scheme Shareholder who (as at the Record Date) is outside Australia and its external territories and New Zealand, unless MAT2 is satisfied, acting reasonably, that the laws of that place permit the allotment and issue of MAT2 units to that Scheme Shareholder pursuant to this Scheme, either unconditionally or after compliance with conditions that MAT2 in its sole discretion regards as acceptable and not unduly onerous or impracticable.

MAIL shareholder means any shareholder of MAIL from time to time.

MAp means any or all (as the context requires) of MAIL, MAPL, as the responsible entity of MAT1 and MAPL, as the responsible entity of MAT2.

MAp security means one MAT1 unit, one MAT2 unit and one MAIL share, each stapled to the other and trading as a stapled security on ASX.

MAPL means MAp Airports Limited (ABN 85 075 295 760) of The Ulm Building, 1 Link Road, Sydney International Airport NSW 2020.

MAT1 means MAp Airports Trust 1 (ARSN 099 597 921).

MAT2 means MAp Airports Trust 2 (ARSN 099 597 896).

Nominee means the person nominated by MAT2 to sell the MAp securities that are attributable to Ineligible Overseas Investors under the terms of this Scheme (and/or a nominee of that person that is a subsidiary of that person).

Record Date means 7pm (Sydney time) on the date that is 5 Business Days after the Effective Date, or such other date as may be agreed between MAT2 and MAIL or as may be required by ASX.

Register means MAp's stapled security register maintained by the Registry.

Registry means Computershare Investor Services Pty Limited of Level 4, 60 Carrington Street, Sydney NSW 2000.

Scheme means this scheme of arrangement, together with any alterations or conditions made or required by the Court and approved in writing by MAT2 and MAIL.

Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of this Scheme for the transfer to MAT2 or its custodian of their Scheme Shares, as described in clause 4.

ANNEXURE 4 – SCHEME OF ARRANGEMENT *CONTINUED*

Scheme Implementation Agreement means the agreement of that name dated 19 October 2011 between MAT2 and MAIL.

Scheme Meeting means the meeting of MAIL shareholders convened by MAIL on the order of the Court in relation to this Scheme pursuant to section 99(1) of the Companies Act, and includes any adjournment of such meeting.

Scheme Shareholder means each MAIL shareholder on the Register as at the Record Date.

Scheme Shares means the MAIL shares on issue as at the Record Date.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 99(2) of the Companies Act sanctioning this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Trading Day has the meaning given to that term in the ASX Listing Rules.

VWAP means the volume weighted average sale price of MAp securities traded on ASX during the relevant period or on the relevant days, rounded down to the nearest cent.

1.2 Interpretation

In this Scheme, except where the context otherwise requires:

(a) headings are for ease of reference only and do not affect interpretation;

(b) the singular includes the plural and vice versa;

(c) another grammatical form of a defined word or expression has a corresponding meaning;

(d) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Scheme, and a reference to this Scheme includes any schedule or annexure;

(e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;

(f) a reference to A$, $A, dollar or $ is to Australian currency;

(g) a reference to time is to Hamilton, Bermuda time;

(h) a reference to a party is to a party to this Scheme, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;

(i) all references to MAT2 include a reference to MAPL, acting in its capacity as responsible entity of MAT2;

(j) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

(k) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(l) a word or expression defined in the Companies Act has the meaning given to it in the Companies Act;

(m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions; and

(n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

2. Conditions precedent

2.1 Conditions Precedent to this Scheme

(a) This Scheme is conditional on the satisfaction of the following conditions precedent:

(i) as at 8am on the Second Court Date, all of the Conditions Precedent having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement;

(ii) as at 8am on the Second Court Date, the Scheme Implementation Agreement has not been terminated; and

(iii) such other conditions imposed by the Court (as are acceptable to MAT2 and MAIL) have been satisfied.

(b) The fulfilment of each condition in clause 2.1(a) is a condition precedent to the binding effect of this Scheme.

(c) On the Second Court Date, MAIL must provide to the Court a certificate confirming whether the conditions precedent to this Scheme have been satisfied or waived other than the condition in clause 3.1(e) (Court sanction of Scheme) of the Scheme Implementation Agreement.

