ANNUAL REPORT 2011

Ready for the future

Fraport

Fraport Annual Report 2011

TO OUR SHAREHOLDERS

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Group key figures

FINANCIAL KEY FIGURES		2011	2010
Revenue	€ million	2,371.2	2,194.6
Total revenue	€ million	2,452.8	2,284.0
EBITDA	€ million	802.3	710.6
EBIT	€ million	496.6	430.9
EBT	€ million	347.3	278.7
Group result	€ million	250.8	271.5
Profit attributable to shareholders of Fraport AG	€ million	240.4	262.9
Year-end closing price of the Fraport share	in €	38.00	47.16
Earnings per share (basic)	in €	2.62	2.86
Dividend per share [1]	in €	1.25	1.25
Dividend yield [1]	in %	3.3	2.7
Operating cash flow	€ million	618.8	567.5
Free cash flow	€ million	– 350.1	– 291.1
Capital expenditure	€ million	1,440.2	1,033.9
Total assets	€ million	9,224.4	9,170.5
Shareholders' equity	€ million	2,850.8	2,739.3
Shareholders' equity without non-controlling interests and profit earmarked for dividend payment	€ million	2,706.0	2,602.5
Group liquidity	€ million	1,617.3	2,384.0
Net financial debt	€ million	2,636.6	2,024.4
Capital employed	€ million	5,342.6	4,626.9
Fraport assets	€ million	4,447.3	4,019.7
Return on revenue	in %	14.6	12.7
Return on shareholders' equity	in %	8.9	10.1
EBITDA margin	in %	33.8	32.4
EBIT margin	in %	20.9	19.6
ROCE	in %	9.3	9.3
ROFRA	in %	11.2	10.7
Gearing ratio	in %	97.4	77.8

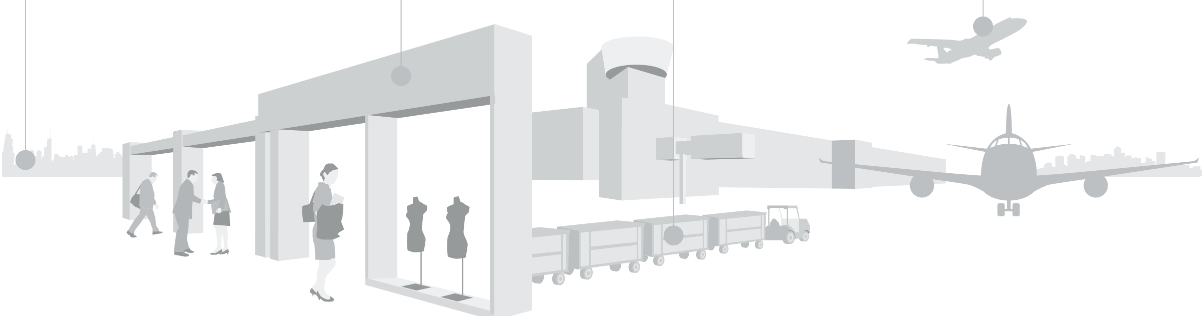
TRAFFIC KEY FIGURES		2011	2010
Passengers: Fraport Group [2]	million	180.8	164.7
thereof in Frankfurt	million	56.4	53.0
Cargo volume: Fraport Group [2]	thousand metric tons	3,573.1	3,632.9
thereof in Frankfurt	thousand metric tons	2,215.2	2,275.1
Aircraft movements: Fraport Group [2]	thousand	1,636.9	1,520.5
thereof in Frankfurt	thousand	487.2	464.4

EMPLOYEES		2011	2010
Average number of employees	number	20,595	19,792
thereof in Germany	number	18,391	17,746
Personnel expenses	€ million	906.3	880.4

[1] Proposed dividend (2011)
[2] Fraport Group including majority- and minority-owned airports and airports under mangement contracts. The traffic figures for the airports Riyadh, Jeddah and Dakar were not available until the editorial deadline and therefore are not included within the presented figures for 2011 and 2010

