

ANNUAL GENERAL MEETING – 20TH MAY 2015

RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS

With reference to questions raised in writing by shareholders of the company, the Board of Directors formally responded during this morning's Annual General Meeting. For reasons of confidentiality the names of the shareholders are not being disclosed.

Below is a transcript from the Company Secretary's statements during this morning's proceedings.

START

“Most of the questions centred around the same main headings, as I shall briefly explain.

FIRST LET ME EXPLAIN THE FRAMEWORK WITHIN WHICH THIS QUESTION AND ANSWER SESSION NEEDS TO BE CONDUCTED.

- In terms of the listing rules (LR12.24) every shareholder is entitled to ask questions which are pertinent and related to items on the agenda and to have such questions answered by the Directors or such person as the directors may delegate for that purpose.
- The directors' are entitled to refuse to answer questions on the basis of confidentiality or potential prejudice to the business interests of the Company.
- The Company is also entitled to provide one overall answer to questions having the same content.
 - The directors pursuant to their entitlement under rule 12.24 have delegated the company secretary as the person to reply to the questions put to them in writing.
 - In addition, and pursuant to the provision of rule 12.25 they shall provide one answer to questions of the same content.

The directors wish to convey their willingness to address as many of the questions asked by shareholders as possible and in the depth that is practicably possible at this forum.

That willingness however must give way to the protection of the best interests of the company and its shareholders present and future – which is the ultimate interest which the directors are tasked to protect.

Accordingly, whilst the directors may wish to be forthcoming with certain information - replies can only be given to those questions which, when answered would not, or are not likely to create prejudice to the company and its business interests. This is particularly the case when the questions are potentially being put to the directors by shareholders who may well be acting for undisclosed parties whose interests may well be other than the best interests of the company and who may be using the AGM to source information about the company's future which they would not otherwise find publicly available. When information is not publicly available it is precisely because the information is confidential, commercially sensitive, or otherwise in protection of the company's legitimate business interests, and it would therefore be uncanny if it were the directors to render public information about the company which is likely to damage or is otherwise calculated to prejudice its business interests.

The Listing rules, in recognition of this principle allow the directors to refuse to answer questions asked by shareholders - if to give an answer would interfere unduly with the meeting or involve the disclosure of confidential information or cause prejudice to the business interests of the company.

The items on the agenda for today's meeting relate to the approval of the financial statements and the approval of the dividends, accordingly only questions relating to these items can technically be addressed. In those instances where it is possible the directors shall reply to questions even when these are considered to be only indirectly related or remotely connected to a resolution, with a view to provide as much information as possible, of course within the parameters of what does not damage the business interests of the company or where the information requested is not strictly of a confidential nature.

On the other hand questions that do not fall within the ambits of what can be answered without creating potential prejudice or harm of the company's business interests shall be disregarded.

1. Questions relating to the position of the ex-CEO.

A significant number of questions asked relate to the termination of office of the ex-CEO and the circumstances surrounding that event. These questions shall be answered as follows.

In the first place the questions about this matter do not quite fall within the remit of *pertinent and related* to either of the resolutions. However the directors shall provide their replies to this matter, particularly in view of the fact that a number of the questions revolved around this matter.

The directors refer to the company announcement made on this matter in January 2015 and there is really no further information that they wish to add to what has already been stated in that announcement. The CEO's termination of office occurred in 2015, accordingly there is no provision in the company's financial statements under review given that these are financial statements for the year ended 31 December 2014. In addition, a formal claim was received by the ex-CEO only after the the financial statements were approved by the board.

The directors have received a claim from the ex-CEO claiming unfair dismissal from his position. This claim has been examined and the directors do not consider the claim as well-founded. It is the intention of the company to contest and challenge the claim made by the ex-CEO. In any event the directors do not consider the claim to be of a material nature from a financial perspective, and accordingly do not expect to make any provision in the financial statements of the company.

Given the current status of the matter, namely that the case is now being heard in front of the industrial tribunal, and that the company will be contesting the claims for unfair dismissal, the directors believe that it would be untimely and imprudent for the directors to make any further observations on the matter.