(d) This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date or such later date as the Court, with the consent of MAT2 and MAIL, may order.

2.2 Termination of Scheme Implementation Agreement

Without limiting any rights under the Scheme Implementation Agreement, if the Scheme Implementation Agreement is terminated in accordance with its terms before 8am on the Second Court Date, MAT2 and MAIL are released from:

(a) any further obligation to take steps to implement this Scheme; and

(b) any liability with respect to this Scheme.

3. The Scheme

(a) If this Scheme becomes Effective then:

(i) all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to MAT2 or its custodian;

(ii) MAIL will procure that the name of MAT2 is entered in the Register in respect of all the Scheme Shares; and

(iii) on or before the Implementation Date, MAT2 will provide the Scheme Consideration to each Scheme Shareholder in accordance with clause 4,

in accordance with the provisions of this Scheme.

(b) If this Scheme becomes Effective, it will:

(i) bind MAIL and all Scheme Shareholders, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and

(ii) override the MAIL bye-laws, to the extent of any inconsistency.

(c) If the Court makes the Court Order, MAIL will lodge with the Registrar of Companies in Bermuda a copy of that order as soon as practicable and by no later than 5.00pm on the first Business Day after the date on which the Court Order is made (or such other time as agreed between MAT2 and MAIL), being the Effective Date.

(d) On the Implementation Date, subject to MAT2 providing the Scheme Consideration in accordance with clause 4 and providing MAIL with written confirmation of that payment:

(i) all of the Scheme Shares together with all rights and entitlements attaching to the Scheme Shares as at that time will be transferred to MAT2 without the need for any further act by any Scheme Shareholder; and

(ii) MAIL will procure the delivery to MAT2 or its custodian of a transfer of all the Scheme Shares to MAT2 or its custodian and the Register will be updated once the transfer is signed by MAT2 or its custodian on behalf of the Scheme Shareholders.

4. Scheme Consideration

4.1 Scheme Consideration

(a) Subject to this Scheme becoming Effective and clauses 4.2 and 4.4, each Scheme Shareholder will be entitled to receive consideration equal to the market value of MAIL shares in the form of:

(i) A$0.80 in cash (**Cash Consideration**); and

(ii) additional MAT2 units (**Scrip Consideration**),

for each Scheme Share held by them, in accordance with the terms of this Scheme.
For the purposes of determining the Scheme Consideration, the market value of MAIL shares and the number of MAT2 units to be issued as Scrip Consideration shall be based on:

(iii) the 10 consecutive day VWAP of MAp securities up to and including the day that is five Trading Days before the Record Date; and

(iv) the net asset value allocated to MAIL shares and to MAT2 units (as determined in accordance with the MAT2 constitution).

4.2 Cash Consideration

(a) The obligations of MAT2 to pay the Cash Consideration (and any payment pursuant to clause 4.4(d) or at the Nominee's direction pursuant to clause 4.4(b)(ii)) to the Scheme Shareholders will be satisfied by MAT2:

(i) in the case of payment of the Cash Consideration, on or before the Implementation Date; and

(ii) in the case of a payment pursuant to clause 4.4(d), within the time contemplated by that clause (or earlier at the Nominee's direction in accordance with clause 4.4(b)(ii)),

procuring that, for each Scheme Shareholder:

(iii) where that Scheme Shareholder has nominated (by notice to the Registry on or before the Record Date) a bank account with an Australian financial institution for the purpose of payment of the Scheme Consideration (or has previously provided such bank account details in relation to any other payment to holders of MAp securities) a deposit is made directly to that bank account; or

(iv) a cheque is dispatched to that Scheme Shareholder by pre-paid post to their Registered Address, such cheque to be in Australian currency drawn on an Australian bank and in the name of that Scheme Shareholder,

for an amount equal to the number of MAIL shares held by that Scheme Shareholder multiplied by the Cash Consideration.

(b) Payments to each Scheme Shareholder will be made in the manner authorised by the MAT2 constitution.

ANNEXURE 4 – SCHEME OF ARRANGEMENT *CONTINUED*

4.3 Scrip Consideration

(a) The obligation of MAT2 to provide the Scrip Consideration to each Eligible Scheme Shareholder will be satisfied by MAT2 on or before the Implementation Date (in accordance with the simplification steps disclosed in the Explanatory Memorandum) issuing the applicable MAT2 units to each Eligible Scheme Shareholder in accordance with the terms of this Scheme and updating the Register accordingly.