Segment key figures

Segment share in Group EBITDA 2011



FRAPORT SEGMENTS

€ million	2011	2010	Change	Change in %
AVIATION				
Revenue	774.9	693.9	81.0	11.7
Personnel expenses	263.9	263.0	0.9	0.3
EBITDA	187.8	131.6	56.2	42.7
EBITDA margin	24.2%	19.0%	5.2 PP[1]	–
EBIT	96.1	56.4	39.7	70.4
Average number of employees	6,088	6,074	14	0.2
RETAIL & REAL ESTATE				
Revenue	444.7	403.1	41.6	10.3
Personnel expenses	42.6	42.7	–0.1	–0.2
EBITDA	305.3	294.7	10.6	3.6
EBITDA margin	68.7%	73.1%	–4.4 PP[1]	–
EBIT	232.1	227.9	4.2	1.8
Average number of employees	596	606	–10	–1.7
GROUND HANDLING				
Revenue	655.5	658.6	–3.1	–0.5
Personnel expenses	390.8	392.2	–1.4	–0.4
EBITDA	54.5	44.1	10.4	23.6
EBITDA margin	8.3%	6.7%	1.6 PP[1]	–
EBIT	20.3	11.0	9.3	84.5
Average number of employees	8,899	8,564	335	3.9
EXTERNAL ACTIVITIES & SERVICES				
Revenue	496.1	439.0	57.1	13.0
Personnel expenses	209.0	182.5	26.5	14.5
EBITDA	254.7	240.2	14.5	6.0
EBITDA margin	51.3%	54.7%	–3.4 PP[1]	–
EBIT	148.1	135.6	12.5	9.2
Average number of employees	5,012	4,548	464	10.2

[1] Percentage points

Dear Shareholders,

With the opening of the new runway in Frankfurt, 2011 marked an important milestone year for the future development of your Company. As well as looking forward, we also spent some time this year looking back over our 75 years history as a major international airport and celebrating 10 years of the Fraport AG's listing on the stock exchange.

What once began as the Rhine-Main airport and air ship base is today one of the largest airports in the world, handling more than 56 million passengers and 2.2 million metric tons of air freight and air mail. Today, around two thirds of all intercontinental connections to and from Germany pass through Frankfurt airport. In an increasingly international world, where labor is divided, "FRA" has become the "Gateway to the World" for Germany and the German economy. And with more than 70,000 people working at Frankfurt airport, FRA has become Germany's largest workplace and the job engine in the Rhine-Main region.

But our success does not come without hard work. It is the result of small and big decisions made over the past decades combined, of course, with fortuitous circumstances and positive developments for us, even outside of our sphere of influence. The capabilities and high quality work and services provided by every one of our employees should not be disregarded as a contributing factor to our success. These contributions are as important now, in 2011, as they were in decades ago. We are proud of that and all our employees deserve special thanks for their commitment.

But it is not just the recent and distant history of the Company that makes us proud. Despite numerous difficulties and increasingly uncertain macro-economic circumstances, we ended the last fiscal year successfully. We generated a Group operating result before interest, taxes, depreciation and amortization (EBITDA) of more than € 800 million. Not only was this the best EBITDA ever achieved, so too was the operating result before interest and taxes (EBIT), which reached around € 497 million. Also the Group result significantly improved by about € 60 million, if adjusted for the positive effect resulting from the release of tax provisions in the amount of roughly € 80 million posted in 2010.

Support for this positive business development came from all segments here in Frankfurt. Furthermore, the international Group companies performed particularly well. For example, the airport in Antalya, which handled almost 25 million passengers, experienced noticeable growth of more than 12 %. Additionally, our investment in Lima set a new passenger record of 11.8 million. As a result of these good developments, the Executive Board and Supervisory Board would like to propose to you, dear Shareholders, that the dividend – which was raised last year – is maintained at € 1.25 per share.

