MACQUARIE AIRPORTS
ANNUAL REPORT 2006

MACQUARIE

CONTENTS

FIVE YEARS OF ACHIEVEMENTS

2002

March	MAp acquires 36.7% of Macquarie Airports Group (MAG), resulting in indirect stakes of 18.3% and 8.8% in the UK's Bristol and Birmingham International Airports, respectively
April	MAp securities list on the Australian Stock Exchange via an initial public offering with a debut market capitalisation of A$1 billion
June	MAp acquires 44.7% of Sydney Airport
July	Sydney Airport acquires Terminal 2 from the Ansett Administrator
October	Sydney Airport successfully refinances A$1.5 billion of senior debt on superior terms
December	Net asset backing per security is A$1.72

2003

March	MAp acquires 28.0% of Aeroporti di Roma, operator of Rome's Fiumicino and Ciampino Airports
June	Completion of multi-modal transport interchange at Birmingham International Airport
July	MAp acquires further 2.9% of Sydney Airport
August	MAp acquires further 3.4% of MAG (increasing its stakes in Sydney Airport, Aeroporti di Roma, Birmingham International Airport and Bristol International Airport)
November	MAp acquires a further 5.0% of Sydney Airport
December	Net asset backing per security is A$2.00

2004

March	Federal Government Approval of Sydney Airport's Masterplan
May	Sydney Airport opens expanded duty free shop. MAp acquires further 21.5% of MAG (increasing its stakes in Sydney Airport, Aeroporti di Roma, Birmingham International Airport and Bristol International Airport)
June	Sydney Airport completes Customs Office Tower
August	Rome's Fiumicino Airport opens state-of-the-art Cargo City
September	Sydney Airport successfully refinances A$2.5 billion of bank debt on superior terms
December	MAp acquires 52.0% of Brussels Airport. Net asset backing per security is A$2.89

2005

January	Brussels Airport successfully refinances legacy debt
May	Bristol International Airport successfully refinances £515 million of debt facilities on superior terms
July	Rome's Fiumicino Airport completes new multi-storey car park. Sydney Airport celebrates 85th anniversary
September	Aeroporti di Roma sells its 20% interest in Airports Company of South Africa. MAp completes acquisition of further 8.4% of MAG (increasing its stakes in Sydney Airport, Aeroporti di Roma, Birmingham International Airport and Bristol International Airport). Aeroporti di Roma successfully refinances €490 million of loan facilities on superior terms
October	Bristol International Airport celebrates 75th anniversary
December	MAp completes acquisition of 52.8% of Copenhagen Airports. Net asset backing per security of A$3.26

2006

January	MAp acquires further 0.6% of Copenhagen Airports, taking MAp's ownership interest to 53.4%
May	Copenhagen Airport completes new car park. Brussels Airport completes first phase of new car park
September	MAp acquires further 1.9% of Brussels Airport, taking MAp's ownership interest to 53.9%
November	Aeroporti di Roma sells AdR Handling. Standard & Poor's Rating Services raises its long-term credit ratings on MAp and TICkETS to BBB from BBB-
December	Sydney Airport successfully refinances A$3.68 billion of debt facilities on superior terms. Net asset backing per security of A$3.93

2007

January	MAp announces its intention to explore disposal of interest in Birmingham Airport. MAp acquires a further 1.2% of Sydney Airport taking MAp's ownership interest to 57.0%
March	MAp acquires a further 15.1% of Sydney Airport, taking MAp's ownership interest to 72.1%. Sydney Airport completes Terminal 2 retail redevelopment


A58

117.5 MILLION PASSENGERS IN 2006

CHAIRMAN'S LETTER

I would like to thank my fellow board members and the MAp management team for their support and efforts in 2006.

Our focus for 2006 was on consolidating the acquisitions of Brussels and Copenhagen Airports. At both of these airports we have been able to implement our management model to make improvements which have been reflected in strong performance.

In 2006, we also announced increases in our interests at two of our airports, Brussels and Sydney. MAp acquired an additional 1.9% interest in Brussels Airport in September 2006 and announced its intention to acquire up to an additional 20.9% of Sydney Airport, subject to pre-emptives, from Ferrovial. In March 2007, MAp acquired an additional 15.1% of Sydney Airport. These acquisitions have increased the total value of MAp's portfolio by 12.8%.

Strong asset and capital management across our six airports has ensured growing cash flows, and in December 2006 we announced a final distribution of 12 cents per stapled security, bringing the total distributions for the year to 25 cents per security.

After year end, we announced the intention of the Macquarie Airports Group (MAG) and the Dublin Airport Authority to explore the disposal of their combined 48.25% interest in Birmingham Airport by way of a joint sale process. MAp, through our interest in MAG, holds a 15.5% interest in Birmingham.

I am saddened to note that the Managing Director of Birmingham Airport, Mr Richard Heard, died in a car accident in January 2007. I would like to commend Richard's outstanding achievements during his time at Birmingham Airport, acknowledge his commitment and enthusiasm, and extend the MAp boards' sincere condolences to his family and friends.

OPERATIONAL PERFORMANCE

Performance has been strong across the MAp portfolio in 2006, with highlights in both the aeronautical and commercial arms of the businesses.

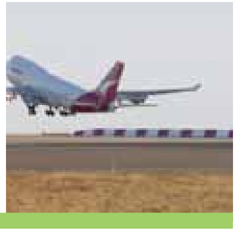
Traffic growth has been solid across the portfolio, with our airline marketing track record being reflected in strong traffic growth across all of our airports. We have attracted new services and airlines to all of our airports in the past year.

Our commercial businesses have also performed well. Across our airports we have approximately 600 retail and service outlets utilising over 84,000 square metres of space and serving nearly 120 million passengers each year. This provides us with opportunities for scale across our portfolio of airports.

Cost management has continued to be a focus for 2006. Notwithstanding increased security costs, we have been able to significantly reduce other areas of operating expenditure at most of our airports during the year. This has been achieved through improved purchasing and housekeeping practices, combined with the renegotiation of some service contracts. Importantly, this increased efficiency has been achieved while maintaining the highest level of service for all airport users.

Capital management remains an important component of our management model. While it is critical to grow and refine the business, it is equally important that the financial structures supporting each airport are optimal for investors. 2006 saw a refinancing of Sydney Airport, with a very positive outcome.

The strong performance of Sydney Airport over the past five years is the reason we were able to secure such a strong outcome. Following the distributions from the refinancing, Sydney Airport's shareholders will have been repaid the original equity investment that was made in the airport. This is a fantastic achievement and, as previously mentioned, we are using the proceeds to invest in an increased stake in this valuable asset.



While we optimise returns to security holders through refinancings, we are also careful to manage interest rate risk through the use of hedging.

FINANCIAL RESULTS

The net result attributable to MAp security holders is $600.5 million for the year to 31 December 2006, with Net Asset Backing Attributable to Investments of $3.93 per stapled security. Proportionate earnings totalled $280.2 million, an increase of 53% over 2005.

MAp announced an interim distribution of 13 cents per stapled security in June and a final distribution of 12 cents per stapled security in December. The 2007 preliminary distribution guidance is 26 cents per stapled security.

CORPORATE GOVERNANCE

I would like to thank my fellow board members and welcome the appointment in 2006 of Mr Stephen Ward to the board of Macquarie Airports Limited.

Stephen is a partner in the Commercial Department of the Wellington office of Simpson Grierson. He has over 20 years' experience advising New Zealand and international companies on all aspects of companies law, overseas investment and related issues.

MAp has continued to apply the ASX Corporate Governance principles in its 2006 annual report and details of our corporate governance policies can be found on page 38 and at www.macquarie.com/map.

OUTLOOK

2007 will see further focus on implementing the MAp management model at all of our airports.

Our investment criteria are to invest in a portfolio of airports around the world with strong market positions, the potential for traffic growth and for the development of the commercial businesses. Our experienced team will continue to work with our airport management teams to realise value from them, while we ensure that capital is employed in the most efficient way.

Our key initiatives for 2007 include focusing on airport performance and capital management.

Airline marketing initiatives remain very much a priority. We had several key successes in 2006 and want to repeat these in 2007.

Commercial developments, including retail expansions and car parking projects, will continue at all of our airports.

In terms of MAp's capital management for 2007, we have a number of sources and uses of cash coming up this year. We will continue to seek acquisitions which meet our strict investment criteria and will explore the option of returning capital to shareholders.

Your boards and the MAp management team are committed to implementing these initiatives and growing the business for your benefit. I thank you for your support and look forward to a challenging and successful 2007.

Max Moore-Wilton, AC
Chairman
Macquarie Airports Management Limited

CEO'S LETTER

FIVE YEARS OF LISTING

In 2007, we celebrate the fifth anniversary of MAp's initial public offering. On 2 April 2002, MAp securities listed on the Australian Stock Exchange. The initial listing price was A$2.00 per unit (paid in two instalments of A$1.00 each), MAp's market capitalisation was A$1.0 billion. At listing, MAp's airport portfolio consisted of two indirectly held minority stakes in Birmingham and Bristol International Airports in the United Kingdom, which together handled around 10 million passengers per annum.

Five years on and MAp is one of the world's largest strategic airport owners and operators. As at 31 December 2006, MAp's security price stood at A$3.60 and our market capitalisation was in excess of A$6.0 billion. Over the past five years we have added majority interests in Sydney, Brussels and Copenhagen Airports, along with a substantial shareholding in Aeroporti di Roma, to the portfolio. In 2006, almost 120 million passengers passed through our airports. Net asset backing per security is now A$3.93.

EXCITING AND CHALLENGING TIMES

I have been fortunate enough to have been with MAp since the beginning. The last five years have been both exciting and challenging, for the global airport industry and for the world's airlines.

Since 2002, MAp has delivered many initiatives which have benefited our various stakeholders, be it our security holders, airport users in the form of passengers and airlines, employees or the communities surrounding our airports. Sydney Airport was one of the first airports to have a walk-through duty free shop, Bristol International Airport was one of the first to fully recognise the importance of low cost carriers to the development of air travel, the retail offering at Rome's Fiumicino airport has been upgraded substantially and even our more recent acquisitions, Brussels and Copenhagen Airports, have seen improvements which have enhanced the passenger experience such as additional choice in car parking, improved retail and catering, and higher efficiency.

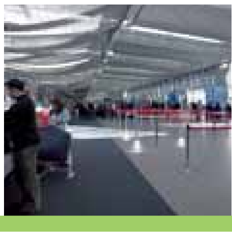
The combination of the local expertise of the management and staff at our airport investments, complemented by the MAp team, enables us to maximise the potential of our existing portfolio of airports and to selectively consider new opportunities that add value for MAp security holders. MAp has specialists based in both Sydney and London with substantial experience in terminal and capacity management, airline marketing and traffic forecasting, retailing, property development, regulation and airport financing.

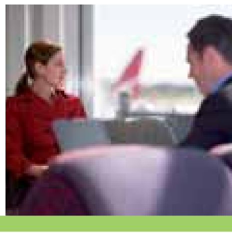
In recent years, both airports and airlines have had to overcome the challenges and uncertainty presented by events such as the Iraq war and SARS. We have seen oil prices touch record levels and the implementation of heightened security regimes.

RESPONDING TO CHANGE

One of the most significant changes that MAp has seen over the last five years has been the rapid growth in low cost carriers. Network carriers have responded to the new competition by enhancing their offerings, by matching fares, redefining their choice of destinations, and by changing their onboard product to match customer demands. The development of the low cost industry has forever changed the economics of air travel by widening the choice of destinations and fares, thereby enabling many more people than before to travel to an ever widening range of destinations.

We have responded by ensuring that our airports are capable of delivering the appropriate level of service to both kinds of carrier – network or low cost – and their passengers. Much of this is invisible to the passenger, such as airfield services which deliver the quick aircraft turnaround times required by many low cost carriers, and baggage handling systems which not only cope with greater volumes of luggage but also with priority handling for premium passengers. Within our terminals, our airports work with our airline customers to provide lounge space for their premium passengers and with our retail partners to ensure that the majority of passengers, who do not have access to an airline lounge, have a comfortable and pleasant





environment in which to await their flights, surrounded by well-known food and beverage providers and popular retailers.

INITIATIVES IN 2006

In 2006, our airports continued to make significant investments to cater for the new generation aircraft which will shortly begin to fly on a regular basis, most notably the Airbus A380 and Boeing B787.

We also completed a major refinancing of Sydney Airport, supported by the operational improvements delivered since we acquired it in 2002. New senior debt and capital markets facilities were agreed on superior terms, securing funds for future planned developments and permitting a special distribution to the airport's shareholders. The ability to optimise the capital arrangements of our airports on the back of substantial operational improvements is a key element of value delivery to our security holders.

2006 created specific challenges. Tightened security measures in Europe and across the world in response to the 10 August security alert in the United Kingdom significantly increased the burden on our airports. However, they have coped well with the new restrictions on liquids, aerosols and gels, ensuring passengers are familiar with the new rules and minimising the additional security processing time.

THE FUTURE

And the future looks exciting too. Governments are increasingly liberalising air rights, opening up new routes or creating the possibility of extra capacity on existing ones. Technological advancement in the aviation industry continuously improves the economics of airlines and encourages them to add more routes. The broadening of the low cost carrier model into the long haul market is making air travel more and more accessible.

MAp and its airports will continue to play a key role in these developments. 2007 will see the implementation of the next phases of the airfield upgrade and the redevelopment of the international terminal at Sydney Airport, which will deliver more efficient passenger facilitation and an enhanced airport experience for all users over the next few years. At Brussels Airport, we have begun marketing a new logistics development, Brucargo-West. Passengers at Copenhagen Airport will experience an enhanced retail offering. Long haul charter routes will be added at Bristol International Airport.

There will be challenges, of course. Oil prices, despite having fallen, remain high. Passenger safety and security remain of primary importance. And, in our industry, whilst providing a vital service to all our passengers, we are mindful of environmental issues. All our airports have detailed environmental policies which are agreed in conjunction with all stakeholders.

HERE'S TO THE NEXT FIVE YEARS

I am proud to have been part of the MAp team over the last five years. Our diversified portfolio puts us in a leading position to take advantage of the changes in aviation globally. In addition to organic growth, we will continue to selectively source and assess future acquisitions which meet our strict investment criteria.

I would like to take the opportunity to thank you for your ongoing support of MAp. I look forward to updating you on further progress during 2007.

Kerrie Mather
CEO, Macquarie Airports

2006 KEY EVENTS

JANUARY

- Sydney Airport announced its half year results with underlying EBITDA, excluding specific expenses, increasing 6.4% on the pcp to $261.4 million.
- Sydney Airport announced the appointment of Russell Balding as new Chief Executive Officer.
- MAp announced that Max Moore-Wilton will become Chairman of MAp.
- Brussels Airport announced its full year results with EBITDA increasing 18.7% on the pcp to €161.3 million.

FEBRUARY

- Copenhagen Airports announced its full year results with underlying EBITDA increasing 3.9% on the pcp to DKK1,507.0 million.
- MAp announced its full year results;
  - Net result attributable to MAp security holders of $1,079.3 million.
  - Asset backing per security attributable to investments of $3.26.
  - Preliminary distribution guidance upgraded to 25 cents per stapled security for the 12 months to 31 December 2006.

MARCH

- Rome Airports announced its full year results with EBITDA increasing 4.3% on the pcp to €261.1 million.
- MAp announced its agreement with Ferrovial in relation to conditional put and call options over Ferrovial's interest in Sydney and Bristol airports.

APRIL

- Sydney Airport announced its nine month results with EBITDA, excluding specific expenses, increasing 5.6% on the pcp to $396.5 million.
- MAp held its Annual General Meeting in Sydney.
- Brussels Airport announced its first quarter results with EBITDA increasing 12.7% on the pcp to €32.2 million.

MAY

- Copenhagen Airports announced its first quarter results with EBITDA increasing 0.7% on the pcp to DKK324.8 million.
- Rome Airports announced its first quarter results with EBITDA increasing 6.3% on the pcp to €54.5 million.
- Bristol Airport – 40% expansion of retail and catering space completed.

JUNE

- MAp announced an interim distribution of 13 cents for the six months to 30 June 2006.

JULY

- Sydney Airport announced its full year results with EBITDA, excluding specific expenses, increasing 6.1% on the pcp to $525.6 million.
- MAREST announced that it would be issuing additional TICkETS to raise approximately $444 million to be lent to MAp in connection with MAp's proposed purchase of an additional interest in Sydney Airport of up to 20.9% and additional interest in Brussels Airport of 1.9%.
- Brussels Airport announced its first half results with EBITDA, before specifics, increasing 12.8% on the pcp to €81.4 million.

AUGUST

- Copenhagen Airports announced its first half results with EBITDA increasing 7.8% on the pcp to DKK766.6 million.
- MAp announced its interim results;
  - Proportionate EBITDA of $132.2 million.
  - Net result attributable to MAp security holders of $203.7 million.
  - Asset backing per security attributable to investments of $3.56.

SEPTEMBER

- MAp announced the completion of its acquisition of an additional 1.9% interest in Brussels Airport from Macquarie Bank taking MAp's ownership in Brussels Airport to 53.9%.
- Rome Airports announced its first half results with EBITDA increasing 0.6% on the pcp to €121.0 million.

OCTOBER

- Sydney Airport announced its first quarter results with EBITDA, excluding specific expenses, increasing 7.9% on the pcp to $137.0 million.
- Brussels Airport announced its nine month results with EBITDA increasing 10.2% on the pcp to €144.0 million.
- Copenhagen Airports announced its nine month results with EBITDA, excluding specific costs, increasing 11.9% on the pcp to DKK1,233.3 million.

NOVEMBER

- Sydney Airport announced its intention to issue a new hybrid instrument called SKIES to raise approximately $650 million as part of its overall debt refinancing transaction. As a result of the debt refinancing, Sydney intends to distribute approximately $900 million of the refinancing proceeds to its shareholders within the next twelve months.
- Rome Airports announced its nine month results with EBITDA increasing 0.1% on the pcp to €198.2 million.
- Standard & Poor's Ratings Services raised its long term credit ratings on MAp and TICkETS to BBB from BBB-.