(b) The MAT2 units to be allotted and issued by MAT2 as the Scrip Consideration will be of equal ranking with all existing MAT2 units then on issue and will be allotted and issued free from all encumbrances.

(c) Eligible Scheme Shareholders who receive MAT2 units issued by MAT2 by way of Scrip Consideration accept those MAT2 units and agree to become a unitholder of MAT2 and to be bound by the MAT2 constitution.

4.4 Ineligible Overseas Investors

(a) MAT2 will be under no obligation under this Scheme:

(i) to issue, and will not issue, any MAT2 units to any Ineligible Overseas Investor; or

(ii) to pay the Cash Consideration to any Ineligible Overseas Investor, other than as directed in accordance with clause 4.4(b)(ii) or in accordance with clauses 4.4(c) and 4.4(d).

(b) On or immediately prior to the Implementation Date:

(i) for each Ineligible Overseas Investor:

(A) all of the MAp securities which were held by that Ineligible Overseas Investor as at the Record Date will be transferred to the Nominee; and

(B) the MAT2 units to which that Ineligible Overseas Investor would otherwise have been entitled (if they were an Eligible Scheme Shareholder) will be issued to the Nominee,

and those MAp securities and MAT2 units will be reorganised in accordance with the Simplification steps disclosed in the Explanatory Memorandum (the MAp securities held by the Nominee following completion of the reorganisation are referred to as the ***Sale Securities***); and

(ii) MAT2 will procure that the Cash Consideration to which each Ineligible Overseas Investor would have been entitled (if they were an Eligible Scheme Shareholder) is paid to the Nominee (or at its direction, including directly to the relevant Ineligible Overseas Investor if so directed).

(c) Following completion of the steps described in clause 4.4(b), MAT2 and MAIL will procure that, as soon as reasonably practicable and in any event not more than 30 Business Days after the Implementation Date, the Nominee:

(i) sells on ASX all of the Sale Securities held by the Nominee, in such manner, at such price and on such other terms as the Nominee determines in good faith, and at the risk of the Ineligible Overseas Investors; and

(ii) remits to MAT2 or its nominee the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges).

(d) Promptly after the last remittance in accordance with clause 4.4(c)(ii), MAT2 will procure the payment to each Ineligible Overseas Investor (in accordance with clause 4.2(a)(iii) or 4.2(a)(iv) (as applicable)) of:

(i) the proportion of the net proceeds of sale of the Sale Securities; and

(ii) to the extent not already paid to that Ineligible Overseas Investor at the Nominee's direction in accordance with clause 4.4(b)(ii), the Cash Consideration,

which is attributable to the MAp Securities transferred by that Ineligible Overseas Investor to the Nominee in accordance with clause 4.4(b)(i).

(e) The payment of the Scheme Consideration pursuant to clause 4.4(c)(ii), to Ineligible Overseas Investors shall be in full satisfaction of MAT2's obligations to that Ineligible Overseas Investor under the terms of this Scheme.

(f) Each Ineligible Overseas Investor appoints MAIL as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Nominee is required to provide to Ineligible Overseas Investors under the Corporations Act.

5. Dealings in MAIL shares

(a) For the purpose of establishing the persons who are Scheme Shareholders, dealings in MAIL shares will only be recognised if:

(i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant MAIL shares by the Record Date; and

(ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by the Record Date.

(b) MAIL will register registrable transfers or transmission applications of the kind referred to in clause 5(a)(ii) by, or as soon as practicable after, the Record Date. The persons shown in the Register, and the number of MAIL shares shown as being held by them, after registration of those transfers and transmission applications will be taken to be the MAIL shareholders and the number of MAIL shares held by them on the Record Date.

(c) MAIL will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of MAIL shares received after the Record Date (or received prior to the Record Date not in registrable form).

(d) The Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 5(a)(ii) will solely determine the persons who are Scheme Shareholders and their entitlements to the Scheme Consideration.