With the inauguration of the new runway at the end of last year, Frankfurt at last obtained the required capacity to take part in the increasing global air traffic. While for the State of Hesse and for Germany, it will bring the much needed global mobility. Already today we are seeing the operational benefits of this additional capacity on the business. Before the runway was opened we still faced holding patterns around the region on a daily basis but have since been able to optimize the operating sequences significantly. FRA now ranks among the most punctual major airports in the world and the stability of air traffic has been dramatically increased. In preparation for the new runway, a new air space structure was required. The approach path that was introduced now runs 1.5 kilometers to the north. As a result, there are many residents newly affected by air traffic, while others are now stronger affected by aircraft noise than before the opening of the new runway. For some, this is a difficult situation. However, we already set up a range of noise abatement measures. Further active and passive noise abatement measures will be introduced in collaboration with the parties involved as a matter of urgency.

Dear Shareholders, we have a responsibility to you, as we do to the residents in each of the world regions where we are present. In the face of all the uncertainties in global economic development, I would like to reassure you that your company is excellently positioned and prepared. We are looking confidently and prudently to the future. We are also looking forward to your continued loyalty.

Sincerely yours,

Stefan Schulte

Dr. Matthias Zieschang **Dr. Stefan Schulte** **Herbert Mai** **Peter Schmitz**

The new Runway Northwest shortly before inauguration

The Fraport Executive Board

_ COMPOSITION AND MANDATES

The Fraport Executive Board, comprising the members Dr. Stefan Schulte (Chairman), Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang, is responsible for Fraport Group's entire strategy and operations. The Supervisory Board of the Company is responsible for the appointment of the Fraport Executive Board. The Executive Committee created by the Supervisory Board makes the decisions concerning the mandates of the members of the Executive Board which are subject to approval.

DR. STEFAN SCHULTE

Chairman of the Executive Board
Born in 1960, appointed until August 31, 2014
Member of the Supervisory Board:
_ Deutsche Post AG

HERBERT MAI

Executive Director of Labor Relations
Born in 1947, appointed until September 30, 2012
Chairman of the Supervisory Board:
_ Fraport Cargo Services GmbH
Member of the Supervisory Board:
_ Gateway Gardens Projektentwicklungs GmbH
Chairman of the Shareholders' Meeting:
_ Airport Cater Service GmbH (from April 1, 2011)
Member of the Shareholders' Committee:
_ MIRUS Grundstücks-Verwaltungsgesellschaft KG

PETER SCHMITZ

Executive Director of Operations
Born in 1950, appointed until August 31, 2014
Chairman of the Supervisory Board:
_ ASG Airport Service Gesellschaft mbH
(until December 31, 2010)
Vice Chairman of the Supervisory Board:
_ Fraport Cargo Services GmbH
Member of the Shareholders' Meeting:
_ ASG Airport Service Gesellschaft mbH
(until December 31, 2010)
_ Fraport Cargo Services GmbH

DR. MATTHIAS ZIESCHANG

Executive Director of Controlling and Finance
Born in 1961, appointed until March 31, 2017
Vice Chairman of the Supervisory Board:
_ Shanghai Frankfurt Airport Consulting Services Co. Ltd.
Member of the Supervisory Board:
_ Fraport IC Ictas Antalya Airport Havalimani Terminal
_ Flughafen Hannover-Langenhagen GmbH
Member of the Shareholders' Meeting:
_ Flughafen Hannover-Langenhagen GmbH
Member of the Administrative Board:
_ Frankfurter Sparkasse

Construction Site of Runway Northwest

_ AN OVERVIEW OF 34 MONTHS OF LOGISTICAL TOP PERFORMANCE

Divided into 140 sub-projects, more than 2.5 million cubic meters of earth were moved for the construction of Runway Northwest involving an overall surface area of approximately 220 hectares. Around 500 employees were involved in the big project with responsibilities ranging from technical planning to the development of the construction measures. More than 288 hectares of reforestation measures were carried out as ecological compensatory measures.

