

CORPORATE GOVERNANCE STATEMENT

(An extract from the MAp Annual Report 2010)

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

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

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

Principle 1: Lay Solid Foundations for Management and Oversight

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

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

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

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

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

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

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

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Principle 2: Structure the Board to Add Value

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

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

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

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

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

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

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

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

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

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

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

Directors' attendance at board and committee meetings in 2010

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

¹ Actual attendance.

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

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

⁴ Chairman Audit & Risk Committee.

⁵ John Mullen was appointed effective 1 July 2010.

⁶ Kerrie Mather was appointed effective 1 July 2010.

⁷ Chairman, MAp Airports International Limited.

⁸ Chairman Audit & Risk Committee.

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

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Principle 3: Promote Ethical and Responsible Decision Making

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

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

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

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

MAp will develop a diversity policy in 2011.

Principle 4: Safeguard Integrity in Financial Reporting

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

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

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

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

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

Principle 5: Make Timely and Balanced Disclosure

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

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

Principle 6: Respect the Rights of Shareholders

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

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

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

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



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Principle 7: Recognise and Manage Risk

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

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

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

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

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

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

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

Principle 8: Remunerate Fairly and Responsibly

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

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

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

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

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

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



Flight Information Display Board

Destination	Flight	Time	Status
London	BA 100	10:00	On Time
Paris	AF 100	10:15	Delayed
Rome	ITA 100	10:30	On Time
Frankfurt	LH 100	10:45	On Time
Amsterdam	KL 100	11:00	On Time
Brussels	BR 100	11:15	On Time
Madrid	IB 100	11:30	On Time
Barcelona	BA 100	11:45	On Time
Geneva	SN 100	12:00	On Time
Zurich	LG 100	12:15	On Time

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