DECEMBER

- Sydney Airport announced the successful completion of its $3.68 billion senior debt refinancing transaction.
- MAp announced a final distribution of 12 cents for the six months to 31 December 2006.

OPERATIONAL REVIEW AND FINANCIAL HIGHLIGHTS

FINANCIAL REPORTS

FINANCIAL INFORMATION

MAp prepares two reports which cover the operational and financial performance of MAp and its investments. In addition to the statutory financial accounts which have been prepared in accordance with the Corporations Act 2001, as summarised on pages 56 to 60, MAp provides a Management Information Report (MIR) to assist investors in understanding MAp's performance.

Aside from the information set out below, the operational review and financial highlights are primarily based on information from the MIR and not the statutory financial accounts summarised on pages 56 to 60. A copy of the statutory financial accounts and MIR can be obtained from www.macquarie.com/map.

STATUTORY FINANCIAL RESULTS

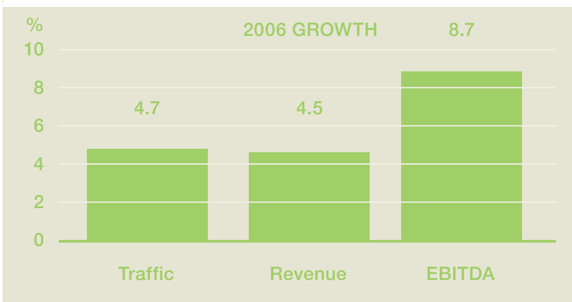
The net result attributable to MAp security holders for the year ended 31 December 2006 was $600.5 million, after minority interest entitlements of $131.4 million. Included in the net result were total revenues of $1,479.2 million (of which $731.4 million was revaluation income), operating expenses of $802.0 million and an income tax benefit of $54.6 million. As MAp controlled Copenhagen Airports for the full year, MAp's results were impacted by the consolidation of Copenhagen Airports for the full year.

PORTFOLIO OPERATIONAL PERFORMANCE

MAp's portfolio operational performance for the year to 31 December 2006 shows traffic growth of 4.7%, proportionate revenue growth of 4.5%, and proportionate EBITDA growth of 8.7% compared to 2005 on a proforma basis.[1]

Portfolio operational performance reflects MAp's "Proportionate Earnings" which is a proportionate consolidation of the results of MAp and its airport investments, based on our beneficial shareholding over the period. Proportionate Earnings shows, in a concise manner, the earnings being generated by our airport investments which support the distributions MAp pays to security holders.

PORTFOLIO OPERATIONAL PERFORMANCE[1]

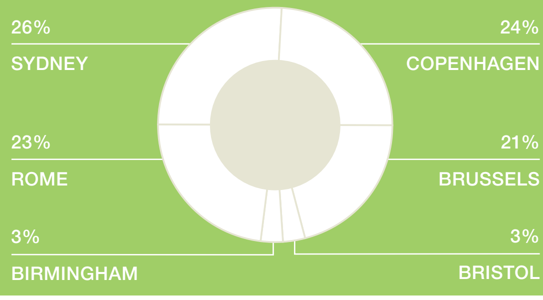


[1] This proportionate portfolio consolidated information shows the growth between the 12 months ended 31 Dec 2005 and 31 Dec 2006 for those assets held by MAp based on MAp's beneficial interests in those assets calculated on a weighted average basis according to the number of days in the relevant period during which MAp held a beneficial ownership interest. The proforma proportionate earnings is derived by restating the prior period results with the airport assets ownership percentages and foreign currency exchange rates from the current period.

REVENUE

Total proportionate revenue increased 4.5% to $1,462 million with increases in both aeronautical and non-aeronautical revenues reflecting strong passenger growth and a number of commercial initiatives.

Revenue by airport 2006



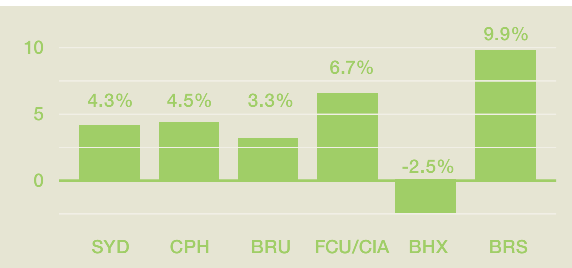
TRAFFIC

Total traffic at MAp's airports reached 117.5 million passengers during the calendar year 2006. This reflected a number of low fare initiatives by the airlines and increased services across the portfolio.

One of the key drivers of MAp's business is traffic and, as part of our airline marketing and traffic development initiatives, MAp specialists work closely with our airports to increase choice by identifying unserved and underserved routes and approaching target airlines to serve these markets. MAp's specialists come from airline backgrounds covering the full spectrum of operations, strategy, commercial business and finance. We leverage their knowledge and airline relationships for the benefit of all our airports. MAp's most recent acquisitions, Copenhagen and Brussels, are already benefiting from MAp's relationships, with announcements during the year increasing their long haul capacity across the Atlantic, to Asia and the Middle East.

Low cost and low fare carriers continue to have a significant impact on traffic growth across the portfolio. At MAp's European airports, airlines such as bmibaby, Monarch, SkyEurope, Ryanair and easyJet continue to expand services and their market share continues to grow. In Sydney, Jetstar International launched new long haul low fare services to popular international destinations. The continuing expansion of low cost and low fare carrier services is an exciting development, and MAp's airports are all well positioned to capitalise on the opportunity.

2006 TRAFFIC GROWTH



RETAIL AND CATERING

Across the portfolio there are approximately 600 retail and catering outlets, utilising 84,000 square metres of space. In aggregate, retail and catering businesses typically account for around 20% of the combined total revenues of MAp's airports. The demographic of airport passengers makes doing business at MAp's airports very attractive to retailers and concessionaries.

MAp retail specialists have been active in a number of initiatives during the year to grow the retail and catering business, including:

- A $20 million project to redevelop Sydney's Terminal 2 retail and food outlets was opened providing high quality and well-known brands for Virgin Blue, Jetstar and regional passengers
- 10 new food and beverage outlets were added at Copenhagen, both landside and airside, and several existing retail outlets were redeveloped
- The successful re-tender process for the duty free concessions at both Sydney and Copenhagen coinciding with the significant redevelopments planned for both airports.

The outlook for the retail and catering businesses is excellent for 2007 with the ongoing implementation of various retail initiatives across the portfolio, including:

- The $500 million international terminal redevelopment and airfield works at Sydney, to deliver an upgraded international passenger experience and a world class airside shopping precinct to provide more choice and value for passengers
- The establishment of a new single airside entry and expanded duty free at Copenhagen, to coincide with the appointment of Heinemann as the new duty free operator commencing in 2007.

CAR PARKING

MAp's airports continued to develop new parking capacity and implement innovative products. This year MAp has increased car parking capacity by nearly 7,000 spaces to approximately 87,000 car spaces across the portfolio. New products including valet, premium and value short stay products and long stay offerings have been introduced. These new products have benefited from the launch of a number of service enhancements such as internet booking, automatic number plate recognition and automated payment facilities.

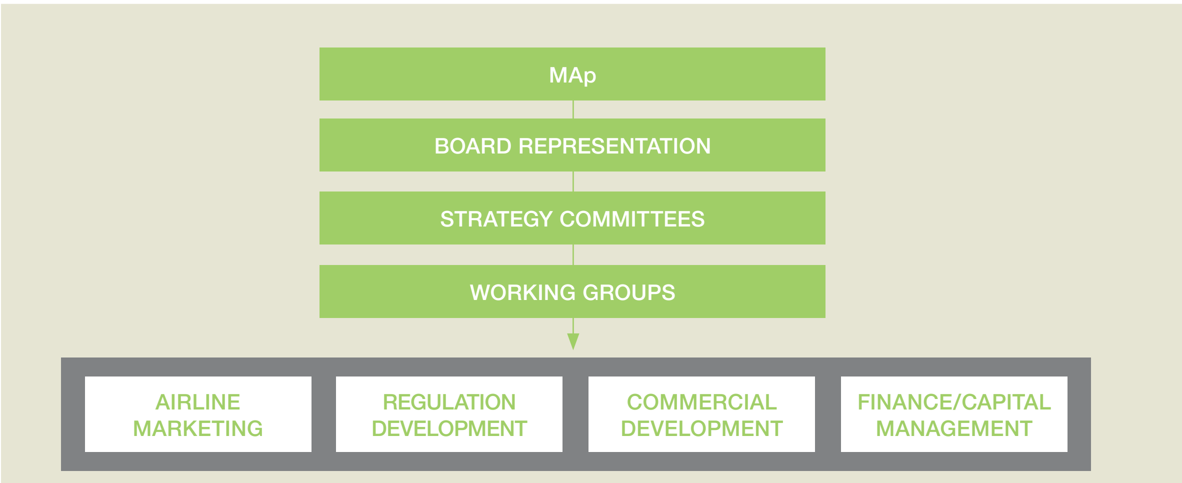
Looking forward, a new multi-storey car park at Sydney will provide covered parking and increase public car parking capacity at the international terminal in late 2007 and a number of initiatives are in progress across the portfolio to enhance the car parking business.

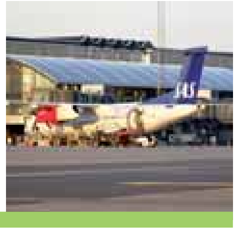
PROPERTY

MAp's airports continue to work on a variety of property development initiatives that will diversify the airports' revenue streams and take advantage of the significant land banks on which the airports are situated. All of MAp's airports are well located and, particularly in Europe, have large and valuable land banks.

Looking forward MAp has identified opportunities in line with airport master plans which include office buildings, car parks, hotels, conference centres, freight facilities and major retail developments. In particular, at Brussels the progressive implementation of the property strategy is continuing in line with the identified opportunity to provide approximately 850,000m^2 of commercial, logistics and warehousing space over the next 20 years.

MAp ACTIVE MANAGEMENT





EBITDA

Total proportionate EBITDA increased 8.7% to $853.6 million which reflects increases in revenues and ongoing improvements in efficiency. MAp has worked with our airports to identify opportunities for operational improvement, unlocking significant performance potential.

In 2006 MAp delivered a 1% decrease in its proportionate share of operating expenses with notable successes at Sydney and Copenhagen, with both maintaining excellent cost discipline.

Through the renegotiation of some service contracts, improved procurement, selective outsourcing and good housekeeping, MAp has been able to reduce costs significantly at most of its airports despite increased security costs.

Importantly we are seeing increased efficiency while maintaining excellent service for our customers. AETRA awarded Brussels and Copenhagen "Best Airport in Europe 2005", and in 2006 Skytrax placed Copenhagen in the top 10 for its "Airport of the Year Award".

CAPITAL MANAGEMENT

MAp has a strong team of airport management and financing experts who continually develop new strategies and initiatives to optimise the capital arrangements of its airports and grow free cash flow.

Refinancings are an essential part of MAp's investment model and ensure that returns for airport shareholders and MAp security holders are maximised. Refinancings are a supplement to earnings and are only possible because strong sustainable earnings growth is being generated across the portfolio.

In December 2006, Sydney Airport announced the successful completion of a $3.68 billion senior debt refinancing transaction. As part of this refinancing, Sydney intends to distribute approximately $900 million of the refinancing proceeds to shareholders over the next twelve months. MAp will use its share of these proceeds predominantly to repay the bridge debt facility that has been drawn down to fund the acquisition of an additional 15.1% interest in Sydney Airport from Ferrovial.

ACTIVE MANAGEMENT APPROACH

MAp's dedicated management team works closely with airport management to identify strategies to grow the business, improve operational performance and increase returns for all investors over time.

Experience
MAp has a high-quality management team that combines substantial airport management experience with a unique infrastructure investment track record.

Involvement
The MAp team works closely with management at each of its airports, using its experience and expertise to develop strategies to grow the business, implement business plans and develop initiatives to improve performance over time.

Capital management
MAp executives have significant skill and experience in capital management and investment structuring in airports globally. Capital management is an important part of the MAp investment model and an area in which the Macquarie Group is recognised as a world leader.

Service standard improvements
MAp's focus on improving service standards and quality at its airports has been recognised in a number of awards.

PROPORTIONATE EARNINGS STATEMENT[1]

Yr to 31 Dec (A$m)	2006	vs Proforma[2] 2005	Actual 2005
Passenger Traffic (m)	**52.6**	**+4.7%**	**41.7**
Airport Assets Revenue	1,461.8	+4.5%	1,124.1
Airport Assets Expenses	(608.2)	-1.0%	(473.9)
Total Airport Assets EBITDA	**853.6**	**+8.7%**	**650.2**
Airport Assets Economic Depreciation	(58.3)		(41.1)
Airports Assets Net Interest Expense	(354.0)		(265.1)
Corporate Net Interest Expense	(32.1)		(25.3)
Net Tax Expense	(52.7)		(61.2)
Proportionate Earnings (pre Corporate Expenses)	**356.5**		**257.5**
Corporate Operating Expenses	(76.3)		(74.5)
Proportionate Earnings	**280.2**		**183.0**
Proportionate EPS (pre Corporate Expenses)	**21.4c**		**16.7c**
Proportionate EPS	**16.9c**		**11.9c**

1 Information obtained from Management Information Report.
2 Proforma results are derived by restating prior period results with current period ownership interests and foreign exchange rates.

MAp MANAGEMENT MODEL

Improved operational performance and capital management = higher returns to security holders

OPERATIONAL VALUE DRIVERS

PAX GROWTH

COMMERCIAL YIELDS

IMPROVE OPERATIONAL EFFICIENCY

FINANCIAL VALUE DRIVERS

COST EFFECTIVE & TIMELY CAPEX

EFFICIENT CAPITAL STRUCTURE

EBITDA GROWTH → INCREASED DISTRIBUTIONS

INCREASED RETURNS TO SECURITY HOLDERS

DIRECTORS' VALUATIONS OF AIRPORT INVESTMENTS[1,2]

A$m	31 Dec 2006	31 Dec 2005
Sydney Airport	2,728.2	2,695.3
Copenhagen Airports	1,835.0	840.4
Brussels Airport	1,431.9	1,352.3
Rome Airports	844.3	827.7
Birmingham Airport	205.5	194.9
Bristol Airport	176.9	158.5
Total Investments	**7,221.8**	**6,069.1**
Corporate Net Debt	(575.8)	(789.9)
Airports Assets Equity Value Attributable to MAp Security Holders[3]	**6,646.0**	**5,279.2**
Asset Backing Attributable to Investments per Stapled Security	**$3.93**	**$3.29**

ENTERPRISE VALUE[1]

A$m	As at 31 Dec 2006	As at 31 Dec 2005
Airport Assets Net Debt	6,092.1	5,633.2
Corporate Net Debt (incl. TICkETS)	575.8	789.9
Airports Assets Equity Value Attributable to MAp Security Holders[2]	6,646.0	5,279.2
Enterprise Value	13,313.9	11,702.3
Gearing Ratio (%)[2]	50.1%	54.9%

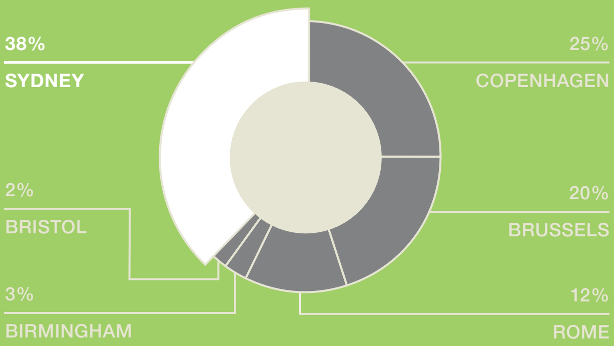
1 Information obtained from Management Information Report.
2 Based on directors' valuations as at 31 December 2006.
3 Total airport investment value less MAp corporate debt (Bridge facility + TICkETS + distributions payable less cash).


Parking & Exit
ZKV·583

87,000 CAR PARKING SPACES

SYDNEY AIRPORT

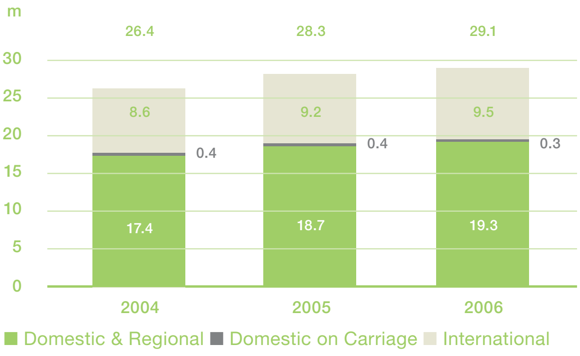
PORTFOLIO WEIGHTINGS*
Year ended 31 December



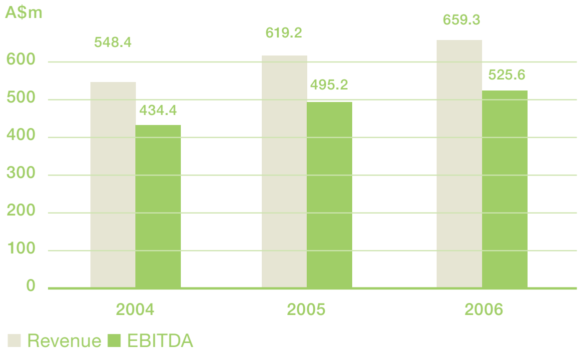
* Based on directors' valuations December 2006.

Sydney Airport is Australia's busiest airport, servicing thirty-eight international airlines, eight domestic and regional airlines and ten dedicated freight carriers. It is the operations base for Qantas, Australia's largest domestic and international carrier.

SYDNEY AIRPORT PASSENGER TRAFFIC
Year to June



SYDNEY AIRPORT REVENUE & EBITDA
Year to June



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

Sydney Airport is located on a site of 907 hectares with twin North-South runways extending into Botany Bay on reclaimed land, and an East-West runway. The airport has a potential capacity of approximately 65 million passengers per annum.