The decision with respect to the termination of office of the ex-CEO was obviously taken by the company's board of directors – the only reason why the announcement quoted *Vienna 21 January 2015* is because that was a board meeting held in Vienna.

The directors have absolutely no comments to make with respect to alleged *rumours or media reports* in connection with changes to the office of CEO – indeed it is not aware of any such rumours. The

board is currently not contemplating any such changes and shareholders should therefore have the necessary peace of mind as to the stability in the executive offices of the company.

2. Board Meetings

Another set of questions related to the number of board meetings held over the year and their attendance by the directors.

The number of meetings of the Board is disclosed in the Corporate Governance Statement under principle 4.

The Board held 6 meetings in 2014, one in each of the months of January, March, May, July, September and November.

We regret and apologise for not having reported the attendance of directors at board meetings in line with the requirements of code provisions of principle 5 the information is the following:

- Two of the directors, namely Michael Hoeferer and Michael Bianchi ceased to be directors during that year- - MH in May 2014 and MB in June 2014. Out of a possible 2 meetings MH attended none personally but each time appointed an alternate. Out of three possible Meetings MB attended two personally and for another appointed an alternate director.
- YS attended 5 out of 6 meetings and appointed an alternate for the other.
- Each of NG; AQ; MK; AC; and AB attended all six meetings personally.

Also relating to board matters is a question on proxies - Proxies are never used at a meeting of the board – indeed the term proxy denotes a form of mandate given by shareholders to third parties when they cannot attend a general meeting of shareholders and they accordingly appoint another person to attend in their stead.

At board meetings it is customary that when a director cannot attend a meeting that director appoints another director as his **alternate**, although this is not always the case.

During 2014 there have been instances when a director who could not attend a meeting appointed another director as his alternate.

Alternate directors are not appointed simply to vote on behalf of another director but also to put across that other director's views and contribution during a meeting. In fact, the board of the company hardly ever takes a formal vote on any matter and seeks to achieve consensus on matters where a decision is required.

3. Questions about other direct and indirect shareholders:

One particular shareholder asked a number of questions in connection with the shareholders and particularly with reference to Vienna Airport as a shareholder and their contribution to the company over the years; its relationship with the Government of Malta, its influence on the decisions of the

Company; one question also went as far as expecting the directors to rate on a scale of 1 to 10 the relations with the Government of Malta.

Reply: The directors feel that any questions which relate to specific shareholders cannot and should not be answered by the directors. The directors remit is to direct and manage the company to the best of their ability and not to get involved in shareholder matters. Indeed it is not the remit of the directors, for instance, to comment about the relationship between the Government of Malta and Vienna International Airport – the only comment that the directors can make is that the company has very good relations with both the Government of Malta and Vienna International Airport as shareholders.

As disclosed in the annual report there are Technical Services Agreements with related parties however the board cannot elaborate on specific contracts – this is restricted information and commercially sensitive. Any monies paid out under the technical services agreement has been disclosed in each financial year – that information is therefore publicly available in each of the company's published financial statements.

One shareholder has also asked about an announcement that had appeared, more than 2 years ago now, that SNC Lavalin has expressed a wish to sell their shares in MIA. In the first place the directors wish to clarify that SNC Lavalin is not a direct shareholder in MIA. However, the directors wish to make it clear that whether a shareholder, direct or indirect, wishes or otherwise to sell shares in the company – the company has no say in it – that is exclusively a shareholder matter in which the company is not involved. Accordingly, the directors have no comment to make on whether one or more of the shareholders, direct or indirect, wish or do not wish to dispose of their shares. What the directors can say is that the principal shareholder in the company MMLC – in which SNC Lavalin and Vienna Airport are the main shareholders have contractual obligations that would not allow them to dispose of their shares until 2017.

4. Future projects, Capital expenditure.

A number of questions have been asked with respect to future projects of the company and capex roll-out, as well as the Company's cash utilization and dividend pay-outs.

The directors would like to briefly reply as follows:

Information about future projects are, as you all appreciate, confidential and restricted information, some of the information being requested by a particular shareholder is so specific that it is more in the nature of what a prospective buyer would request in the context of a due diligence exercise, than the generic information which would be asked by a shareholder at an AGM. The directors believe that disclosure of such highly confidential information is prejudicial to the company's best interests and therefore will not be made.