(e) From the Record Date and until registration of MAT2 or its custodian, in respect of all Scheme Shares under clause 3(d), no Scheme Shareholder may deal with MAIL shares in any way except as set out in this Scheme and any attempt to do so will have no effect.

6. General

(a) If the Court proposes to sanction this Scheme subject to alterations or conditions, MAIL may, by its counsel or solicitors but subject to the prior written approval of MAT2, consent on behalf of all Scheme Shareholders to those alterations or conditions.

(b) Each Scheme Shareholder:

   (i) agrees to the transfer of all of their Scheme Shares to MAT2 or its custodian in accordance with this Scheme;

   (ii) agrees to the modification or variation (if any) of the rights attaching to their Scheme Shares arising from this Scheme;

   (iii) without the need for any further act, irrevocably appoints MAIL and each of its directors and officers, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any document or doing any other act necessary to give full effect to this Scheme and the transactions contemplated by it; and

   (iv) consents to MAIL doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

(c) Scheme Shareholders are deemed to have warranted to MAIL in its own right and on behalf of MAT2 that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred to MAT2 or its custodian under this Scheme will, at the date of transfer be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (other than, where required under the relevant stapling arrangements in effect from time to time) and that they have full power and capacity to sell and to transfer such Scheme Shares (including any rights and entitlements attaching to those securities).

(d) MAT2 or its custodian will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration of MAT2 as the holder of the Scheme Shares.

(e) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to MAIL, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at MAIL's registered office.

(f) MAIL must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

(g) MAT2 will pay the costs of this Scheme.

(h) The proper law of this Scheme is Bermuda law and the Court shall have non-exclusive jurisdiction to hear and determine any dispute concerning the interpretation of this Scheme.

ANNEXURE 5 – MAT2 DEED POLL

DATE 19 October 2011

BY **MAp Airports Limited (ABN 85 075 295 760)** of The Ulm Building, 1 Link Road, Sydney International Airport NSW 2020 **(*MAPL*) as responsible entity of MAp Airports Trust 2 (ARSN 099 597 896) (*MAT2*)**.

In favour of

Each Scheme Shareholder

RECITALS

A MAT2 and MAp Airports International Limited (***MAIL***) have entered into a scheme implementation agreement dated 19 October 2011 (the ***Implementation Agreement***).

B MAIL has agreed in the Implementation Agreement to propose a scheme of arrangement between MAIL and the MAIL shareholders pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, MAT2 will acquire all of the issued share capital of MAIL (the ***Scheme***).

C In accordance with the Implementation Agreement, MAT2 enters into this Deed Poll to covenant in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Scheme.

It is declared as follows.

1. Definitions and Interpretation

1.1 Definitions

Terms defined in the Scheme have the same meaning in this Deed Poll, unless the context requires otherwise.

1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this document' in that clause are references to 'this Deed Poll'.

2. Nature of Deed Poll

MAT2 acknowledges that:

(a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder appoints MAIL as its agent and attorney to enforce this Deed Poll against MAT2 on behalf of that Scheme Shareholder.

3. Conditions Precedent and Termination

3.1 Conditions precedent

MAT2's obligations under this Deed Poll are subject to the Scheme becoming Effective.

3.2 Termination

If the Implementation Agreement is terminated before the Effective Date or the Scheme does not become Effective on or before the End Date, the obligations of MAT2 under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect, unless MAIL and MAT2 otherwise agree in accordance with the Implementation Agreement.

3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

(a) MAT2 is released from its obligations under this Deed Poll, except those obligations under clause 9.5; and

(b) each Scheme Shareholder retains any rights, powers or remedies that Scheme Shareholder has against MAT2 in respect of any breach of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

4. Compliance with Scheme Obligations

Subject to clause 3, in consideration for the transfer to MAT2, via its custodian, of the Scheme Shares in accordance with the Scheme, MAT2 covenants in favour of each Scheme Shareholder that it will observe and perform all obligations contemplated of it under the Scheme, including the relevant obligations relating to the provision of the Scheme Consideration in accordance with the terms of the Scheme.

5. Representations and Warranties

MAT2 makes the following representations and warranties:

(a) (**Status**) MAT2 is a trust validly existing under the laws of the place of its establishment.

(b) (**Power**) It has the power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll.

(c) (**Authorisations**) It has taken all necessary action to authorise the entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll.