Sydney Airport delivered a 6.1% increase in EBITDA (before specific expenses) for the year to June 2006 to A$525.6 million on the back of a 2.9% increase in passenger traffic to 29.1 million passengers. Performance was driven by growth in the commercial businesses as a consequence of a wide range of retail, parking and property initiatives.

Performance benefited from the opening of new food and beverage and specialty retail offerings as part of the A$20 million T2 redevelopment which will be completed early in calendar 2007. A successful refinancing of Sydney Airport's senior debt and capital markets facilities was completed in December 2006, resulting in superior terms and a distribution to the airport's shareholders.

Snapshot	
MAp's Beneficial Interest[1]	55.8%
% of MAp's Portfolio	37.8%
Macquarie Managed Funds Interest	61.2%
EBITDA[2]	A$525.6m
Passenger Numbers	29.1m
Retail and Catering Outlets	191
Car Parking Spaces	12,138
Land Area	907 hectares
Employees	289

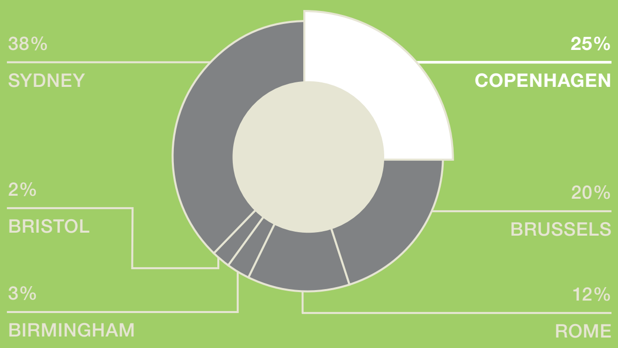
Yr to June	2003/04	2004/05	2005/06
Financial Performance (A$m)			
Aeronautical Revenue	269.3	296.0	316.4
Other Revenue	279.2	323.2	342.9
Total Revenue	**548.4**	**619.2**	**659.3**
Operating Costs	(114.0)	(124.0)	(133.7)
EBITDA[2]	**434.4**	**495.2**	**525.6**
Key Performance Indicators (A$)			
Revenue/Passenger	20.75	21.89	22.65
Operating Costs/Passenger	4.32	4.38	4.59
EBITDA/Passenger[2]	16.44	17.51	18.06
EBITDA Margin[2]	79.2%	80.0%	79.7%

Facility Overview	Description
Runways & Taxiways	Three runways: – Main North/South runway (3,962m) – Parallel North/South runway (2,438m) – East/West runway (2,530m)
Terminals	Three terminals: – T1 (International) – 33 gates – T2 (Domestic) – 18 gates, former Ansett terminal acquired by Sydney Airport – T3 (Domestic) – 15 gates, owned and operated by Qantas
Car Parks	4
Other Buildings & Facilities	A range of other aviation and/or commercial property facilities, such as maintenance hangars and 7 international airline lounges. There is 22,977m² of retail space with 143 retail and catering outlets in T1 and 48 retail and catering outlets in T2.

1 MAp's beneficial interest increased to 72.1% subsequent to 31 December 2006.
2 EBITDA for Sydney Airport is stated before specific expenses.

COPENHAGEN AIRPORTS

PORTFOLIO WEIGHTINGS*
Year ended 31 December

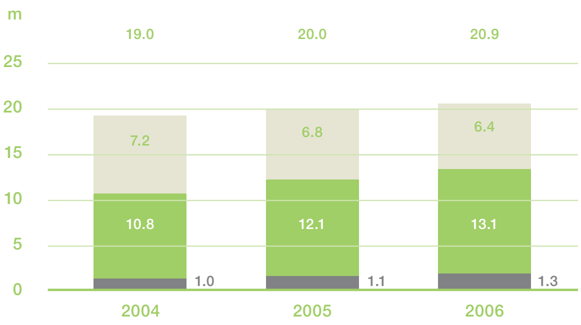


* Based on directors' valuations December 2006.

Copenhagen Airport is the largest airport in the Nordic region. The Øresund Bridge, opened in 2000, allows Swedish passengers to travel to Copenhagen Airport by car and rail. The airport functions as the hub for SAS, a member of the Star Alliance, and is a hub for DHL, the express air freight company.

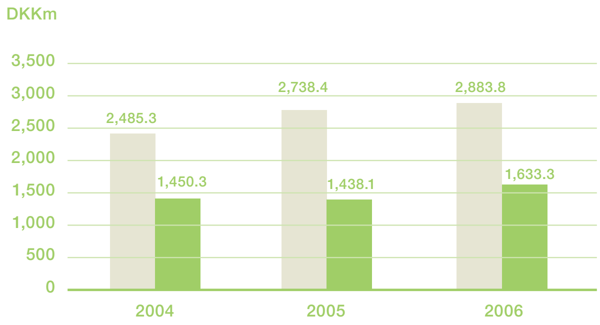
COPENHAGEN AIRPORTS PASSENGER TRAFFIC

Year ended 31 December



COPENHAGEN AIRPORTS REVENUE & EBITDA

Year ended 31 December



Copenhagen Airport is located eight kilometres southeast of Copenhagen city centre. The airport has a capacity of approximately 30 million passengers per annum. Copenhagen Airports A/S also owns and operates Roskilde Airport and has international investments that include a 49% interest in Newcastle International Airport in the United Kingdom, a 20% interest in Hainan Meilan Airport in China and a 9.85% interest in Aeroportuario del Sureste, which owns and operates nine airports in Mexico.

Copenhagen Airports delivered a 13.6% increase in EBITDA (excluding specific expenses) in 2006 to DKK1,633.3 million on the back of a 4.5% increase in passenger traffic to 20.9 million passengers. Performance was driven by strong performance in all commercial businesses as a result of initiatives including the opening of new shops and car parks, as well as improved operational efficiency as costs were held almost flat despite passenger growth. This was partially offset by a 3% reduction in aeronautical yields as part of the three-year agreement with the airlines covering 2006-2008. The agreement includes 1% per annum increases in most aeronautical charges in 2007 and 2008, with a small reduction in security charges.

In December 2006, Copenhagen Airports completed a successful refinancing of Newcastle International Airport. A new single centrally located security search and walk through duty free store is currently being constructed at Copenhagen Airport, which will improve passenger service and allows for an enhanced retail offering.

Snapshot	
MAp's Beneficial Interest	53.4%
% of MAp's Portfolio	25.4%
Macquarie Managed Funds Interest	53.4%
EBITDA[1]	DKK1,633.3m
Passenger Numbers	20.9m
Retail and Catering Outlets	60
Car Parking Spaces	10,500
Land Area	1,180 hectares
Employees	1,700

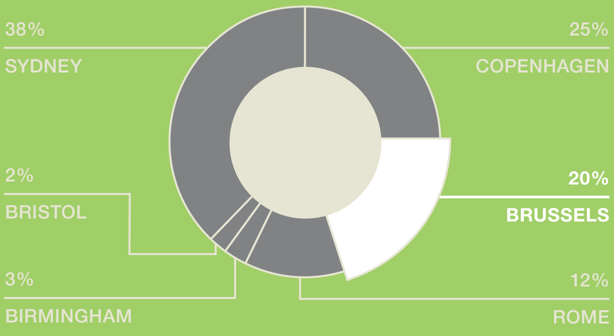
Yr to Dec	2004	2005	2006
Financial Performance (DKKm)			
Aeronautical Revenue	1,319.7	1,435.1	1,454.2
Other Revenue	1,165.6	1,303.3	1,429.6
Total Revenue	**2,485.3**	**2,738.4**	**2,883.8**
Operating Costs[1]	(1,035.0)	(1,300.3)	(1,250.5)
EBITDA[1]	**1,450.3**	**1,438.1**	**1,633.3**
Specific Costs	–	(109.3)	(73.2)
EBITDA	**1,450.3**	**1,328.8**	**1,560.1**
Key Performance Indicators (DKK)			
Revenue/Passenger	130.57	137.04	138.13
Operating Costs/Passenger[1]	54.37	65.07	59.90
EBITDA/Passenger[1]	76.19	71.97	78.23
EBITDA Margin[1]	58.4%	52.5%	56.6%

Facility Overview	Description
Runways & Taxiways	Three runways: – 04L/22R South West/North East (3,500m) – 04R/22L South West/North East (3,300m) – 12/30 North West/South East (2,800m)
Terminals	There are three passenger terminals, including a domestic terminal – there are nine domestic stands, 43 international stands (with permanent passenger loading bridges), 54 remote stands and two helicopter stands.
Car Parks	10,500 car parking spaces, most of which are in multi-storey car parks.
Other Buildings & Facilities	There are 9 duty free shops, 38 specialty shops and 13 food and beverage outlets with a total retail space of just under 10,000m^2. Airport services include a 382 room Hilton Hotel, which also offers restaurant and conference facilities.

[1] Excluding specific expenses

BRUSSELS AIRPORT

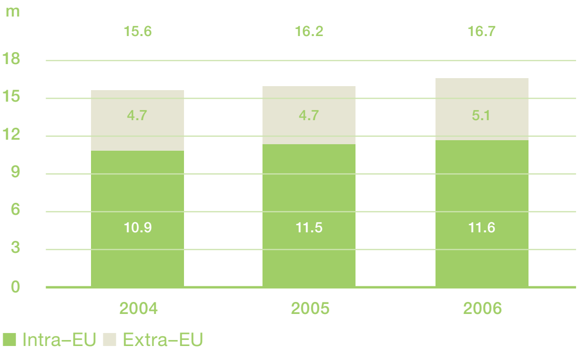
PORTFOLIO WEIGHTINGS*
Year ended 31 December



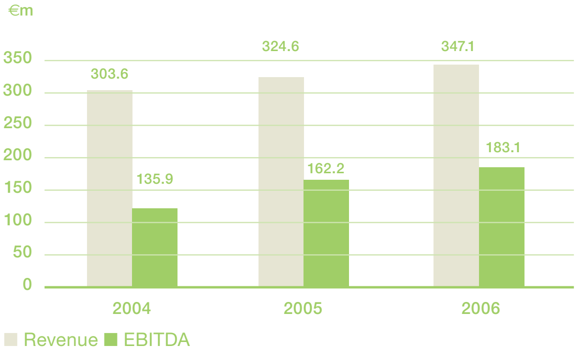
* Based on directors' valuations December 2006.

The airport's primary catchment area is Belgium, which has a population of approximately 10.3 million. Brussels is one of the major political centres of Europe, comprising approximately 120 international governmental and 1,400 non-governmental organisations, resulting in a strong core passenger base.

BRUSSELS AIRPORT PASSENGER TRAFFIC
Year to December



BRUSSELS AIRPORT REVENUE & EBITDA
Year to December



Brussels Airport is located approximately 12 kilometres north-east of Brussels city centre and is situated on a site of approximately 1,245 hectares (approximately the same area as London's Heathrow Airport). Brussels Airport owns the airport infrastructure and in December 2001 it acquired the airport land. A licence to operate the airport for an unlimited time period has been granted by the Belgian Government via Royal Decree. Brussels Airport has a single, midfield terminal complex consisting of two major piers, operated through a single arrivals/departure building, which also houses the airport train and bus stations. The terminal has a capacity of approximately 30 million passengers per annum.

Brussels Airport delivered a 12.9% increase in EBITDA in 2006 to €183.1 million on the back of a 3.3% increase in passenger traffic to 16.7 million passengers. Performance was driven by successful airline marketing initiatives, strong results from the commercial businesses and continued cost control. Brussels Airport also implemented a highly successful rebranding exercise during the year.

In September 2006, MAp acquired an additional 1.9% of Brussels Airport. Airline marketing initiatives will continue with the major focus being on growing both network carrier services and expanding the number of low cost carriers using the airport.

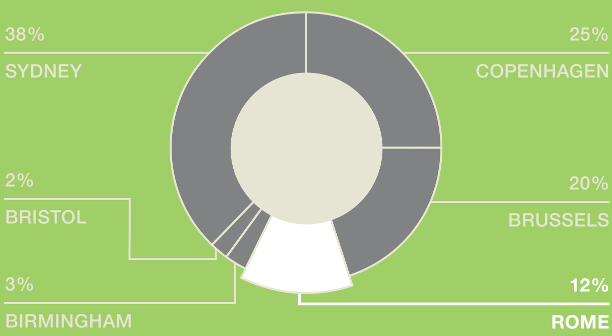
Snapshot	
MAp's Beneficial Interest	53.9%
% of MAp's Portfolio	19.8%
Macquarie Managed Funds Interest	70.0%
EBITDA	€183.1m
Passenger Numbers	16.7m
Retail Outlets	51
Car Parking Spaces	17,925
Land Area	1,245 hectares
Employees	706

Yr to Dec	2004	2005	2006
Financial Performance (€m)			
Aeronautical Revenue	197.5	207.9	231.2
Other Revenue	106.1	116.7	115.9
Total Revenue	**303.8**	**324.6**	**347.1**
Operating Costs	(167.9)	(162.5)	(164.0)
EBITDA	**135.9**	**162.2**	**183.1**
Key Performance Indicators (€)			
Revenue/Passenger	19.42	20.06	20.77
Operating Costs/Passenger	10.73	10.04	9.82
EBITDA/Passenger	8.69	10.02	10.96
EBITDA Margin	44.7%	50.0%	52.8%

Facility Overview	Description
Runways & Taxiways	Three runways: – Main runway (3,638m) – Parallel East/West runway (3,211m) – North/South runway (2,984m)
Terminals	Two piers: – Pier A (Schengen services) – Pier B (other services) There is a single arrivals/departure building, Diamant, which also houses the airport train and bus stations. There is an additional pier (closed when Pier A opened in 2002) which is currently not operational, but could be brought into operation under request.
Car Parks	Eight public car parks with a combined total of 12,125 spaces and an airport community car park with 5,800 spaces.
Other Buildings & Facilities	Approximately 13,700m² of retail space comprising 51 retail outlets, 27 food and beverage outlets and 24 service outlets. There are 32,000m² of office space inside the terminal and over 500,000m² of building and office concessions outside the terminal. Progressive implementation of the property strategy in line with the identified opportunity to provide approximately 850,000m² of warehousing, office and logistic space over the next 20 years.

ROME AIRPORTS

PORTFOLIO WEIGHTINGS*
Year ended 31 December

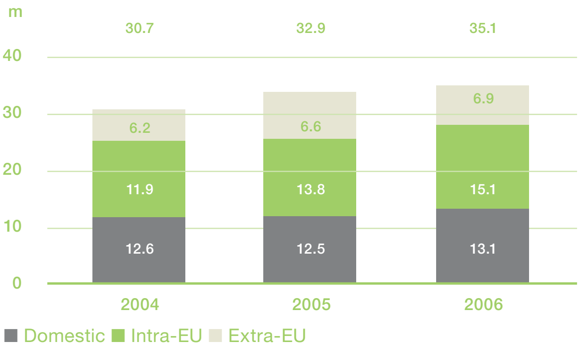


* Based on directors' valuations December 2006.

Rome is Italy's largest city and is the country's political, historic and religious capital as well as a major international tourist destination. Aeroporti di Roma holds the concessions to operate, maintain, manage and develop the Fiumicino and Ciampino airports in Rome until 2044.

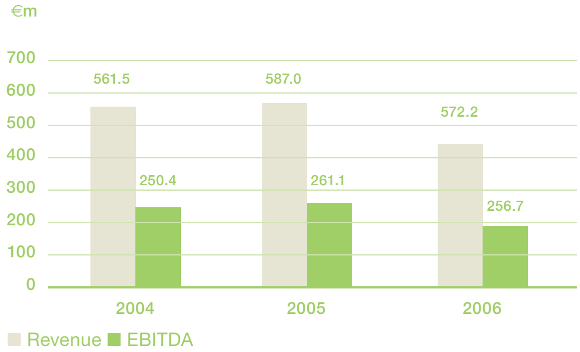
ROME AIRPORTS PASSENGER TRAFFIC

Year ended 31 December



ROME AIRPORTS REVENUE & EBITDA

Year ended 31 December



Fiumicino is located 30 kilometres west of the centre of Rome on the Tyrrhenian Coast. Fiumicino Airport is linked to Rome by motorway and rail connections. It is also linked to the Milan-Naples motorway. Ciampino is located 15 kilometres south of the centre of Rome. Fiumicino and Ciampino are the only commercial airports serving Rome and the Latium region and have a combined capacity of approximately 50 million passengers per annum. The immediate Rome catchment area has a population of 5.2 million.

Rome Airports EBITDA decreased 1.7% on pcp to €256.7 million in 2006 due to the reduction in chargeable fuel royalties and elimination of night surcharges which adversely impacted revenue. Retail revenues were strong, growing 14.4% in 2006.

This was driven primarily by a 20.7% increase in concession retailing due to the opening of new branded shops, the refurbishment or substitution of 1,100m^2 of retail space and the addition of over 1,500m^2 of retail space. Cost control initiatives continue to deliver reductions with underlying operating costs per passenger decreasing 4.6% for the year on pcp, driven by savings from the successful implementation of the restructuring plan which commenced at the end of 2005.

In November 2006, the sale of AdR Handling was completed, generating a net capital gain of €38.8 million.

A number of commercial improvement initiatives are underway at Fiumicino, including the refurbishment of the mezzanine at Terminal A, which will add a new retail area comprising a new duty free, new branded shops and a new lounge. Shop refurbishment works also commenced at Ciampino, where catering will be expanded and the duty free enlarged to become a walk through which will connect the old and new gate areas.