The Company has its own strategy for the development and expansion of the business. Devising such a strategy is the remit of the directors but publicly announcing those strategies pre-maturely is certainly not in the interest of the company. The company cannot lay out its strategies publicly on a question of shareholders who may have their own agenda as to why they seek specific information.

The company's strategy is underpinned by initiatives aimed at enhanced traffic volumes in its airside business and additional initiatives in increasing revenue also from its landside business. Initiatives will be announced as and when they are ready to be launched and therefore when the directors

honestly believe that their disclosure and publication could not create an adverse impact on the company's business and the attainment of the objectives intended by those initiatives.

The Company commissions technical reports on its plant and equipment within the Air Terminal and the Airfield on a regular basis. These reports analyse the operational condition of the assets and make recommendations on its maintenance, technical enhancements or replacement as the case may be. Recent reports has been commissioned on the slab concrete ceilings, on the escalators, the High Voltage distribution system, the pavement conditions of the airfield and on conversion of airfield parks lighting to LED's.

It is in this same vein that very specific questions have been asked with respect to the company's capital expenditure roll out and the studies which the company has undertaken in this regard. The directors, whilst they can confirm that they have an approved capex roll-out programme in place, can also assure shareholders that such programme is kept under review from year to year and is being implemented according to plan. They do however believe that disclosure of details about that programme is commercially sensitive and would not serve the best interests of the company.

5. Management Matters; cash utilization & Dividends

Some of the questions raised relate to matters that are strictly management matters that are typically discussed by directors at board meetings and which, for reasons of commercial sensitivity and confidentiality, cannot be shared publicly.

The directors however would like to reply to certain questions as follows:

1. The directors make no reliance on any shareholder in order to decide on matters which are the responsibility of the directors and have at all times kept, and will continue to keep, the market informed with any information that is material to maintain a proper market in its shares.
2. One such confidential matter, and on which the same shareholder has asked a number of questions relates to the cash reserves of the company and how these are being utilised and their relationship to dividends and the capex programme of the company.
 - (a) The company does currently have significant cash reserves and there are on-going discussions by the Board on the utilisation of those reserves as well as discussions leading to the recommendation of dividends; the repayment of existing loans; and other applications. These discussions take in consideration the availability of cash in the context of the future requirements of the Company, including projected capital expenditure. These are discussions which the directors conduct as part of their role as directors and their decisions are at all times guided by what they honestly consider to be the best interest of the Company and ultimately those of the shareholders. I am sure that shareholders can appreciate the commercial sensitivity of these discussions and their utmost confidentiality.
 - (b) What the directors can disclose to you is that the Company has short term and long-term capital investment programs for various sectors of the business. The commitment to invest depends, amongst others, on the technical or commercial requirements which change from time to time; hence the requirement to update these programs on an on-going basis. Most of these investments are relatively small in nature however, when large capital investments are carried out, (like the recent commitment to expand the arrivals area of the Terminal), these are communicated to the market and the media well in advance.
3. As to dividends and dividend policy - The Board's dividend policy is re-visited on an on-going basis and is a function of the distributable reserves held by the company, the capex

requirements for the foreseeable future; its cash-flow requirements and also the expectations of shareholders for dividend distributions. One question quotes EOS figures, which with all due respect are not correct since EPS ought to be compared to post tax dividend yields and not gross dividend pay-out. Shareholders should appreciate that the discussions of the Board in connection with such matters are commercially sensitive and confidential.

4. The board made all due considerations before making its dividend recommendations – and was then and remains of the view that the dividend pay-out for the year under review is reasonable and in line with market expectations. The board was not influenced by any person whether a shareholder or otherwise in formulating its view.
5. Circulation of the management accounts is of course restricted to those who are eligible to have sight of those accounts or as the directors may from time to time determine in the best interests of the company. For instance, it would be typical that in procuring finance from banks the company would share its latest management accounts with its prospective bankers – so to that extent there would be disclosure to third parties, under conditions of confidentiality.
6. Trolleys – one question sought information about the revenue generated by MIA through the use of trolleys by passengers. The directors disclose that revenues from the use of trolleys is not at all material and would be less than €100,000.”

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