2009

Jan	The Hesse Administrative High Court refused the urgent petitions against the airport expansion, start of land clearing
Feb	
Mar	Start of works on the Mönchwaldtunnel to the underground displacement of the Okriftler Straße
Apr	
May	Breaking ground for the construction of the new runway
Jun	
Jul	Construction of the storage and rainwater retention basins for the drainage of the runway
Aug	
Sep	Start of the second land clearing section
Oct	
Nov	
Dec	

2010

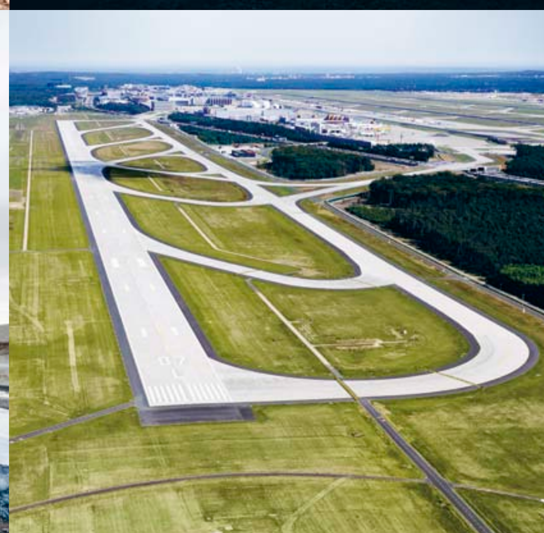
Jan	
Feb	Breaking ground for fire brigade 4
Mar	
Apr	
May	Installation of pre-cast bridge elements for the connection of the runway to the existing airport premises
Jun	Start of the concreting for the runway
Jul	
Aug	
Sep	
Oct	
Nov	Opening of the Mönchwaldtunnel
Dec	

2011

Jan	
Feb	
Mar	Conclusion of the construction measures on the taxiways
Apr	
May	Completion of construction of the runway
Jun	Fraport greets 80,000 visitors in two days at "Happy Landings" on the new runway
Jul	Test flights of German Air Traffic Control
Aug	Inauguration of fire brigade 4
Sep	
Oct	Inauguration of Runway Northwest
Nov	
Dec	












Ready for the future

In October 2011, Fraport put into operation the new runway and is now prepared to manage the future market growth in air traffic.

In the following pages, you will find information on the strategic challenges facing Fraport in the next years and how the Company will position itself, in order to overcome these challenges. In the process, particular focus is placed on topics such as future market growth, management and optimization of the present Terminals as well as the creation of new capacities through the construction of Terminal 3.

FUTURE MARKET GROWTH

Long-term studies forecast an annual growth in worldwide air traffic averaging between four to five percent in the next 20 years. Hence, air traffic will also fulfill its role as a motor of a globalized economy in the future. The rule of thumb, that air traffic grows approximately twice as fast as the rest of the economy on a global scale, remains unchanged.

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OPTIMIZATION OF TERMINALS

Terminal 1 which was opened in 1972 was originally designed for a passenger capacity of 30 million. Through a step by step expansion the Terminal, together with Terminal 2, today has the ability to transport approximately 60 million passengers every year. This year's start of the new Pier A-Plus will increase the capacity of the Terminal by an additional six million passengers. In order to take the increased number of passengers into account, an optimization of the passenger flow is necessary.

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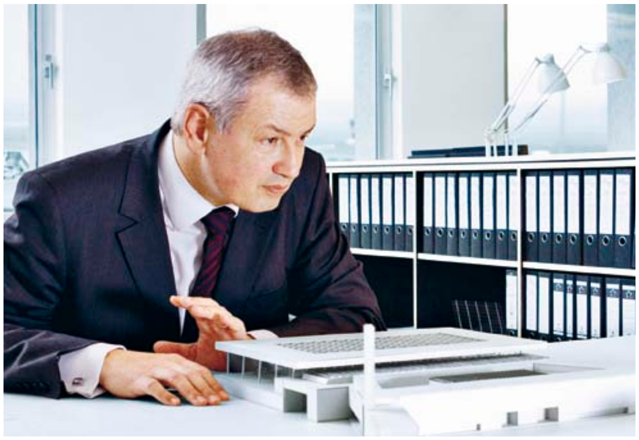

CREATION OF NEW CAPACITIES

Through the successive increase of the take-off and landing capacities at Frankfurt Airport the number of passengers will reach approximately 65 million by around 2015. This more or less corresponds to the capacity of Terminals 1 and 2, including Pier A-Plus. In order to enable growth beyond that, the construction of a new Terminal, Terminal 3, is necessary.