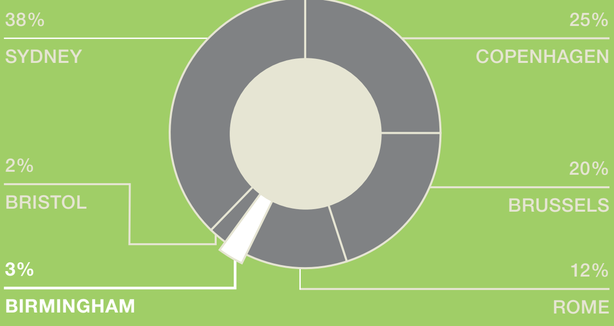
Snapshot	
MAp's Beneficial Interest	34.2%
% of MAp's Portfolio	11.7%
Macquarie Managed Funds Interest	44.7%
EBITDA	€256.7m
Passenger Numbers	35.1m
Retail and Catering Outlets	165
Car Parking Spaces	19,225
Land Area	1,820 hectares
Employees	2,166

Yr to Dec	2004	2005	2006
Financial Performance (€m)			
Aeronautical Revenue	351.5	366.1	334.8
Other Revenue	210.0	220.9	237.4
Total Revenue	**561.5**	**587.0**	**572.2**
Operating Costs	(311.1)	(325.9)	(315.6)
EBITDA	**250.4**	**261.1**	**256.7**
Key Performance Indicators (€)			
Revenue/Passenger	18.30	17.83	16.29
Operating Costs/Passenger	10.14	9.90	8.98
EBITDA/Passenger	8.16	7.93	7.30
EBITDA Margin	44.6%	44.4%	44.9%

Facility Overview	Description
Runways & Taxiways	– **Fiumicino:** Four runways suitable for all aircraft currently in service worldwide. Two of these runways are 3.9km long, the third is 3.6km long and the fourth is 3.2km long. – **Ciampino:** Single runway 2.2km long which is suitable for most aircraft typically used by charter and low cost carriers.
Terminals	– **Fiumicino:** Three linked terminals which cover a total surface area of approximately 290,000m^2. Terminal capacity for 44 million passengers per annum will exist post completion of Pier C. – **Ciampino:** The terminal was expanded in 2006 (15 check-in desks added) in order to meet capacity for approximately 6.5m/7m passengers per annum.
Car Parks	– **Fiumicino:** 17,325 car parking spaces, comprising four covered public use multi-storey car parks with space for approximately 4,400 cars, a long stay facility with 3,900 spaces and nine other car parks reserved for companies. – **Ciampino:** One car park with approximately 1,900 spaces.
Other Buildings & Facilities	– **Fiumicino:** 22,500m^2 of retail space comprising 126 shops (six duty free) and 27 food and beverage outlets. – **Ciampino:** 1,154m^2 of retail space with 8 retail outlets (1 duty free) and 4 bars and restaurants.

BIRMINGHAM AIRPORT

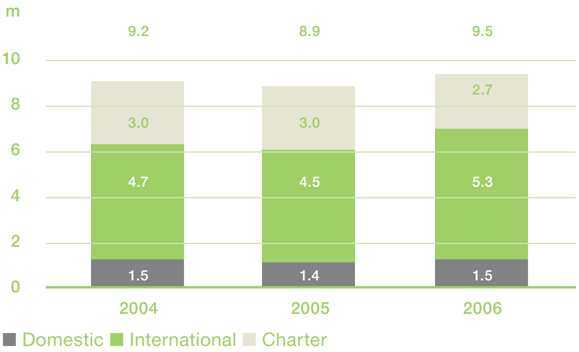
PORTFOLIO WEIGHTINGS*
Year ended 31 December



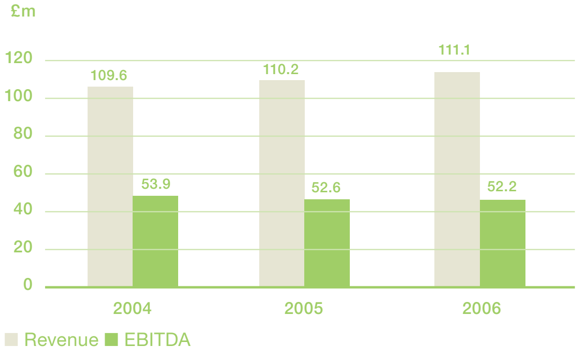
* Based on directors' valuations December 2006.

Birmingham International Airport is the leading airport in the Midlands region of the United Kingdom due to its central location, excellent transport links and extensive route network. It has excellent road access to London, the North West and Wales via the M1, M5, M6, M6 toll, M40 and M42 motorways.

BIRMINGHAM AIRPORT PASSENGER TRAFFIC
Year ended 31 March



BIRMINGHAM AIRPORT REVENUE & EBITDA
Year ended 31 March



Birmingham is located 190 kilometres north-west of London and is the second largest city in the United Kingdom, providing a catchment area of 9 million people within one hour's travel (and over 35 million within 2 hours). The airport is also connected to the Birmingham International Railway Station via a fixed-track transit link opened in 2003 and, as a result, has direct access to the United Kingdom's national rail network.

Birmingham Airport was recognised as the Midlands region's principal airport in the United Kingdom's 2003 white paper ('The Future of Air Transport') and this is reinforced by the government's support for a second runway in the medium to long term future (should commercial viability be proven).

The T1/T2 terminal complex has a current capacity of approximately 12 million passengers per annum, which with incremental extensions could be increased to up to 19 million – all of which could be accommodated without additional runway capacity.

Birmingham International Airport delivered a marginal decrease in EBITDA for the year to 31 March 2006 to £52.2 million on the back of a 7.3% increase in passenger traffic to 9.5 million passengers. The decline can be attributed to lower aeronautical yields as a higher proportion of airport traffic arises from the low cost market, reflecting developments across the UK as a whole.

In November 2006, it was announced that all of BA Connect's operations at Birmingham would be acquired by flybe. This acquisition was completed in March 2007. The merged carrier is now Europe's largest regional airline flying 70 modern aircraft from 23 UK and 36 European bases. Birmingham is the combined airline's largest operating base.

The airport continues to focus on airline marketing initiatives to attract new airline partners and routes, with additional low-cost and long-haul capacity being added during the year.

Phase 1 of the retail redevelopment was completed in calendar year 2006 whilst phase 2 will commence in 2007. These are expected to lead to significant increases in retail revenue in due course.

In January 2007, MAp announced that Macquarie Airports Group and the Dublin Airport Authority were exploring the potential for a divestment of their combined 48.25% stake in Birmingham International Airport.

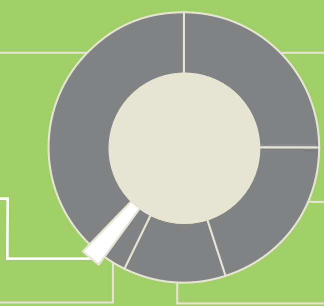
Snapshot	
MAp's Beneficial Interest	15.5%
% of MAp's Portfolio	2.8%
Macquarie Managed Funds Interest	24.1%
EBITDA	£52.2m
Passenger Numbers	9.5m
Retail and Catering Outlets	62
Car Parking Spaces	13,208
Land Area	330 hectares
Employees	645

Yr to Mar	2004	2005	2006
Financial Performance (£m)			
Aeronautical Revenue	65.7	65.4	62.9
Other Revenue	43.8	44.8	48.2
Total Revenue	**109.6**	**110.2**	**111.1**
Operating Costs	(55.7)	(57.6)	(58.9)
EBITDA	**53.9**	**52.6**	**52.2**
Key Performance Indicators (£)			
Revenue/Passenger	11.88	12.38	11.74
Operating Costs/Passenger	6.04	6.54	6.23
EBITDA/Passenger	5.84	5.97	5.51
EBITDA Margin	49.1%	47.7%	47.0%

Facility Overview	Description
Runways & Taxiways	Two runways: – Main runway supporting large aircraft including B767s and B777s (2,605m) – Secondary runway (1,315m)
Terminals	Two linked passenger terminals with a total capacity of approximately 12 million passengers per annum.
Car Parks	Over 13,200 public car parking spaces including approximately 3,800 spaces within on-site multi-storey car parks.
Other Buildings & Facilities	Novotel operates a 196 room hotel adjacent to the terminals. A second hotel development is currently under consideration. General aviation and cargo facilities are operated by external companies. In addition to two duty free stores there are 60 other major retail outlets and catering outlets occupying 10,059m^2 of retail and catering space.

BRISTOL AIRPORT

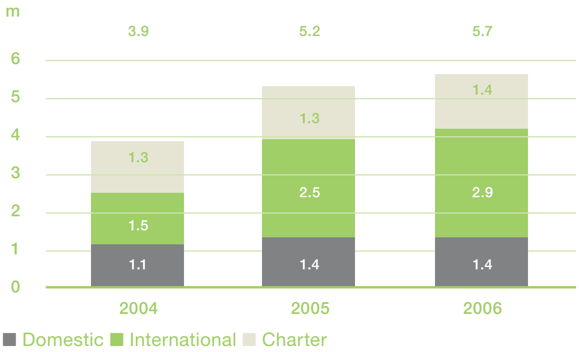
PORTFOLIO WEIGHTINGS*
Year ended 31 December



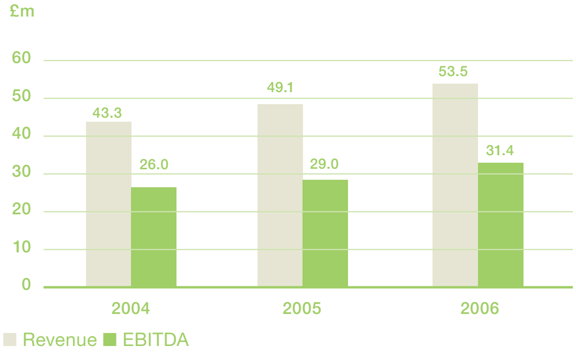
* Based on directors' valuations December 2006.

Bristol International Airport is one of the United Kingdom's fastest growing regional airports and serves a catchment area of more than five million people. The strength of Bristol Airport's catchment area, the growth in regional low cost services and capacity constraints at the major London airports are expected to underpin continued growth.

BRISTOL AIRPORT PASSENGER TRAFFIC
Year ended 31 December



BRISTOL AIRPORT REVENUE & EBITDA
Year ended 31 December



Bristol is the leading airport in the south-west of England and is 12 kilometres from Bristol and 190 kilometres from London. The terminal will have capacity for approximately nine million passengers per annum, based on current development plans. Whilst lower yielding in terms of aeronautical revenues, low cost traffic has created excellent opportunities for improving commercial revenue streams and minimising unit costs by exploiting the high passenger volumes and efficient use of terminal infrastructure. The United Kingdom Government's 2003 White Paper ('The Future of Air Transport') recognised Bristol as the region's principal airport and outlined the Government's support for a runway extension should commercial viability be proven.

Bristol Airport delivered an 8.3% increase in EBITDA in 2006 to £31.4 million on the back of a 9.9% increase in passenger traffic to 5.7 million passengers. International and charter traffic have been the major drivers for this traffic growth. EBITDA performance was driven by an 8.9% increase in total revenues due to overall strong results from aeronautical, retail and car parking revenues.

Bristol Airport was awarded "Best Regional Airport in the World" by leading aviation magazine, *Passenger Terminal World*. The accolade was based on the airport's long-term view and its close association with its local area. Airline marketing programs continue to attract new airlines and services. Bristol will shortly welcome the basing of a tenth easyJet aircraft.

Snapshot	
MAp's Beneficial Interest	32.1%
% of MAp's Portfolio	2.5%
Macquarie Managed Funds Interest	100.0%
EBITDA	£31.4m
Passenger Numbers	5.7m
Retail and Catering Outlets	25
Car Parking Spaces	14,054
Land Area	186 hectares
Employees	237

Yr to Dec	2004[1]	2005	2006
Financial Performance (£m)			
Aeronautical Revenue	22.9	24.3	25.3
Other Revenue	19.9	24.8	28.2
Total Revenue	**42.8**	**49.1**	**53.5**
Operating Costs	(16.8)	(20.1)	(22.1)
EBITDA	**26.0**	**29.0**	**31.4**
Key Performance Indicators (£)			
Revenue/Passenger	10.85	9.53	9.44
Operating Costs/Passenger	4.26	3.90	3.90
EBITDA/Passenger	6.59	5.63	5.54
EBITDA Margin	60.7%	59.1%	58.7%

[1] Bristol Airport's financial year end was changed from March to December in 2005.

Facility Overview	Description
Runways & Taxiways	A single runway 2,011m long capable of handling B757s and B767s. Five associated taxiways and 25 all-weather stands.
Terminals	A new terminal opened in March 2000 expanded over recent years to a capacity of over 6 million passengers per annum and expected to increase to 9 million over the next few years. The terminal has 48 check-in desks.
Car Parks	14,054 spaces comprising 11,965 long stay spaces, 1,139 short stay spaces and 950 staff and rental spaces.
Other Buildings & Facilities	Aircraft and facilities maintenance hangars, flight catering, aviation fuel terminal, air traffic control, fire services and other commercial premises. Additionally there are approximately 4,236m² of retail and catering space comprising 25 retail outlets.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY MANAGEMENT

Macquarie Airports firmly believes that investment in infrastructure is fundamentally positive. Social, environmental and economic benefits arise from experienced private-sector investment in the construction, development and operation of high-quality infrastructure. This infrastructure underpins social and economic development which helps people to travel, trade and communicate, and facilitates the quality of their lives through the provision of important services. Australia in particular is dependent on its air transport infrastructure as a key provider of the links that bind the nation together.

As well as the benefits of infrastructure, MAp is aware of the potential for infrastructure projects to have adverse consequences; noise, pollution, the altering or displacement of natural environments, carbon emissions and even displacement of population. As one of the world's largest owners, developers and operators of airports, MAp is conscious that its investments confer environmental and social responsibilities which complement the essential services provided by those assets. MAp's airports must respond to those responsibilities if it is to maintain the partnerships with government and the local community which are essential for the successful long term development of its airports to meet their full potential.

MAp's approach to environmental and social responsibilities is set out in the policy outlined below. This policy forms part of MAp's overarching risk management framework in accordance with Principle 7 of the ASX Corporate Governance Principles.

It is MAp's policy to ensure compliance within the regulatory framework and the minimum standards under which an asset operates. MAp's environmental and social responsibilities are managed throughout the investment process as follows:

ASSET SELECTION

Environmental and social responsibilities are reviewed as part of the acquisition due diligence process. Where they exist, regulatory obligations are viewed as minimum standards for environmental and social responsibility management post-acquisition. The policy outlines key steps to be undertaken during the due diligence phase, including engaging an appropriate environmental consultant to identify issues and obligations relating to the asset.

ONGOING ASSET MANAGEMENT

MAp's ability to control or influence the ongoing environmental and social responsibility management at each asset differs based on its level of investment and the regulatory framework that governs those issues. Importantly, the regulatory framework is not controlled by MAp or its assets. MAp does exert influence wherever possible via its board representation, and is committed to meet and exceed regulatory standards. Regular asset board reporting enables compliance with environmental requirements to be monitored and environmental and social responsibility issues to be identified.

STAKEHOLDER REPORTING

In recognition of the importance of environmental and social responsibility management, it is MAp's policy to report annually on environmental and social responsibility management, including a summary of its policy and key responsibilities, current initiatives being taken by MAp and/or controlled assets, and a statement on regulatory compliance during the reporting period.

KEY ENVIRONMENTAL AND SOCIAL RESPONSIBILITY FACTORS

Following a review of the specific regulatory requirements and agreements related to each asset, MAp has identified at its airports key environmental and social responsibility factors as:

- Resource use (water, energy and raw materials)
- Air quality
- Greenhouse gas emissions mitigation and offsetting
- Ground transport
- Surface water quality
- Soil and ground water quality
- Noise
- Flora and fauna conservation
- Heritage preservation
- Dangerous goods and hazardous materials
- Waste
- Environmental monitoring and reporting
- Construction and development planning and management
- Tenant and contractor management
- Occupational health and safety
- Recruitment and employment compliance
- Community and stakeholder relations.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY-RELATED REGULATORY REQUIREMENTS

MAp is not aware of any significant breaches of environmental and social responsibility related regulatory standards by its assets during the year ended 31 December 2006.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY-RELATED INITIATIVES AT MAp ASSETS DURING FY2006

Examples of notable environmental and social responsibility-related initiatives undertaken at assets in which MAp invests during the past financial year include:

Sydney Airport – saving water

Sydney Airport has installed a sophisticated water monitoring system across the entire international airport precinct, and it has become instrumental in generating water savings and cost savings of over $230,000 a year.

The trigger for installation of the system was a water efficiency audit completed in 2005, which identified suspected leaks of approximately 540 kL/d.

The monitoring system now provides the team with daily information on water flows, trends and consumption, in a graphical or tabular format. Base flows and the source of any leaks can be traced and any abnormal water flow spikes immediately investigated.

Sydney Airport is now planning to install stage two of the monitoring system: the domestic terminal precinct. This stage will require up to 16 sensors, although a number of existing sub-meters within the precinct may be adapted, allowing the Sydney Airport team to investigate simpler, more cost-effective hardware.

Managing noise in and around Copenhagen Airport

As an environmentally responsible organisation, Copenhagen Airport works to continually improve environmental results.

Improvements are made through constant attention to environmental aspects in all decisions, by taking preventive action, using improved technologies and through increased environmental awareness among employees and partners.

A key environmental impact from Copenhagen Airport is noise in residential areas. Copenhagen Airport monitors the noise impact, and findings show that noise impact in 2006 was largely unchanged compared with 2005, despite increased traffic. This means that the noise impact remained below the limit set in the framework approval issued by the Danish Environmental Protection Agency, with whom the airport works closely.

Due to the airport's geographical position, most departures (total 67%) bring aircraft over the southern, sparsely populated part of Amager, and most arrivals (total 68%) take place from Øresund. This has been typical of the airport's traffic for many years. However, an important means of controlling noise impact in the more densely-populated, northern part of Amager, is noise barriers. In 2006, Copenhagen Airport completed the construction of a 300-metre-long and 12.5-metre-high noise barrier between Terminal 1 and Terminal 2 that also acts as a connection pier. As well as protecting the airport users and local community from aeroplane noise, the pier continues Copenhagen Airport's tradition of very high quality design and provides an attractive and comfortable way of connecting the two terminals, in a city where braving the elements can be challenging.

Bristol Airport leads the way in helping passengers offset their carbon emissions

Bristol International Airport has recently joined with Climate Care to offer passengers the opportunity to offset the greenhouse gas emissions of their flights to and from Bristol via the Bristol Airport website.