(d) (**Document binding**) This Deed Poll is its valid and binding obligation enforceable in accordance with its terms.

(e) (**Transactions permitted**) The execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any respect a provision of:

(i) a law, judgment, ruling, order or decree binding on it; or

(ii) its constitution or other constituent documents.

6. Continuing Obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

(a) MAT2 having fully performed its obligations under this Deed Poll; and

(b) termination of this Deed Poll under clause 3.

7. MAPL Limitation of Liability

(a) MAPL enters into this Deed Poll expressly in its capacity as responsible entity of MAT2 and in no other capacity, subject to the qualifications in this paragraph, a liability arising under or in connection with this Deed Poll, or the transactions contemplated by it, is limited to and can be enforced against MAPL only to the extent to which MAPL is actually indemnified for the liability out of the assets of MAT2.

(b) This limitation of MAPL's liability applies despite any other provision of this Deed Poll and extends to all liabilities and obligations of MAPL in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed Poll.

(c) Subject to the qualifications of this paragraph, no Scheme Shareholder may sue MAPL in any capacity other than as responsible entity of MAT2, including seeking appointment of a receiver, liquidator, administrator or any similar person to MAPL or proving in any liquidation, administration or arrangement of or affecting MAPL (except in relation to property of MAT2).

(d) The provisions of this clause 7 shall not apply to any obligation or liability of MAPL to the extent that it is not satisfied because under the trust deed establishing MAT2 or by operation of law there is a reduction in the extent of MAPL's indemnification out of the assets of MAT2 as a result of MAPL's fraud, negligence or breach of trust or other failure to properly perform its duties as responsible entity of MAT2.

8. Further Assurances

MAT2 will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Shareholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

9. General

9.1 Notices

Any notice, demand, consent or other communication (a ***Notice***) given or made to MAT2 under or in connection with this Deed Poll:

(a) must be in writing and signed by a person duly authorised by the sender;

(b) must be delivered to MAT2 by pre-paid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last requested by MAT2 in writing:

The Ulm Building, 1 Link Road
Sydney International Airport NSW 2020
Attention: Company Secretary

Fax No: +612 9667 9296

(c) will be taken to be duly given or made:

(i) in the case of delivery in person, when delivered;

(ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country); and

ANNEXURE 5 – MAT2 DEED POLL *CONTINUED*

(iii) in the case of fax, on receipt by the sender of a transmission control report from the dispatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error,

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or is later than 4.00 pm it will be taken to have been duly given or made at the commencement of business on the next business day in that place.

9.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by MAPL as responsible entity of MAT2 or by any Scheme Shareholder operates as a waiver. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

9.3 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

(a) either:

(i) before the Second Court Date, the amendment or variation is agreed to in writing by MAIL and (which agreement may be given or withheld without reference to or approval by any MAIL shareholder); or

(ii) on or after the Second Court Date, the amendment or variation is agreed to in writing by MAIL and MAT2 (which agreement may be given or withheld without reference to or approval by any MAIL shareholder), and is approved by the Court; and

(b) MAT2 enters into a further deed poll in favour of the Scheme Shareholders giving effect to that amendment or variation.

9.4 Assignment

The rights and obligations of MAT2 and of each Scheme Shareholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior consent of MAT2 and MAIL.

9.5 Costs

MAT2 will bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll.

9.6 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. MAT2 submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