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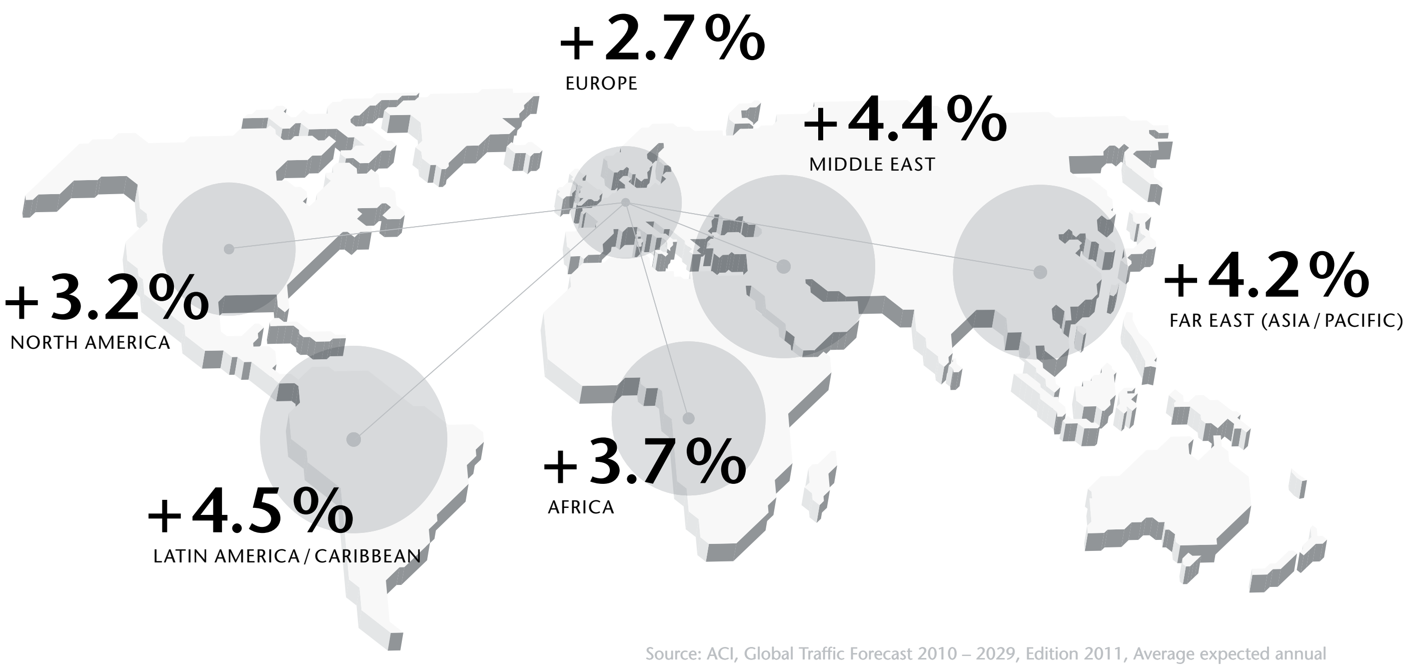
"Today's growth market is Asia, tomorrow it will be Latin America and the day after tomorrow Africa."

Dr. Pierre Dominique Prümm

DR. PIERRE DOMINIQUE PRÜMM, SENIOR VICE PRESIDENT FRAPORT AG,
HEAD OF CORPORATE DEVELOPMENT

Dr. Prümm, born in 1973, studied business administration at TU Berlin (Technische Universität Berlin) and political sciences at FU Berlin (Freie Universität Berlin). He then obtained a doctorate in economic sciences. After his studies, Dr. Prümm first worked as a corporate consultant and afterwards took on various roles within the Lufthansa and Fraport Group. Since 2010, Dr. Prümm has been managing the central unit Corporate Development and among other things bears the responsibility for the topics of market research and Group strategy.