Passengers can now calculate emissions from their flight using the online Carbon Calculator on the Bristol Airport website. The calculator also provides the amount of money that the passenger should contribute to offset these emissions.

Bristol Airport recognises that climate change is a serious issue and that it needs to play its part in reducing greenhouse gas emissions. It was recently cited by UK Government in its document, 'The Future of Air Transport Progress Report', for its conversion of its airport fleet to bio-diesel. The launch of the new CO_2 calculator on its site is just one of the many approaches that it is adopting to raise awareness of climate change issues and to deliver sustainable aviation.

Brussels Airport – managing and restoring a brownfield site

At the end of 2001 Brussels Airport bought lands adjacent to the airport from the Belgian Government. These lands had been used for industrial purposes and an agreement was reached between the Airport and the Government regarding the decontamination of any soil which appeared to be polluted.

Testing has been carried out on a number of sites and the results of these analyses have contributed to a database which now allows Brussels Airport to map the quality of the soil and groundwater at the site, and to measure the state of pollution of any of the land at the airport.

In 2006 the soil decontamination program commenced at the airport. The initial stage has been a €1,000,000 project to decontaminate the site on which the Brucargo facilities are to be built.

Birmingham Airport – support for education and the local community

Through its continuing support of the Kitts Green/ Shard End Education Action Zone, Birmingham Airport aims to help raise the aspirations and achievements of local young people. That support included rewarding 30 pupils' record of 100% attendance with a day trip to Edinburgh. For many it was their first experience of flying and all enjoyed the opportunity to visit a number of the city's educational and historic attractions.

With the Draft Master Plan consultation very much in mind, the company worked with the Young People's Parliament at Millennium Point in Birmingham to host a debate about the possible expansion of the Airport.

Bristol International Airport has recently joined with Climate Care to offer passengers the opportunity to offset the greenhouse gas emissions of their flights to and from Bristol via the Bristol Airport website.

Representatives from the Institute of Directors, the Airport, Friends of the Earth and the local community put the case for and against the proposed developments to an audience of over 150 pupils from local schools, who had the chance to express their own opinions and take part in a vote.

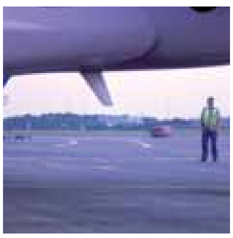
On a similar theme, a week-long series of workshops hosted in the Elmdon Terminal building gave young people the opportunity to explore in detail the issues of sustainability in the context of airport development as part of the University of the First Age's Summer School programme.

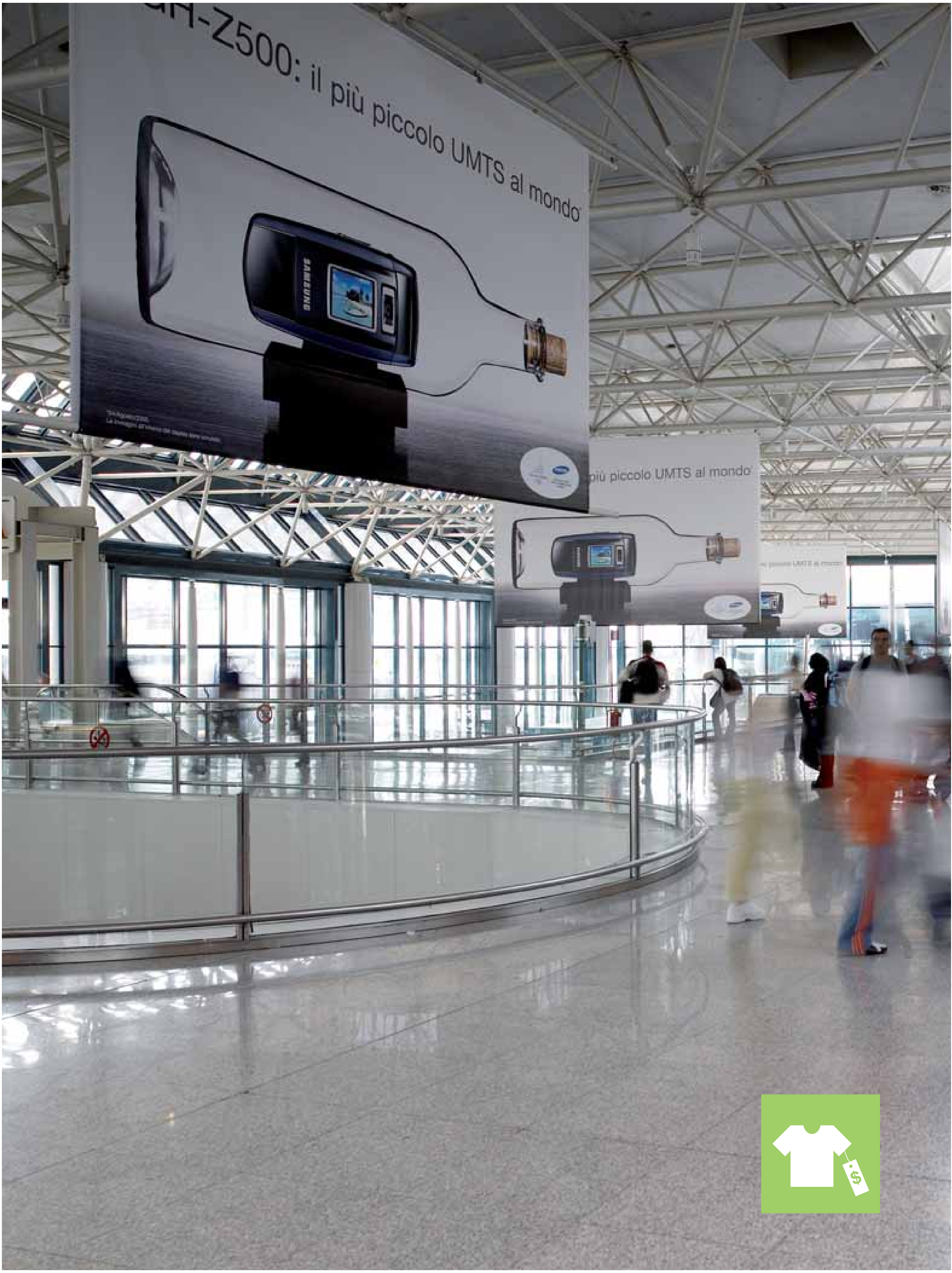
And finally, the Airport has been the launch sponsor of 'Moving Forward', an initiative dedicated to inspiring young people to consider engineering as a career and offering the opportunity to gain hands-on experience.

Rome Airport – supporting community and social initiatives

Terminal space has been provided at the airport for photographic exhibitions to raise awareness of global issues. The first exhibition focused on the Asian tsunami, the second on HIV and the final photographs raised awareness of the humanitarian crisis in Darfur. As well as raising community understanding of these issues, the airport's passengers and staff raised funds for a number of International Charities, including Save the Children and UNICEF, and local charities, such as the Italian Association for Down Children. Additional Space was provided in the terminal in support of the Youth Olympic Games.

Both Fiumicino and Ciampino have also recently launched an initiative in partnership with their local councils to promote local events and activities. Through the Aeroporti di Roma website, people can now find out about what is happening in the Rome and Ciampino areas. This initiative is useful for both visitors to Rome and Ciampino, and for local residents. It covers exhibitions, shows, musical events and other activities like the Ciampino marathon, which Rome Airport supported last year.




Z500: il più piccolo UMTS al mondo
SAMSUNG
più piccolo UMTS al mondo

600 RETAIL AND CATERING OUTLETS

CORPORATE GOVERNANCE STATEMENT

LEGAL FRAMEWORK

Macquarie Airports (MAp) is a Macquarie Group branded externally managed investment vehicle. MAp is a triple stapled structure. The entities comprised in MAp are two Australian trusts and a Bermudian mutual fund company:

- Macquarie Airports Trust (1) (MAT1)
- Macquarie Airports Trust (2) (MAT2)
- Macquarie Airports Limited (MAL) (previously called Macquarie Airports Holdings (Bermuda) Limited or MAHBL).

The securities of the three entities in the MAp structure are stapled together and quoted jointly on the Australian Stock Exchange. As a result the securities cannot be traded separately.

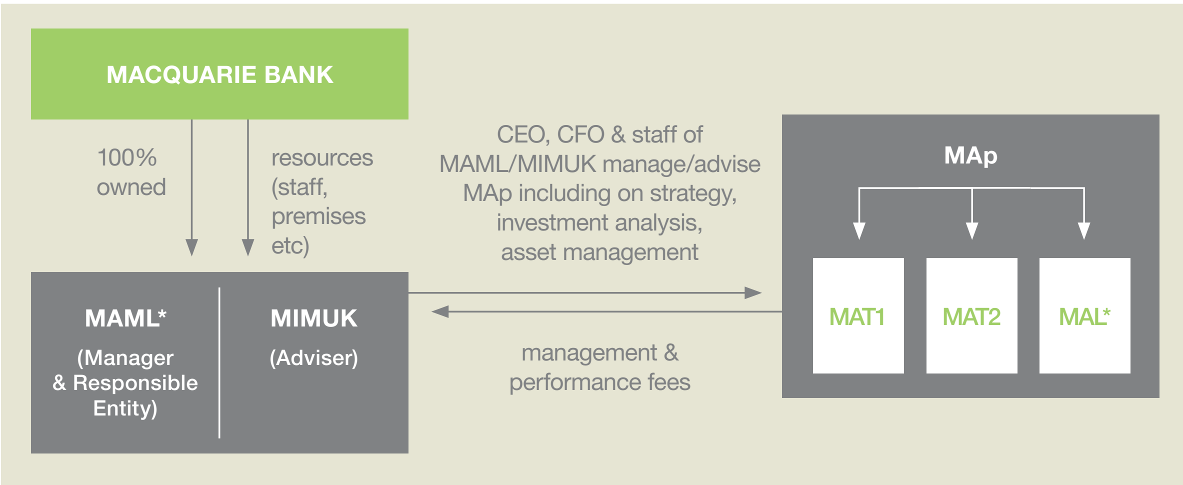
The trusts comprised in MAp, (MAT1 and MAT2), are managed by Macquarie Airports Management Limited (MAML), a wholly owned subsidiary of Macquarie Bank Limited (MBL). Currently MAML's only business is to manage MAT1, MAT2, the Southern Cross Australian Airports Trust (SCAAT) through which MAp and a few other institutional investors hold their investment in Sydney Airport and Macquarie Airports Reset Exchange Securities Trust (MAREST), the listed hybrid trust that issued TICkETS. MAML is the responsible entity/trustee of MAT1, MAT2, SCAAT and MAREST and it holds an Australian financial services licence.

The Corporations Act, ASX Listing Rules, constitutions of the trusts and the general law regulate the workings of MAT1 and MAT2 and the essential practices, responsibilities and duties of the responsible entity and its officers.

The responsible entity must exercise its functions diligently and in the best interests of unit holders. The responsible entity and its officers manage the assets of MAT1 and MAT2 and are responsible for all investment decisions with absolute discretion as to the exercise of the responsible entity's powers in accordance with the constitutions of the trusts and the Corporations Act.

The responsible entity also undertakes the administrative functions of MAT1 and MAT2 including preparation of MAT1 and MAT2 financial statements, preparation of notices and reports to members

SIMPLIFIED CORPORATE & MANAGEMENT STRUCTURE



* Independent/non-executive directors appointed.

and monitoring of registry services provided by Computershare Investor Services Pty Limited (ABN 48 078 279 277) and custodial services provided by Trust Company Limited (ABN 59 004 027 749) and Bond Street Custodians Limited (ABN 57 008 607 065).

MAL is advised by a UK-based wholly owned subsidiary of MBL, Macquarie Investment Management (UK) Limited (MIMUK), which is licensed by the UK Financial Services Authority. Under the terms of the Advisory Agreement, MIMUK advises on day-to-day business affairs of MAL.

MAML, as responsible entity of MAT1 and MAT2, MAL, and MIMUK as MAL's adviser (the Adviser), have entered into a Share Stapling Deed which governs cooperation, investment policy and the making of investments, capital raising, borrowings, financial reporting, continuous disclosure and certain other administrative matters for the three stapled entities with a view to ensuring consistency in the management of MAp.

MAp's approach to corporate governance

The boards are committed to MAp seeking to achieve superior financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance practices. This Statement outlines MAp's main corporate governance practices as at 1 January 2007. Unless otherwise stated, they reflect the practices in place throughout the financial year ending on 31 December 2006.

The boards determine the corporate governance arrangements for MAp. As with all its business activities, MAp is proactive in respect of corporate governance and puts in place those arrangements which it considers are in the best interests of MAp and its stapled security holders and consistent with its responsibilities to other stakeholders. It actively reviews Australian and international developments in corporate governance.

ASX Corporate Governance Standards

The ASX Corporate Governance Committee has Corporate Governance Principles and Best Practice Recommendations (the Standards) which are designed to maximise corporate performance and accountability in the interests of shareholders and the broader economy. The Standards encompass matters such as board composition, committees and compliance procedures. The Standards can be viewed at www.asx.com.au.

The Standards are not prescriptive; however, listed entities (including MAp) are required to disclose the extent of their compliance with the Standards, and to explain why they have not adopted a Standard if they consider it inappropriate in their particular circumstances.

MAp's corporate governance policies are consistent with the Standards except where specifically stated in this Statement.

Macquarie Bank Limited Funds Management Activity Policy

The Macquarie Bank Group's expertise in managing fund assets and sourcing new value-adding opportunities is a key attraction for its managed funds. Investors are principally seeking to harness Macquarie Bank Group's expertise (made available through management arrangements) as well as the expertise of appropriately qualified external directors.

Because of its management arrangements and the Macquarie branding, Macquarie Bank Group appoints most of the directors of its listed funds, and regards this as an important contribution to their performance. The majority of directors appointed by the Macquarie Bank Group are external.

To safeguard the interests of stapled security holders which may at times conflict with those of MBL, MBL has applied a governance framework to its specialist funds' activities including MAp. This framework is known as the Funds Management Activity Policy (the MBL Fund Policy).

The requirements of the MBL Fund Policy are largely consistent with the Standards including adopting independence criteria for the Macquarie Bank Group appointed external directors. However, there are some important differences.

In line with this, the MAp Corporate Governance Statement largely conforms with the Standards. Any deviation relates to the unique management structure of MAp and the requirements of the MBL Fund Policy. The key elements of the MBL Fund Policy are:

- The boards of both the corporate vehicles and the management company/responsible entity of the trusts of listed Macquarie-managed funds that are stapled structures will comprise at least 50% independent directors, and at least one of the boards in each stapled structure will have a majority of independents. The ASX definition of independence is consistent with MBL's definition
- Related party transactions with Macquarie entities are clearly identified and governed by rules requiring they be undertaken on arm's length terms
- Only independent directors make decisions about transactions which involve Macquarie or its affiliates as counterparties. Macquarie directors do not vote on related party matters
- All related party transactions are tested by reference to whether they meet market standards. In particular, fee schedules and mandate terms and conditions are subject to third party expert review
- There is a separate Investment Banking Funds division and staff in this area are dedicated to the funds management business. They serve the interests of security holders and the boards of the funds
- All recommendations to fund boards are prepared by funds management staff and all information and analysis supporting the recommendations to the boards are reviewed or prepared by funds management staff
- Each listed fund has its own managing director or chief executive officer
- There is a "Chinese Wall" operating between the infrastructure funds management business and other parts of MBL.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Responsibility for corporate governance and the internal working of each MAp entity rests with the board of MAML or MAL, as the case may be.

The board of each company has adopted a formal charter of directors' functions and matters that are delegated to management.

These charters vary slightly between MAML and MAL to reflect MAL's different management structure. In this regard, MAML has its own management staff whereas MAL has no staff. MAL has outsourced its administration partly to MIMUK staff pursuant to the Advisory Agreement and partly to the Bermuda-based Citigroup Fund Services (Bermuda) Ltd.

An outline of the board charter for each company is set out below:

MAML

The board is responsible for:

- Setting objectives, goals and strategic direction for management, with a view to maximising investor wealth
- Monitoring the implementation of the principal investment policy of MAT1 and MAT2 in respect of investments
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures
- Adopting an annual budget for the funds it manages and monitoring financial performance
- Appointing and participating in the review of the performance of the chief executive officer (CEO) and chief financial officer (CFO) or their equivalents and where appropriate removing those officers
- Appointing and removing the company secretary
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available

- Reviewing and ratifying systems of risk management, compliance and codes of conduct
- Approving and monitoring financial and other reporting
- Setting the highest business standards and codes for ethical behaviour.

MAL

The board is responsible for:

- Setting objectives, goals and strategic direction for the Adviser, MIMUK, with a view to maximising investor wealth
- Monitoring the implementation of the principal investment policy of MAL in respect of investments
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures
- Adopting an annual budget and monitoring financial performance
- Appointing and participating in the review of the performances of any CEO and CFO or their equivalents in consultation with MIMUK and where appropriate removing those officers in consultation with MIMUK
- Appointing and removing the company secretary in consultation with MIMUK
- Monitoring MIMUK's performance as Adviser and ensuring appropriate resources are available
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance
- Approving and monitoring financial and other reporting
- Setting the highest business standards and codes for ethical behaviour.

Eight or more full board meetings are held each year. Other meetings are called as required.

Directors are provided with board reports in advance of board meetings, which contain sufficient information to enable informed discussion of all agenda items.

Each non-executive director of MAML and MAL has received a letter of appointment which details the key terms of their appointment considered necessary by the board. For the more recent board appointments, this letter includes all of the recommended matters in the Standards.