12. GLOSSARY

Airports Act	means the *Airports Act 1996 (Cth)*.
ASIC	means the Australian Securities and Investments Commission.
Asset Swap	means the transaction between MAp and OTPP pursuant to which MAp has sold its interests in Brussels Airport and Copenhagen Airports to OTPP in exchange for acquiring OTPP's interest in Sydney Airport and a cash payment of approximately $791 million, as announced on ASX on 20 July 2011.
ASUR	means Aeropuertos del Sureste de México.
ASX	means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.
ATO	means the Australian Taxation Office.
board	means both or each of (as the context requires) the boards of MAPL and MAIL.
Business Day	means any day that is each of the following: (a) a Business Day within the meaning given in the Listing Rules; and (b) a day that banks are open for business in Bermuda and Sydney.
Cash Consideration	means the cash portion of the Scheme Consideration being 80 cents for each MAIL share held by an Investor.
CGT	means capital gains tax.
CHESS	means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
Companies Act	means the *Companies Act 1981* of Bermuda.
Corporations Act	means *Corporations Act 2001 (Cth)*.
Court	means the Supreme Court of Bermuda.
directors	means the directors of both or each of (as the context requires) MAPL and MAIL.
EBITDA	means earnings before interest, tax, depreciation and amortisation.
Effective	means, when used in relation to the Scheme, when the Court order in relation to the Scheme comes into effect pursuant to section 99(3) of the Companies Act whereby a copy of the Court order is delivered to the Bermuda Registrar of Companies for registration.
Effective Date	means the date on which a copy of the Court order is delivered to the Bermuda Registrar of Companies for registration, currently anticipated to be 5 December 2011.
Explanatory Memorandum	means this document including its Annexures.
Implementation Date	means the date that is 5 Business Days after the Record Date, or such other date as MAPL, as responsible entity of MAT2, may agree in writing or as may be required by ASX.
Independent Expert	means Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127).
Independent Expert's Report	means the report prepared by the Independent Expert, which is in Annexure 2 of this Explanatory Memorandum.
Ineligible Overseas Investor	means an Investor who (as at the Record Date) is outside Australia and its external territories and New Zealand, unless MAT2 is satisfied, acting reasonably, that the laws of that place permit the allotment and issue of MAT2 units to that Investor pursuant to the Scheme, either unconditionally or after compliance with conditions that MAT2 in its sole discretion regards as acceptable and not unduly onerous or impracticable.
Investor	means each person who is registered as a holder of MAp securities as at 7pm (Sydney time) on the Record Date.
Listing Rules	means the official listing rules of the ASX.
MAIL	means MAp Airports International Limited (ARBN 099 813 180).
MAp	means any or all (as the context requires) of MAIL, MAPL, as the responsible entity of MAT1, and MAPL, as the responsible entity of MAT2.

12. GLOSSARY CONTINUED

MAp security	means: (a) prior to the Implementation Date, one MAIL share, one MAT1 unit and one MAT2 unit, all of which are stapled to one another; and (b) on and from the Implementation Date, one MAT1 unit and one MAT2 unit, stapled to one another, and trading as a security on ASX.
MAPL	means MAp Airports Limited (ABN 85 075 295 760).
MAT1	means MAp Airports Trust 1 (ARSN 099 597 921) or (as the context requires) MAPL as the responsible entity of MAp Airports Trust 1.
MAT2	means MAp Airports Trust 2 (ARSN 099 597 896) or (as the context requires) MAPL as the responsible entity of MAp Airports Trust 2.
MAT2 Deed Poll	means the document at Annexure 5 which has been executed by MAPL, as responsible entity of MAT2, in favour of Investors.
Meeting	means each of the Scheme Meeting, the special general meeting of MAIL shareholders, the general meetings of MAT1 and MAT2 unitholders to be held as set out in the Notices of Meeting at Annexure 1 of this Explanatory Memorandum.
Nominee	means the person nominated by MAT2 to dispose of the MAp securities held by the Ineligible Overseas Investors at the Record Date under the Nominee Sale Facility.
Nominee Sale Facility	means a nominee sale facility, as described in section 10.11.1, to facilitate the provision to Ineligible Overseas Investors of the Cash Consideration and the proceeds of disposal of the MAp securities transferred from Ineligible Overseas Investors to the Nominee.
Notices of Meeting	means the notices of the Meetings set out in Annexure 1 of this Explanatory Memorandum.
OTPP	means Ontario Teachers' Pension Plan Board.
Overseas Investor	means an Investor who (as at the Record Date) is outside Australia and its external territories and New Zealand.
Record Date	means 7.00 pm on the date that is 5 Business Days after the Effective Date, or such other date as may be agreed between MAT2, and MAIL or as may be required by ASX.
Register	means the stapled security register of Investors maintained by, or on behalf of, MAp.
Registry	means Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Resolutions	means each of the resolutions proposed to be put to Investors as set out in the Notices of Meeting.
Scheme	means the scheme of arrangement, together with any alterations or conditions made or required by the Court and approved in writing by MAT2 and MAIL, under which MAIL is acquired by MAT2.
Scheme Consideration	means the sum of the Cash Consideration and the Scrip Consideration to be given to each eligible Investor.
Scheme Implementation Agreement	means the scheme implementation agreement dated 19 October 2011 between MAT2 and MAIL as amended by the parties, a summary of which is set out at Annexure 3.
Scheme Meeting	means the meeting of MAIL shareholders convened by MAIL on the order of the Court in relation to the Scheme to be held on 24 November 2011 and includes any adjournment of such meeting.
Scheme Resolution	means the resolution to approve the Scheme to be proposed at the Scheme Meeting.
Scrip Consideration	means the non-cash portion of the Scheme Consideration being an issue of MAT2 units equating to the value of the Scheme Consideration less the Cash Consideration.
Simplification	means the proposal by which MAIL will be transferred to MAT2 in exchange for the Scheme Consideration.
Stapling Deed	means the stapling deed between MAPL, MAT1, MAT2 and MAIL dated 27 February 2002 (as amended).
Trading Day	has the meaning given to that term in the Listing Rules.
VWAP	means the volume weighted average sale price of MAp securities traded on ASX during the relevant period or on the relevant days, rounded down to the nearest cent.