What you can find on our website:

- A summary of the MAML and MAL board charters.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

1. Composition

MAML BOARD OF DIRECTORS

The MAML board of directors is comprised as follows:

Max Moore-Wilton
Executive Chairman
Director for approximately 1 year

Trevor Gerber
Independent Director
Director for approximately 5 years

Nicholas Moore
Executive Director
Director for approximately 5 years

Bob Morris
Independent Director
Director for approximately 4.5 years

Hon. Michael Lee
Independent Director
Director for approximately 4 years

John Roberts
Alternate for Nicholas Moore and Max Moore-Wilton

MAL BOARD OF DIRECTORS

The MAL board of directors is comprised as follows:

Jeff Conyers
Independent Chairman
Director for approximately 3.5 years

Sharon Beesley
Non-executive Director
Director for approximately 5 years

Stephen Ward
Independent Director
Director for approximately 1 year

Max Moore-Wilton
Executive Director
Director for approximately 1 year

John Roberts
Alternate for Max Moore-Wilton

The MAML board satisfies the requirements of the Standards that boards have a majority of independent directors. The MAL board has 50% independent directors and one non-executive director and satisfies the MBL Fund Policy.

Profiles of these directors, including details of their skills, experience and expertise can be found later in this report.

2. Appointment to the boards

MAML

MAML is a wholly owned subsidiary of MBL and directors are appointed to MAML in consultation with the MAML board.

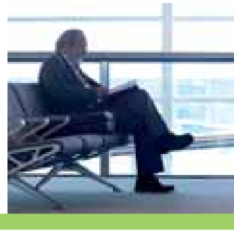
The following arrangements have been adopted by the board in consultation with MBL in relation to board membership:

- The board is to comprise at least four directors. Additional directors may be appointed if the board feels that additional expertise is required in specific areas, or when an outstanding candidate is identified.
- New appointments to the board must be nominated by the MBL board and require full MAML board approval.
- Independent directors are to comprise a majority of the board.
- The board is to be comprised of directors with an appropriate range of qualifications and expertise.
- Directors can be removed by MAML's parent entity, MBL, in its absolute discretion and at any time.
- The chairman of the board is to be an MBL executive. The chairman must be nominated by the MBL board and requires full MAML board approval.
- To ensure the board has the benefit of regular new input and to avoid the potential for loss of objectivity over time, directors will retire after 12 years.

The importance of independence determined by objective criteria is acknowledged as being desirable to protect investor interests and optimise the financial performance of the fund and returns to investors.

In determining the independence of a director, both MBL and the board have adopted the standards of independence required by the MBL Fund Policy. To be considered independent in relation to a fund according to the Macquarie Group's internal standards, a person:

- Must be appointed in a non-executive capacity and therefore must not be a director, officer or employee of any Macquarie Group entity.
- Must not be a substantial shareholder of:
  - MBL or the Fund, or
  - a company holding more than 5% of the voting securities of MBL or the Fund.



- Must not be an officer of, or otherwise associated directly or indirectly with, a shareholder holding more than 5% of the voting securities of MBL or the Fund (other than the responsible entity of the Fund).
- Must not, within the last three years, been:
  - employed in an executive capacity by the responsible entity and/or special purpose vehicle, or by another MBL Group entity; or
  - a director of any such entity after ceasing to hold any such employment.
- Must not be a principal or employee of a professional adviser whose billings to the Fund, the MBL Group or other Funds over the previous full year, in aggregate, exceed 5% of the adviser's total revenues over that period.

  A director who is a principal, director or employee of a professional adviser must not participate in any consideration of the possible appointment of the professional adviser and must not participate in the provision of any service by that firm to the relevant Fund, another Fund, or the MBL Group more generally.
- Must not be a significant supplier or significant customer of the Fund, the MBL Group or other funds managed by the MBL Group, or an officer of or otherwise associated directly or indirectly with, a significant supplier or customer.

  A significant supplier is defined as one whose revenues over the previous full year from the Fund, the MBL Group and other funds managed by the MBL Group exceed 5% of the supplier's total revenue over that period. A significant customer is one whose amounts payable to the Fund, the MBL Group and other funds managed by the MBL Group exceed 5% of the customer's total operating costs.
- Must not, other than as a director of a Fund Board, have any contractual relationship with any member of the MBL Group that is material to that director.
- Must not be a director of more than two MBL Group related responsible entity or special purpose vehicle boards.[1]
- Must not have any other interest or relationship that could interfere with the director's ability to act in the best interests of the Fund and independently of management of the MBL Group.

However, where an individual may not meet one or more of the above criteria the MBL Board Corporate Governance Committee may make a specific determination that, in the particular overall circumstances of that individual, the fact that these criteria have not been met is unlikely to prevent the individual from exercising judgment on the relevant board.

Even if this determination is made, APRA, ASX and any other regulatory requirements will still apply.

The standards of independence which have been applied are substantively similar to, but are not the same as those which are suggested in the Standards. The principal area of difference is that the MBL Fund Policy is designed to achieve independence from both the fund (in this case MAp) and MBL. The directors believe that the adoption of the MBL Fund Policy definitions of independence better reflects the true nature of independence in the present circumstances and does not materially prejudice security holders.

In addition, the MBL Fund Policy definition of an independent director was adopted in October 2002, prior to the release of the ASX Corporate Governance Council's recommendations.
The materiality of thresholds is reviewed from time to time and was reviewed after the release of the ASX Recommendations.

[1] For the avoidance of doubt, a director on the board of a responsible entity and of a corporate special purpose vehicle comprised in a stapled structure will count as a directorship of one board. It should be noted that under APRA's Australian Prudential Statement APS 120, a director in these circumstances would be considered independent only if that director did not serve on the board of another Macquarie Bank Group subsidiary, including a related responsible entity, or of a Macquarie sponsored corporate special purpose vehicle.

Up to July 2006, the MBL Fund Policy adopted a different materiality threshold from the Standards to assess independence where a director is associated with a company which has a substantial shareholding in MAp, namely a 10% holding instead of a 5% holding. Currently, no independent director directly or indirectly holds, nor is a director of a company holding, greater than 5% of the issued securities of MAp.

Given the relatively small scale of the Australian market, many institutional shareholders regularly hold 5% or more of companies in their portfolio which could inappropriately result in a director associated with that shareholder no longer satisfying the definition of an independent director.

A shareholder holding less than 10% of the issued shares has a very limited ability to independently influence decisions. Further, in cases where a company director is also on the board of a fund manager, generally that individual takes no part in decisions by the fund manager to buy or sell individual stocks. While historically this materiality threshold has been deemed reasonable and appropriate, it was reduced to 5% in July 2006 to be consistent with the Standards.

The following criteria apply to director selection and nomination by MBL:

- Integrity.
- Particular expertise (sector and functional) and the degree to which they complement the skill set of the existing board members.
- Reputation and standing in the market.
- In the case of prospective independent directors, actual (as prescribed by the above definition) and perceived independence from the MBL Group.

The MAML board has not appointed a nomination committee. The board does not consider a nomination committee appropriate in circumstances where there is only one shareholder and it has adopted the MBL Fund Policy set out above. It is considered that this process is sufficiently transparent to justify not appointing a nomination committee.

MAL

The procedure for appointing the board of MAL reflects the inherent requirements of the stapling which exists between shares in MAL and units in MAT1 and MAT2 and the Advisory Agreement with MIMUK.

Under the MAL bye-laws, MIMUK has been issued with an A Special Share (and has rights under the Advisory Agreement) which entitles it to appoint the CEO and other directors constituting up to 50% of the MAL board. MAML as responsible entity of MAT1 has been issued with a B Special Share which entitles it to appoint directors constituting up to 25% of the MAL board while the entities are stapled.

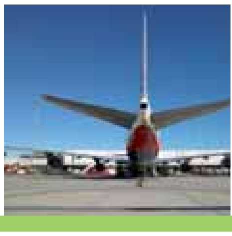
Neither the A nor B Special Share has any economic interest, which means that the holders of those shares are not entitled to any dividends and are only entitled to the par value of those shares on a winding up of MAL.

The balance of the directors are elected by MAp security holders. Of the present board, Stephen Ward is subject to rotation and security holder approval.

The MAL board has 50% independent directors rather than a majority of independent directors. This reflects the MBL Fund Policy requirements in relation to Macquarie managed funds comprising stapled structures such as MAp. This policy provides that the boards of the responsible entity of the stapled trust(s) and the stapled company will have at least 50% independent directors and at least one of the boards in each stapled structure (in this case MAML) will have a majority of independent directors.

The rationale for this approach is that in the stapled structure:

i) The provisions of the Share Stapling Deed between MAML, MAL and MIMUK and the practical operation of the MAML and MAL boards are such that no significant decision (in particular strategy, capital raisings, borrowings and investments) can be made by one board without consultation with and consideration by the other board.



ii) The MAL board has a quorum of independent/non-executive directors to vote on transactions with MBL Group companies.

iii) Under the Corporations Act (in respect of MAML) and the Advisory Agreement (in respect of MIMUK), if security holders are not satisfied with the performance of MAML and MIMUK, being MBL Group companies, they can be removed by ordinary security holder resolution.

In determining the independence of directors, the MAL board has adopted the standards of independence required by the MBL Fund Policy.

Additionally, under APRA guidelines for MBL sponsored vehicles such as MAL, MAL must have only one in four or two in seven MBL Group directors or executives on its board.

The candidates for the board are selected by MIMUK or MAML as the case may be using the same selection and MBL nomination approval process as for MAML directors. In the case of candidates to be elected by security holders, the nominee is then recommended by MIMUK to the MAL board for approval. The MAL board has not constituted a nomination committee because, as a consequence of the board appointment arrangements established for MAL and its participation in the stapling arrangements with MAT1 and MAT2, its directors are nominated in accordance with the relevant MBL Fund Policy requirements.

Sharon Beesley is categorised as a non-executive director rather than an independent director because she is a principal of a Bermuda consultancy firm, ISIS Limited, which provides ongoing services to Macquarie Group companies and also to MAL and she participates in the provision of those services.

The MAL board has not constituted a nomination committee because, as a consequence of the management arrangements established for MAL and their participation in the stapling arrangements, its directors are nominated by MIMUK having regard to the board charter criteria and the MBL Fund Policy requirements.

3. Chairman

Max Moore-Wilton, being a Macquarie Bank employee, is an executive chairman of MAML, and does not satisfy the independence recommendation of the Standards.

The MBL Fund Policy requires the chairman of the MAML board to be an executive chairman, as MAML is an MBL Group company and MAp is a Macquarie-branded fund. The MAML board has not appointed a lead independent director but shareholder access to independent directors is facilitated via the company secretary if required.

It is MAL's policy to have an independent chairman and Jeff Conyers, chairman of MAL, satisfies the independence test in the MBL Fund Policy.

In both cases, the chairman does not exercise the role of CEO. Kerrie Mather performs the role of CEO.

In the case of both MAML and MAL, the board charter provides that all independent directors will meet at least once per year in the absence of management and at other times as they determine. The convener of the meetings will be the most senior independent director in the case of MAML and the chairman in the case of MAL.

4. Independent professional advice

The directors of MAML and MAL are entitled to obtain independent professional advice at the cost of the relevant trust or company subject to the estimated costs being first approved by the chairman as reasonable.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

MAML, MAL, MIMUK and their executives are required to act in accordance with the Code of Conduct established by MBL. The Code sets out principles and standards for the directors and executives in respect of practices necessary to maintain confidence in MAp's integrity, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour. The Code includes whistleblower, anti-corruption and dealing with governments and anti-money laundering policies.

The Code also encompasses principles for compliance with legal and other obligations to MAp's stakeholders, including security holders, employees, customers, and the broader financial and other communities in which MAp operates.

The Code is periodically reviewed and endorsed by the MAML, MAL and MIMUK boards. The Code is distributed to all directors and staff and reinforced at induction and other training programs.

A policy on securities dealings is in place under which directors and staff involved in the management of MAML and MAL are restricted in their ability to deal in MAp securities. Security trading by MAp directors, officers and staff is permitted only during four week special trading windows following the release of MAp's half yearly and yearly financial results and following the Annual General Meeting or lodgment with ASIC and ASX of a disclosure document for a capital raising.

When the trading window is not opened following results announcements, pending disclosure of significant transactional activity being undertaken by MAp, a special four-week trading window may apply following an ASX release in respect of the transaction.

Special arrangements apply for the trading by MAML, MIMUK and associates of MAp securities issued in connection with base fees and performance fees.

Standing instructions must be given to an MBL Group broker during a trading window to sell at above a designated price with the trade to take place at any time in accordance with the instructions. Any instructions given will be on the basis that Chinese Walls are operating with the broker at all times during the currency of the instruction.

Alternatively, the securities will be placed in a blind trust with an external broker during a trading window with irrevocable instructions to sell at above a designated price with the trade to take place at any time in accordance with instructions.

What you can find on our website:

- A summary of the Code of Conduct
- A summary of the main provisions of the securities (windows) trading policy.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

1. Audit Committees

Each of MAML and MAL has appointed an Audit and Risk Committee which complies with the requirements of the Standards.

MAML

The MAML Audit and Risk Committee is currently comprised as follows:

Trevor Gerber
Independent Chairman
2 out of 2 meetings held

Bob Morris
Independent
2 out of 2 meetings held

Hon. Michael Lee
Independent
2 out of 2 meetings held

MAL

The MAL Audit and Risk Committee is currently comprised as follows:

Stephen Ward
Independent Chairman
2 out of 2 meetings held

Jeff Conyers
Independent
1 out of 2 meetings held

Sharon Beesley
Non-executive
2 out of 2 meetings held

The qualifications of the members of the MAML and MAL Audit and Risk Committees can be found later in this report.

2. Audit and Risk Committee Charters

In establishing its Audit and Risk Committee, each of MAML and MAL has established a charter which sets out the Committee's role, responsibilities, composition, structure and membership requirements. The charter is materially the same for both companies.

The responsibilities of the Audit and Risk Committee under each charter in relation to financial reporting are to:

- Review and report to the board on the financial statements and related notes, and on the external auditor's audit of the financial statements and the report thereon.
- Recommend to the board the appointment and removal of the external auditors, review the terms of their engagement including arrangements for the rotation of external audit partners, and the scope and quality of the audit.
- Monitor auditor independence.

The Audit and Risk Committee meets with the external auditors at least twice a year and more frequently if required.

Details of the risk monitoring duties of the Audit and Risk Committee are set out in the Principle 7 commentary below.

3. Senior executive reporting

Each of MAML and MAL requires representation letters from the CEO and the CFO in relation to the financial statements of each entity and the consolidated MAp financial statements. The letters are required to state:

i) That MAp's financial reports and the consolidated financial statements of MAp present a true and fair view, in all material respects, of the relevant entity's financial condition and operational results and are in accordance with relevant accounting standards.

ii) The statement given in paragraph (i) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the relevant board.

iii) MAp's risk management and internal compliance and control system, to the extent that they relate to financial reporting, were operating effectively for the year ended 31 December 2006 in all material respects.

The statements provide a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or more volatile outcomes arising in the future.

The CEO of MAp is Kerrie Mather. The CFO of MAp is Francis Kwok. The MAML directors have responsibility for signing the consolidated MAp financial statements on behalf of both the MAML and MAL boards and accordingly the MAp CEO and CFO provide representation letters for the consolidated financial statements.

What you can find on our website:

- The Audit and Risk Committee charters for MAML and MAL.
- Procedures for selection and appointment of the external auditor and for rotation of external audit engagement partners.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

It is MAp's policy to provide timely, open and accurate information to all stakeholders, including security holders, regulators and the wider investment community. Under the terms of the Stapling Deed, MAML, MAL and MIMUK are obliged to exchange relevant information and co-ordinate ASX releases and financial reporting.

MAp has an external communications policy, which includes policies and procedures in relation to disclosure and compliance with the disclosure requirements in the ASX Listing Rules.

These policies include procedures for dealing with potentially price-sensitive information which includes referral to the CEO and company secretary/general counsel for a determination as to disclosure required. The ASX liaison person is the MAML company secretary.

What you can find on our website:

- A summary of policies and procedures in relation to disclosure adopted by MAML and MAL.

PRINCIPLE 6: RESPECT THE RIGHT OF SHAREHOLDERS

MAp has adopted a security holder communications policy. The cornerstone of this policy is the delivery of timely and relevant information as described below.

Security holders receive an annual report and financial statements, and a half yearly update which keep security holders informed of MAp's performance and operations. Newsletters may also be sent to security holders from time to time.

MAp's policy is to lodge market-sensitive information with ASX and place on its website market-sensitive information, including annual and interim result announcements and analyst presentations, as soon as practically possible.

MAp's website (www.macquarie.com/map) contains recent announcements, presentations, past and current reports to security holders, answers to frequently asked questions and a summary of key financial data since inception.

Investors may also register here to receive email copies of MAp's significant ASX announcements.

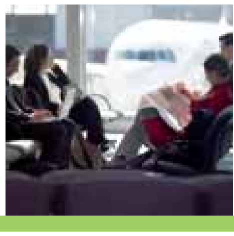
Domestic investor roadshows are held regularly throughout Australia. International roadshows are also held for institutional stapled security holders. Where they contain new information, analyst and roadshow presentations are released to the ASX and included on the MAp website.

MAp also produces an analyst package which is updated annually. This comprehensive guide aims to provide transparency in relation to MAp's investments and structure. The analyst package is available upon request and consists of detailed asset descriptions along with financial modelling tools.

Meetings of the MAp entities are convened at least once a year, usually in April or May. MAL is required to hold an AGM each year. In the case of the trusts, which are not required under the Corporations Act to hold an AGM, these are usually informal annual meetings unless there is formal business to be considered. An AGM is held for MAL at the same time. For formal meetings, an explanatory memorandum on the resolutions is included with the Notice of Meeting. Unless specifically stated in the Notice of Meeting, all holders of fully paid securities are eligible to vote on all resolutions. In the event that security holders cannot attend formal meetings, they are able to lodge a proxy in accordance with the Corporations Act or Bermuda Companies Act as applicable. Proxy forms can be mailed, faxed or lodged through the internet.

What you can find on our website:

- A description of the arrangements MAp has to promote communication with security holders.



PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Compliance with risk management policies is monitored by the respective MAML and MAL Audit and Risk Committees.

Risks are managed through the risk management framework in place and include:

- Investment risk
- Regulatory and reporting risks
- Financial risks (such as liquidity, interest rate, currency, investment, credit)
- Legal risks (such as contract enforceability, covenants, litigation)
- Compliance risk
- Operational risks (such as people, geographic spread, processes, infrastructure, technology, and systems and outsourcing)
- Environmental and social responsibilities including OH&S risks
- Project risks
- Asset performance risks
- Reputation risks (such as investor relations, media management)
- Strategic risks.