Corporate Directory

MAp Airports Limited
ABN 85 075 295 760/AFSL 236875

The Ulm Building
1 Link Road
Sydney International Airport
NSW 2020

Investor Relations:	61 2 9667 9871
Toll free:	1800 181 895
Facsimile:	61 2 9667 9296

www.mapairports.com.au

MAp Airports International Limited

RN 31667
ARBN 099 813 180

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Sydney NSW 2000

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Hamilton HM 11
Bermuda

Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001

Telephone:	1800 102 368 or 61 3 9415 4195
Facsimile:	61 2 8234 5050

Independent Expert

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney NSW 2000

Tax Adviser

PricewaterhouseCoopers
Darling Park Tower 2, 201 Sussex Street
Sydney, NSW 2000

Financial Adviser

UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

MAp Airports Limited (ABN 85 075 295 760)
(AFSL 236875) as responsible entity for
MAp Airports Trust 1 (ARSN 099 597 921) and
MAp Airports Trust 2 (ARSN 099 597 896)
MAp Airports International Limited
(ARBN 099 813 180)

MR JOHN SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

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Computershare Investor Services Pty Limited
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Victoria 3001 Australia

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(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

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(within Australia) 1300 570 798
(outside Australia) +61 3 9415 4018

Proxy Form

Cast your proxy vote online
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☑ **Cast your proxy vote**
☑ **Review and update your securityholding**

Your secure access information is:

Control Number: 123456

SRN/HIN: I1234567890 **PIN:** 123456

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11.00am (Sydney time) Tuesday 22 November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of MAp.

Entitlement to vote: MAp has determined that for the purpose of voting at the meetings, securities will be taken to be held by those securityholders recorded on the register as at 7.00pm (Sydney time) on Monday 22 November 2011.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for MAp, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR JOHN SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 1234567890 IND

Proxy Form

Please mark X to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of MAp Airports Trust 1 (MAT1), MAp Airports Trust 2 (MAT2) and MAp Airports International Limited (MAIL) hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Scheme Meeting and Special General Meeting of MAIL and General Meetings of MAT1 and MAT2 to be held at the Ballroom 1, Four Seasons Hotel Sydney, 199 George Street, Sydney on Thursday, 24 November 2011 at 11.00am (Sydney time) and at any adjournment of those meetings.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
MAIL Scheme Meeting			
Scheme Resolution - Approval of the Scheme			
MAIL Special General Meeting			
MAIL Resolution 1 - Unstapling of MAIL shares			
MAIL Resolution 2 - Amendments to Bye-Laws			
MAT1 General Meeting			
MAT1 Resolution 1 - Unstapling of MAIL shares and temporary suspension of unit stapling			
MAT2 General Meeting			
MAT2 Resolution 1 - Unstapling of MAIL shares and temporary suspension of unit stapling			
MAT2 Resolution 2 - Amendment to Constitution			

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________________ Contact Daytime Telephone ______________________ Date ____ / ____ / ____

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