As part of its risk monitoring duties each Audit and Risk Committee is required to:

i) Enquire of management and the external auditor about significant risks or exposures and assess the steps management (MAML) or the Adviser or other service providers have taken to minimise such risk to the trusts or company as applicable.

ii) Consider and review with the external auditor:

  - The adequacy of the trusts'/company's internal controls including computerised information system controls and security.
  - Any related significant findings and recommendations of the external auditor on the matter of internal controls together with management's responses thereto.

iii) Monitor and review (at least annually) the effectiveness of the trusts'/company's operational risk management framework and compliance with key risk management policies.

iv) Review scope of any internal audit to be conducted and the independence of any internal audit team.

As required by the Corporations Act, a compliance committee assists the MAML board in overseeing the risk management framework of MATI and MAT2 by monitoring compliance plans and ensuring there is an underlying compliance framework.

In the case of MAL, MIMUK staff are responsible for the implementation of MAL's risk management policy. Both MAML and MIMUK, as part of the MBL Group, are subject to periodic review conducted by MBL's Internal Audit Division.

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

Each of MAML and MAL require representation letters from management (see Principle 4) to address risk management and internal compliance and controls relevant to risk.

The Audit and Risk Committee has adopted a policy which includes the following to ensure the independence of the external auditor:

- the external auditor must remain independent from the Macquarie Bank Group and MAp at all times and must comply with Professional Statement F.1 pertaining to financial independence, and business and employment relationships.
- the external auditor must monitor its independence and report to the board every six months that it has remained independent.

- significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the Audit and Risk Committee (or its Chairman between meetings).
- all non-audit assignments are to be reported to the Audit and Risk Committee every six months.
- the MAp audit engagement partner and review partner must be rotated every 5 years.

The MAp boards and Audit and Risk Committees are of the view that, at the present time, PricewaterhouseCoopers (PwC) is best placed to provide MAp's audit services because PwC is a top tier professional service firm. It has provided audit services to MAp since its establishment and is familiar with its structure and assets.

The auditor is required to be independent from MAp and MBL. PwC meets this requirement.

What you can find on our website:

- A description of MAML and MAL's risk management policies and framework.
- A description of MAML and MAL's environmental responsibility management policy.

PRINCIPLE 8: ENCOURAGE ENHANCED PERFORMANCE

To ensure that the directors and senior executives of MAML and MAL are properly performing their duties the following procedures are in place:

- The CEO and CFO are MBL employees seconded to MAML or MIMUK as required. Their performance is assessed by MBL in September and March each year as part of MBL's formal employee performance evaluation process. The relevant boards provide feedback on the performance of the CEO and CFO as part of their performance appraisal.
- New directors and executives attend a formal induction programme.
- Directors and executives have access to continuing education to update and enhance their skills and knowledge.

The procedure for evaluation of the boards' performance is:

- Directors are given the opportunity to discuss individual performance and feedback on performance with the chairman (and in the case of MAL, the most senior MBL executive director) and the chairman meets with each non-executive and independent director to discuss the effectiveness of the board and board committees as a whole.
- The board as a whole discusses and analyses board and committee performance during the year including suggestions for change or improvement, based on the chairman's feedback from conducting separate meetings with the non-executive and independent directors.

PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY

A formal Remuneration Report with more details in respect of the following can also be found on page 61 of this report.

1. Remuneration generally

MAML, in its role as responsible entity of MAT1 and MAT2 and MIMUK, as Adviser, are entitled to be paid a management fee and advisory fee respectively for discharging the management/advisory function. One of the responsibilities of MAML and MIMUK is to make employees available (including senior executives) to discharge their obligations to the relevant entity. This means that neither MAT1 nor MAT2 is liable for expenses referable to staff, premises or operating systems and the trusts are not liable for expenses for directors. For the financial year ended 31 December 2006, non-executive directors were entitled to a director's fee of $100,000 per annum (pro-rata'd if they did not serve on the board for the whole year). Non-executive director's fees are paid by MAML in its personal capacity. They are not paid by the trusts. MAL employs no staff. The majority of staff carrying out functions for MAL are MIMUK staff and MAL is not liable for expenses referable to them.

MAL is responsible for the remuneration of its non-executive directors. In 2006 non-executive directors were entitled to a director's fee of US$35,000 per annum. Fees paid to MAL's non-executive directors are disclosed in MAL's annual financial statements.

The board of MAL considers remuneration payable to its non-executive directors from time to time. Remuneration for the non-executive directors is approved by the board, in accordance with shareholder authorisations and any increases are benchmarked to market based on external advice. MAML does not disclose the remuneration of its senior executives because it is not an expense borne by MAT1 and MAT2.

Neither MAML nor MAL directors, officers or staff are entitled to MAp options or securities or to retirement benefits as part of their remuneration package.

MAML and MIMUK executives and MBL executives who are directors of MAML or MAL receive MBL options as part of their MBL remuneration package.

The auditor attends MAp annual general meetings and in accordance with the Corporations Act security holders can submit questions to the auditor at least 5 business days prior to the AGM. The auditor will also be available to answer security holder questions at the meeting.

MAp holds its airport investments through interests in special purpose project vehicles. Most of these vehicles have their own internal management paid for at the vehicle level. Where MAML or MIMUK staff are required to serve as directors on the boards of these vehicles or are seconded to them from time to time, any fees paid in respect of these arrangements are paid to MAp.

2. Remuneration of the Manager

Under the terms of the trust constitutions and the Advisory Agreement, base and performance fees are payable by MAp to each of MAML and MIMUK.

The base fee is payable quarterly in arrears and is calculated as follows:

- 1.5% per annum of the first $500 million of Net Investment Value of MAp, plus
- 1.25% per annum of the next $500 million of Net Investment Value of MAp, plus
- 1.0% per annum of the Net Investment Value of MAp in excess of $1,000 million.

where Net Investment Value for any quarter equals:

- The average market capitalisation of MAp over the last 15 trading days of the quarter, plus
- The amount of any external borrowings of MAp at the end of the quarter, plus
- The amount of any firm commitments by MAp to make further investments at the quarter end, less
- Cash balances of MAp at the quarter end.

While MAp holds an investment in Macquarie Airports Group Limited (MAG), amounts paid up on MAG shares held by MAp at the end of the quarter will be deducted from the calculation of the Net Investment Value for the purpose of calculating the base fee.

Management fees payable by MAp to MBL Group companies in relation to co-investments by MAp with MAG are rebated against the base fee. The base fee is paid in cash.

A performance fee is payable to MAML and MIMUK, calculated and payable half yearly in arrears, if the performance of the securities exceeds the performance of the MSCI World Transportation Infrastructure Index (excluding MAG and MAp) (Benchmark Index).

The Benchmark Index will be calculated based on the local currency performance of stocks which comprise the Benchmark Index. As a result, the performance of the Benchmark Index will not be affected by currency movements.

The performance fee equals 20% of the return above the benchmark return for the period. The performance fee is calculated on an accumulation basis. If the return is less than the benchmark return in any period, the deficit is carried forward and included in calculating whether the return exceeds the benchmark return for subsequent periods.

If the return for a period is less than zero, but the return for a period exceeds the benchmark return, the performance fee is not paid and any surplus is carried forward and included in calculating whether the return exceeds the benchmark return for subsequent periods.

The performance fee is payable to MAML and MIMUK in cash. Subject to the Corporations Act and the ASX Listing Rules, MAML and MIMUK (or a related body corporate nominated by them) may apply to invest the performance fee in MAp securities.

The independent directors of MAp will assess the impact of the application on security holders at that time. The decision whether to accept or reject that application will be made by the independent directors acting in the interests of security holders.

In accordance with requirements of ASX Listing Rules, the right of MAp management to subscribe for securities is subject to security holders' approval every three years. While MAp holds an investment in MAG or any co-investments with MAG, any performance fees earned by MIMUK in respect of those investments of MAp for a period will be added to the return in that period when determining the amount of performance fee in that period and when determining whether the performance fee is payable in respect of that period and rebated against, and only to the extent of, the amount of the performance fee (if any) payable by MAp in respect of that period.

Details of 2006 base and performance fees are disclosed in MAp's financial statements.

3. Remuneration Committee

The board of each of MAML, as responsible entity of MAT1 and MAT2, and MAL does not consider it necessary or appropriate to constitute a remuneration committee. Given the payment of the management fee (and the fact that any change to the determination of that fee would require security holder approval) and MAML's lack of and MAL's limited exposure to remuneration expenses, a remuneration committee is not justified.

PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Code of Conduct adopted by MAML and MAL (see Principle 3) amongst other things addresses matters relevant to each company's compliance with its legal obligations to stakeholders. The Code of Conduct covers those areas which the boards of both MAML and MAL consider relevant to the operations of MAp.

There is a compliance procedure in place to ensure the Code of Conduct is adhered to and a formal complaints handling procedure has been implemented.

What you can find on our website:

- A summary of the Code of Conduct.

SPECIFIC ISSUES RELATED TO MAp

Related Party Transactions

MBL and MBL Group companies undertake various transactions with, and perform various services for, MAp from time to time. Fees for these transactions and services are approved solely by MAML's or MAL's (as the case may be) independent directors. Macquarie executive directors do not vote or, unless invited to do so by the independent directors, participate in discussion on related party matters.

All related party transactions involving MAT1, MAT2 and MAL and their controlled entities are tested by reference to whether they meet market standards.

Foreign exchange transactions are independently priced by obtaining quotes from at least three counterparties. However, in the case of foreign exchange transactions requiring strict confidentiality, MBL only may be used.

Compliance Committee

Under the Corporations Act managed investments regime, MAML as the responsible entity of MAT1 and MAT2, is required to register a compliance plan for each trust with ASIC. The compliance plans outline the measures undertaken to ensure compliance with the Corporations Act and each trust constitution. It is the Compliance Committee's responsibility to monitor MAML's compliance with the Compliance Plans and report its findings to the board or ASIC if necessary.

The Compliance Committee is currently comprised as follows:

Ray Kellerman
External chairman

Andy Esteban
External

Kerrie Mather
Executive (Francis Kwok alternate)

Compliance officers have been appointed for MAT1 and MAT2 and they are responsible for reviewing and monitoring the efficiency of compliance systems on an ongoing basis so that appropriate compliance procedures, staff education and Compliance Committee reporting arrangements are in place to enable observance of the compliance plans.

What you can find on our website:

- The compliance plans for MAT1 and MAT2.


JENSEN
GEORG JENSEN
GEORG JENSEN

84,000m² OF RETAIL SPACE

FINANCIAL REPORT SUMMARY

OVERVIEW OF MAp

Macquarie Airports ("MAp") invests in airports worldwide. MAp currently holds investments in Sydney Airport, Copenhagen Airports, Brussels Airport, Rome Airports, Birmingham Airport and Bristol Airport.

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

The concise financial report is provided separately from this report, which together form the Annual Report.

The concise financial report is derived from the full financial report for the year ended 31 December 2006. The full financial report and auditor's report will be sent to security holders on request, free of charge. Please call Computershare Investor Services Pty Limited on 1800 102 368 and a copy will be forwarded to you.

MAp'S AIRPORT INVESTMENTS

MAp's total beneficial interest in each of the underlying airport assets in which it has invested at 31 December 2006 is provided in the table below.

	Sydney Airport[2] %	Copenhagen Airports %	Brussels Airport %	Rome Airports %	Birmingham Airport %	Bristol Airport %
MAp Beneficial Interest[1]						
As at 31 December 2006	55.8	53.4	53.9	34.2	15.5	32.1
As at 31 December 2005	55.8	52.8	52.0	34.2	15.5	32.1

1 Excluding minority interest.

2 Subsequent to year end, MAp's beneficial interest in Sydney Airport increased to 57.0% following the acquisition of Global Infrastructure (Sydney Holdings) Pty Limited, which holds a 1.2% beneficial interest in Sydney Airport.

The following table outlines the fair values of each of MAp's investments as at 31 December 2006. The fair values have been determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework.

	Sydney Airport[1] ($m)	Copenhagen Airports[2] ($m)	Brussels Airport ($m)	Rome Airports ($m)	Birmingham Airport ($m)	Bristol Airport ($m)	Total ($m)
MAp Beneficial Interest[3]							
As at 31 December 2006	2,728.2	1,835.0	1,431.9	844.3	205.5	176.9	7,221.8
As at 31 December 2005	2,695.3	840.4	1,352.3	827.7	194.9	158.5	6,069.1

1 As MAp holds a controlling interest in Copenhagen Airports of 53.4% and in Sydney Airport of 55.8% at 31 December 2006, the financial position and results of Copenhagen Airports and of Sydney Airport are consolidated into the MAp financial report from the date control was acquired. Accordingly the value of MAp's investment in Copenhagen Airports and Sydney Airport does not appear in the MAp financial report at 31 December 2006.

2 The value ascribed to MAp's investment in Copenhagen Airports is net of the external debt of Macquarie Airports Copenhagen Holdings A/S.

3 Excluding minority interest

INVESTMENT BACKING PER STAPLED SECURITY

As outlined in the table below, the asset backing attributable to investments was $3.93 and it is calculated net of funding directly related to the investments, net of distributions payable to MAp security holders at the end of the year, plus cash held by MAp.

	As at 31 December 2006	As at 31 December 2005
Asset backing of each stapled security attributable to investments	$3.93	$3.29

DISTRIBUTIONS

The total distribution for MAp for the year ended 31 December 2006 was 25.00 cents per stapled security (2005: 20.00 cents per stapled security). This distribution comprised an interim distribution of 13.00 cents per stapled security (2005: 11.00 cents per stapled security) paid on 18 August 2006 and a final distribution of 12.00 cents per stapled security (2005: 9.00 cents per stapled security) paid on 20 February 2007.

REVIEW AND RESULTS OF OPERATIONS

The performance of the Groups for the year, as represented by the combined result of their operations, was as follows:

	MAp Consolidated 2006 $'000	MAp Consolidated 2005 $'000
Revenue from continuing activities	665,539	27,730
Other income	813,642	1,420,280
Total revenue and other income from continuing activities	1,479,181	1,448,010
Profit from continuing activities after income tax expense and before finance costs to security holders	731,824	1,162,622
Profit from continuing activities after income tax expense and finance costs to security holders	731,824	719,116
Profit attributable to MAp security holders	600,460	670,406
Basic earnings per stapled security	36.11c	43.48c
Diluted earnings per stapled security	34.99c	41.62c

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

■ Agreement with Ferrovial Infraestructures S.A.

On 29 March 2006, MAp entered into an agreement with Ferrovial Infraestructures S.A. ("Ferrovial") in relation to conditional put and call options over Ferrovial's 20.9% interest in Sydney Airport and 50% interest in Bristol Airport. Under the terms of the agreement, the options could only be exercised on completion of the Ferrovial-led Consortium's ("Consortium") acquisition of a controlling interest in BAA plc. On 26 June 2006, the Consortium declared its offer for BAA plc unconditional, with completion occurring in July 2006. On 27 June 2006, MAp transferred its call option right and put option obligations over Ferrovial's interest in Bristol Airport to Macquarie European Infrastructure Fund and Macquarie European Infrastructure Fund II.

On 5 October 2006, the exercise period for the put and call options over Ferrovial's interest in Sydney was extended to 30 November 2006.

On 30 November 2006 the exercise period for the put and call options over Ferrovial's interest in Sydney Airport was amended to the period beginning on 1 February 2007 and ending on 31 March 2007. In addition, MAp assumed the voting rights accruing to the shares to be acquired from Ferrovial with effect from 31 December 2006.

Following the transfer of 20.9% of voting rights from Ferrovial to MAp, the voting rights held by MAp increased from 61.2% to 82.1%. Under the provisions of the SCACH shareholders' agreement, a 75% majority of both the shareholders of SCACH and its board of directors is required to pass resolutions on significant financial and operating decisions. With the increase of MAp's voting rights above 75% MAp gained control of Sydney Airport and consequently MAp consolidates the assets and liabilities of Sydney Airport as at 31 December 2006, and MAp's investment in Sydney Airport is eliminated and no longer shown in the MAp financial report. The beneficial interest in Sydney Airport remains unchanged from the prior year.

■ Funding from MAREST through issue of TICkETS

On 30 August 2006, Macquarie Airports Reset Exchange Securities Trust ("MAREST") issued 4,418,097 additional Tradeable Interest-bearing Convertible to Equity Trust Securities ("TICkETS") at an issue price of $100.50 per security through a non-renounceable entitlement offer and sophisticated investor and broker firm offer. MAREST on lent to MAp $439.2 million of funds raised through the issue. The funds borrowed from MAREST will be used to partially fund the acquisition of an additional interest in Sydney Airport from Ferrovial and were used acquire an additional interest in Brussels Airport from Macquarie Bank Limited.

■ Investment in Brussels Airport

On 1 September, MAp acquired an additional beneficial interest of 1.9% in Brussels Airport through the acquisition of an additional 2.7% interest in Macquarie Airports (Brussels) S.A. ("MABSA") from Macquarie Bank Limited. MABSA is the consortium vehicle which holds a 70% interest in Brussels Airport. At 31 December 2006 MAp held a 53.9% beneficial interest in Brussels Airport.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS (CONTINUED)

- **Investment in Macquarie Airports Feeder Trust**

  On 18 December 2006, Macquarie Airports Feeder Trust ("MAFT") transferred the shares in Macquarie Airports Group ("MAG") held by MAFT to its unitholders in proportion to their respective unitholdings. Immediately after the transfer of the MAG shares the units in MAFT were cancelled. This resulted in MAT1 holding a direct interest in MAG of 6.5%. The investment in MAG shares was the only asset of MAFT and after the transfer of the MAG shares to its unitholders, Macquarie Specialised Asset Management Limited ("MSAM"), the responsible entity of MAFT, commenced the wind up process for MAFT on 21 December 2006.

- **In-specie distribution by MAG of its investment in SCAAT**

  On 19 December 2006, MAG transferred its investment in Southern Cross Australian Airports Trust ("SCAAT") to its shareholders through an in-specie distribution. On the same day MAL sold its units in SCAAT to MAT1. At 31 December 2006 MAp held 86.8% of the units in SCAAT through MAT1 and Macquarie Airports (Sydney Holdings) Pty Limited ("MASH"), a wholly owned subsidiary of MAT2. Following this in-specie distribution, MAp's beneficial interest in Sydney Airport remained unchanged at 55.8%.

- **Change to name of company**

  On 20 April 2006, holders of MAp stapled securities approved a change of name for Macquarie Airports Holdings (Bermuda) Limited to Macquarie Airports Limited.

REMUNERATION REPORT

MAp is not required to provide a remuneration report, or to have security holders participate in a non-binding advisory vote in respect of it. However the following information on remuneration is provided in the interests of corporate governance.

DIRECTORS

No director of MAML is remunerated by MAp. The independent directors of MAML received fees of $100,000 per annum from MAML, a wholly owned subsidiary of Macquarie Bank Limited, for acting as directors. MAML's executive directors are employed and remunerated by Macquarie Bank Limited.

The independent and non-executive directors of MAL are remunerated by MAL and received fees of US$35,000 per annum for acting as directors of MAL. MAL's executive directors are employed and remunerated by Macquarie Bank Limited.

The fees paid to the independent and non-executive directors of MAML and MAL are determined by reference to current market rates for directorships. The level of fees is not related to the performance of MAp.

None of the MAML or MAL independent and non-executive directors are entitled to MAp options or securities or to retirement benefits as part of their remuneration package.

The directors of MIMUK are employees of Macquarie Bank Limited and are remunerated by Macquarie Bank Limited.

EXECUTIVES

MAp management is employed by Macquarie Bank Limited. Their remuneration is paid by Macquarie Bank Limited and is not recharged to MAp.

Kerrie Mather, the CEO of MAp, is subject to profit share arrangements that apply to Macquarie Bank Limited's executive directors. In accordance with these arrangements, 20% of Ms Mather's profit share amounts each year are withheld and subject to restrictions. These profit share amounts vest after between five and ten years.

In order to better align the interests of management with security holders, from 2006 onwards Ms Mather's retained profit share amounts are to be notionally invested by Macquarie Bank Limited in MAp securities so that returns on these amounts are based on the MAp security price performance.

MAp management may receive Macquarie Bank Limited options as part of their remuneration package.

MANAGEMENT FEES

MAML and MIMUK are entitled to base and performance fees for acting as Responsible Entity and Adviser respectively to the stapled entities that comprise MAp.

Base fees are calculated quarterly, with reference to the average market capitalisation of MAp over the last fifteen trading days for the quarter. Base fees of $57.7 million (including non-recoverable GST) were paid or payable by MAp to MAML and MIMUK for the financial year ended 31 December 2006.

Performance fees are calculated six monthly, with reference to the performance of the accumulated security price of MAp compared with the performance of the MSCI World Transportation Infrastructure Accumulation Index (in local currency). No performance fees were paid by MAp to MAML and MIMUK for the financial year ended 31 December 2006.

SECURITY HOLDER INFORMATION

DISTRIBUTION OF SECURITIES AS AT 28 FEBRUARY 2007

Range	Total Holders	Number of Stapled Securities	% of Stapled Securities
1 – 1,000	4,677	2,372,481	0.14
1,001 – 5,000	14,508	43,036,316	2.50
5,001 – 10,000	8,304	61,856,333	3.60
10,001 – 100,000	7,241	162,794,794	9.47
100,001 and over	342	1,448,593,615	84.29
Total	35,072	1,718,653,539	100.00

UNMARKETABLE PARCELS

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $3.70 per unit	136	932	45,796

TOP 20 HOLDERS OF STAPLED SECURITIES AS AT 28 FEBRUARY 2007

Rank	Name	Number of Stapled Securities	% of Stapled Securities
1	J P Morgan Nominees Australia Limited	240,779,837	14.01
2	Macquarie Airports Management Limited	220,341,542	12.82
3	Westpac Custodian Nominees Limited (Foreign Account)	181,309,003	10.55
4	National Nominees Limited	155,753,696	9.06
5	National Nominees Limited	98,184,710	5.71
6	ANZ Nominees Limited	63,702,415	3.71
7	Westpac Custodian Nominees Limited	59,388,952	3.46
8	Citicorp Nominees Pty Limited	57,653,109	3.35
9	J P Morgan Nominees Australia Limited	55,884,974	3.25
10	HSBC Custody Nominees (Australia) Limited	42,088,101	2.45
11	Macquarie Specialised Asset Management Ltd	35,470,000	2.06
12	Cogent Nominees Pty Limited	26,605,349	1.55
13	Macquarie Specialised Asset Management Ltd	25,832,426	1.50
14	ANZ Nominees Limited	18,010,260	1.05
15	AMP Life Limited	8,320,853	0.48
16	HSBC Custody Nominees (Australia) Limited	7,738,731	0.45
17	IAG Nominees Pty Limited	7,713,102	0.45
18	Argo Investments Limited	7,614,743	0.44
19	Macquarie Investment Mgt Limited	5,197,111	0.30
20	UBS Nominees Pty Ltd	4,067,777	0.24
Total		1,321,656,691	76.89

DETAILS OF SUBSTANTIAL STAPLED SECURITY HOLDERS AS AT 28 FEBRUARY 2007

Name	Number of Stapled Securities	% of Stapled Securities
Macquarie Bank Limited	300,184,710	18.16%
The AXA Group	183,134,392	10.83%
The Capital Group	165,121,988	9.93%

DIRECTOR PROFILES

MAML DIRECTORS

Max Moore-Wilton BEc AC
Executive Chairman

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

Max has had a distinguished career in both the private and public sectors. He has held positions as either chairman or board member of a number of major Commonwealth and State business enterprises, and has extensive experience in the transport sector. Max is also president of the Airport Council International (ACI) Asia Pacific Region.

Nicholas Moore BComm, LLB, CA
Executive Director

Nicholas Moore is the head of the Investment Banking Group of Macquarie Bank Limited which he joined in 1986. In this time, Macquarie has grown to be the premier Australian investment bank with the Investment Banking Group advising on more than $120 billion of transactions in 2006 and managing more than $47 billion of equity. Nicholas has directly contributed to the development of the corporate finance (in particular infrastructure), financial products and leasing businesses of the Group. Prior to joining Macquarie, Nicholas practised as a chartered accountant specialising in the provision of taxation advice to the finance industry. Nicholas is also:

- Director, Macquarie Infrastructure Trusts (appointed 2000)
- Director, Macquarie Communications Infrastructure Trust (appointed 2002)
- Director, Macquarie Capital Alliance Trust (appointed 2004)
- Director, Macquarie Media Trust (appointed 2005)
- Chairman of the Police and Citizens Youth Club (appointed 2002).

Trevor Gerber BAcc, CA
Independent Director

Trevor Gerber was with Westfield Holdings Limited for 14 years as group treasurer and subsequently as director of Funds Management responsible for Westfield Trust and Westfield America Trust.

Trevor is also a director of the following listed entities:

- Macquarie ProLogis Management Limited (appointed 2002)
- Valad Property Group (deputy chair) (appointed 2002)
- Everest Babcock & Brown Alternative Investment Trust (chairman) (appointed 2005)
- Everest Babcock & Brown Limited (appointed 2005).

Bob Morris BSc, BE, M Eng Sci
Independent Director

Bob Morris is a transport consultant. Prior to 2005 Bob was an executive director of Leighton Contractors.

He led the successful Leighton proposals for the Eastern Distributor and the Westlink M7 toll roads.

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

Bob is currently chairman of the RiverCity Motorway Group (appointed 2006) and chairman of the Sydney Roads Group (appointed 2006).

Hon. Michael Lee BSc, BE, FIE Aust
Independent Director

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

- Councillor, City of Sydney
- Director, Country Energy (appointed 2002)
- Director, DUET Group (appointed 2004)
- Chairman, Central Coast Campuses Board.

MAL DIRECTORS

Jeffrey Conyers

Independent Chairman

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

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

Jeffrey was appointed as a director of Macquarie Infrastructure Group International Limited in 2005 when it listed on ASX as part of MIG.

Sharon A. Beesley BA (Hons), LLM

Non-executive Director

Sharon Beesley is an executive director and founding shareholder of ISIS Limited. ISIS works as a consultant to a number of institutions which are structuring their businesses or financings using Bermuda as a base, as well as fund managers wishing to launch or restructure offshore investment funds. In addition, ISIS is licensed in Bermuda as an insurance intermediary, focusing on structuring and sourcing finance-related insurance products for the Bermuda insurance and reinsurance markets. Further ISIS administers and manages The ISIS Foundation, a Bermuda charitable trust, which funds and manages, in partnership with local community groups, six projects in Nepal and two in Uganda. All of its projects focus on the delivery of health and education services to local women and children.

Before joining ISIS, Sharon worked for several years in London and Hong Kong with Linklaters and was head of banking with Mello Jones & Martin, a Bermudian law firm. She is also a director of the following publicly listed funds:

- Director, Macquarie Equinox (appointed 2001)
- Director, Martin Currie Sino-American A Share Corporation Limited (appointed 2005).

Stephen Ward LLB

Independent Director

Stephen is an independent director of MAL and is chairman of the Audit & Risk Committee. Stephen is a senior commercial partner in the Wellington office of leading New Zealand law firm Simpson Grierson and is a member of that Firm's Board of Management. Stephen is highly regarded for his strategic advice and advises on mergers and acquisitions, overseas investment, corporate governance and statutory compliance. His clients include major corporates operating in New Zealand.

Stephen is the Convenor of the New Zealand Law Society Contract and Consumer Law Reform Committee and is a trustee of The Life Flight Trust which operates the Westpac rescue helicopter service in the Wellington region and a national air ambulance service.

Max Moore-Wilton BEc AC

Executive Director

Max Moore-Wilton was appointed in April 2006. He is chairman of MAML and chairman of Sydney Airport Corporation Limited. Prior to this appointment, Max was Secretary to the Department of Prime Minister and Cabinet from May 1996 where he oversaw fundamental reform to the Commonwealth Public Service.

Max has had a distinguished career in both the private and public sectors. He has held positions as either chairman or board member of a number of major Commonwealth and State business enterprises, and has extensive experience in the transport sector. Max is also vice president of the Airport Council International (ACI) Pacific Region.

MANAGEMENT PROFILES

Kerrie Mather BA, M Comm
Chief Executive Officer

Kerrie joined Macquarie in 1986, and is the chief executive officer of Macquarie Airports (MAp) and an executive director of Macquarie Bank Limited.

Kerrie established Macquarie Airports in April 2002. At the time of listing MAp owned seed investments in Bristol and Birmingham Airports in the United Kingdom. Since then Kerrie has led the successful acquisitions of investments in Sydney Airport in 2002, Rome Airports in 2003, Brussels Airport in 2004 and Copenhagen Airports in 2005.

Kerrie is a director of Sydney Airport, Brussels Airport, Copenhagen Airports, Aeroporti di Roma and Birmingham Airport. Prior to establishing Macquarie Airports, Kerrie had 18 years investment banking experience primarily on acquisition, business and financial advisory roles with a particular focus on the airport sector.

Martyn Booth BA (Hons)
Airports Director

Between 1981 and 1994, Martyn held various roles at BAA plc, including director of corporate strategy, head of finance at Heathrow Airport and general manager of privatisation.

Martyn also held the position of economic adviser to HM Treasury. Martyn is on the boards of Copenhagen Airports and Brussels Airport.

He joined Macquarie Bank in October 2000 when the Bank acquired the Portland Group, the international consulting business which Martyn co-founded in 1994.

Francis Kwok BEc (Hons), LLB (Hons)
Chief Financial Officer

Frank joined Macquarie in 1997, primarily working on mergers and acquisitions and debt financings for clients in the infrastructure and utilities sectors. He has advised a number of airport and airport-related clients, including the successful bidders for the Phase 2 Airports in Australia.

In September 2002, Frank joined MAp and was appointed CFO in 2003.

Keith Irving BSc (Hons) AMIMA AIFS
Head of Investor Relations

Keith joined Macquarie in 2006. He is responsible for developing MAp's relationship with investors, both institutional and retail, and market analysts. Before joining Macquarie, Keith spent 9 years as an equity research analyst with a major US investment bank covering a variety of markets out of Hong Kong and Sydney. He started his career with Barclays plc in London.

COMPANY SECRETARY PROFILES

MAML has three company secretaries:

Sally Webb BA(As)/LLB (Hons) (ANU), F Fin
Associate Director, Macquarie

Sally is a qualified solicitor with more than 10 years experience. In private practice she worked in the mergers and acquisitions, capital markets and funds management areas. Sally joined Macquarie Bank in 2002 and since then has been responsible for the legal and company secretarial function of a number of listed and wholesale infrastructure funds managed by the Macquarie Bank Group.

Christine Williams MA LLB (Syd)
Executive Director, Macquarie

Christine is a qualified solicitor and has worked in the banking industry for 23 years including 14 years in funds management performing a general counsel/ company secretarial role for listed and wholesale investment vehicles. Christine joined Macquarie Bank in 1998 and since that time has been responsible for the legal, company secretarial and compliance function for listed and wholesale infrastructure and other specialised funds managed by the Macquarie Bank Group.

Dennis Leong
BSc BE (Hons) (Syd) M Com (UNSW) CPA FCIS
Executive Director, Macquarie

Dennis is Head of Macquarie Bank's Company Secretarial and Investor Relations Division, responsible for the Group's company secretarial requirements and professional risks insurances and Macquarie Bank's employee equity plans and investor relations. He has had over 12 years company secretarial experience after 12 years in corporate finance at Macquarie Bank and Hill Samuel Australia Limited.

MAL has one company secretary:

Kim Armstrong
Company Secretary

Kim is a Senior Corporate Administrator in the Corporate Services Department at Citigroup Funds Services (Bermuda) Ltd., which provides corporate administrative services for investment companies. Before joining Citigroup in 2006, she worked in a leading Bermudian law firm providing company secretarial services to a wide range of companies and more recently with BISYS, one of the top ten fund administrators worldwide.

SPECIAL NOTICE

Macquarie Airports Management Limited ACN 075 295 760 (MAML), responsible entity of MAT1 and MAT2, is a wholly owned subsidiary of Macquarie Bank Limited ACN 008 583 542. MAML has been issued with an Australian financial services licence no. 236875. Macquarie Investment Management (UK) Limited (MIMUK) registered number 3976881, adviser to MAL, is a wholly owned subsidiary of Macquarie Bank Limited, and is regulated by the UK Financial Services Authority.

STAPLING

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

TAKEOVER PROVISIONS

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

MANAGER FEES

MAML, as responsible entity of the trusts comprised in MAp, and MIMUK, as adviser to MAL, are entitled to fees for so acting. Macquarie Bank Limited and its related bodies corporate (including MAML and MIMUK) together with their officers and directors and officers and directors of MAL may hold stapled securities in MAp from time to time.

FOREIGN OWNERSHIP RESTRICTIONS

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

Both the MAT1 and MAT2 constitutions and the MAL bye-laws give MAML and MAL respectively the power to dispose of units or shares (as the case may be) where this foreign ownership restriction percentage or a lower percentage specified by MAML or MAL is likely to be exceeded, or where this is necessary to prevent MAML from becoming a Foreign Person.

PRIVACY

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. MAp has adopted the Macquarie Bank Limited privacy policy. For further information, visit the MAp website at www.macquarie.com/map or contact the Investor Relations team on 61 2 8232 9634 or toll free 1800 181 895.

CORPORATE DIRECTORY

MACQUARIE AIRPORTS

No. 1 Martin Place
Sydney NSW 2000
Telephone: 61 2 8232 9634
Toll free: 1800 181 895
Facsimile: 61 2 8232 4713
Website: www.macquarie.com/map

RESPONSIBLE ENTITY FOR MACQUARIE AIRPORTS TRUST (1) AND MACQUARIE AIRPORTS TRUST (2)

Macquarie Airports Management Limited
ABN 85 075 295 760

DIRECTORS OF THE RESPONSIBLE ENTITY

Max Moore-Wilton (Chairman)
Trevor Gerber
Nicholas Moore
Bob Morris
Hon. Michael Lee

CHIEF EXECUTIVE OFFICER OF MACQUARIE AIRPORTS

Kerrie Mather

HEAD OF INVESTOR RELATIONS

Keith Irving

SECRETARY OF THE RESPONSIBLE ENTITY

Sally Webb
Christine Williams
Dennis Leong

DIRECTORS OF MACQUARIE AIRPORTS LIMITED

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

SECRETARY OF MAL

Kim Armstrong

REGISTRAR

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

COMPLAINTS RESOLUTION

A formal complaints handling procedure is in place for Macquarie Airports. Macquarie Airports Management Limited is a member of the Banking and Financial Services Ombudsman Scheme which is an external complaints resolution scheme approved by ASIC. Complaints should, in the first instance, be directed to the responsible entity.

DISCLAIMER

The information in this annual report is given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any other way including by reason of negligence for errors or omission herein is accepted by Macquarie Airports Management Limited ACN 075 295 760 or Macquarie Airports Limited ARBN 099 813 180 or its officers or any part of the Macquarie Bank Group.

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

Investments in MAp are not deposits with or other liabilities of Macquarie Bank Limited, or any entity in the Macquarie Bank Group and are subject to investment risk including possible delays in repayment and loss of income or capital invested.

Macquarie Airports Limited and member companies of the Macquarie Bank Group including Macquarie Airports Management Limited (the responsible entity of the trusts comprised in Macquarie Airports) and Macquarie Investment Management (UK) Limited, the adviser to Macquarie Airports Limited, do not guarantee the performance of Macquarie Airports or repayment of capital or income.

ANNUAL FINANCIAL REPORT

A copy of the MAp annual financial report for the 12-month period ended 31 December 2006 is available on the MAp website: **www.macquarie.com/map**

Radar Communications

MACQUARIE AIRPORTS ANNUAL REPORT 2006

www.macquarie.com/map