Source: ACI, Global Traffic Forecast 2010 – 2029, Edition 2011, Average expected annual growth of passengers in German airports in the period of 2009 – 2029

Dr. Prümm, on October 21, Fraport put the new runway in Frankfurt into operation. Can you explain to us what opportunities result from this venture for the Company?
For the first time in ten years, with the inauguration of the new runway, we once again have the opportunity to take part in the growth of the global air traffic market. Our 82 aircraft movements per hour, which we have been able to offer the market up to now, have not been sufficient enough for a long time to be able to satisfy the requirements of the airlines. Our first step consisted of raising the so-called coordinated runway capacity to approximately 90 aircraft movements for the winter timetable 2011 / 2012. This enables us not only to profit from the market growth but it also gives us the opportunity to break down the pent-up demands for slots in Frankfurt.

Approximately 90 aircraft movements? I thought that the new runway would create a capacity for roughly 120 aircraft movements per hour?
Yes, in principle that is correct. However, we have decided to let the capacity increase progressively. Essentially, there are three reasons for this: First of all, “Safety First” applies to us and our partners in air traffic. Through the opening of the runway we now have completely new processes both on ground and in the air which first need to learn to work together. A growth of around four percent at our level today, already presents everyone involved with great demands. As a comparison, this corresponds to the complete traffic volume of a small to medium-sized German airport, like for example, Bremen or Leipzig. Secondly, for all additional passengers we also need Terminal capacities. We are building these according to our plans to meet demands, this means progressively. Even if we could place 120 aircraft movements on the market in the short-term, we would not have enough Terminal capacities for the numbers of passengers associated to it. And thirdly, we are aiming to fill our capacities as efficiently as possible. This means, for example, we want to reduce traffic peaks.

But doesn’t this mean that growth would slow down for you? The airlines and your shareholders shouldn’t feel happy about this, right?
The exact opposite is correct. Through a progressive capacity increase we are using our infrastructure efficiently for both, airlines and shareholders. Suppose we would already expand our capacity to the full extent today, this would result in a higher increase of our airport charges and it would make the flights more expensive for the airlines in Frankfurt. Furthermore, an increased investment volume would also have an effect on our profit and loss statement and ultimately on our shareholders. You can therefore see: Even while increasing our capacities, the airport must be observed in its entirety in order to be able to make optimal business decisions.

_ UNCHANGED POSITIVE GROWTH PERSPECTIVES

Despite the financial market crisis in 2008 / 2009 as well as the recessive tendencies at the end of the last fiscal year, the leading international air traffic forecasts continue to expect a stable growth trend over the next 20 years.

While Boeing and Airbus expect an average annual growth of revenue passenger kilometers of 5.1 percent and 4.8 percent, respectively, until 2030, Airports Council International (ACI) expects an annual increase in the overall number of passengers of 4.1 percent on average in roughly the same time frame.

And what does the further opening of the take-off and landing capacity look like? When can we expect the target of approximately 120 aircraft movements?
After the inauguration of Pier A-Plus our landside, i.e. our Terminal capacity will be enough to service approximately 100 aircraft movements. We should have reached this value by around 2015. After that we will need Terminal 3 for additional growth. Together with Terminal 3 our movement capacity can go up until we reach our target value of approximately 120. According to our current plan this should be possible around the years following 2020.

That all sounds very promising. But isn't the thought too simple that growth will come by itself by merely increasing the take-off and landing capacity?
Correct, it has been a long time since we have gotten something for free. Meanwhile, due to the competitive situation we need to fight for each aircraft and each passenger. Therefore, we are not only focusing on the mere initialization of the infrastructure, but since 2010 we have been working very actively on the subject of customer acquisition and customer retention. In light of our airline customers, our main target is to point out the attractiveness of Frankfurt even more clearly. Frankfurt is one of the locations worldwide with the best business perspectives for airlines. In addition, we applied the strategic program "Great to have you here!" in order to enhance the loyalty of our passengers towards the location. Through numerous measures in different working sectors we want to continue to increase the satisfaction of our passengers. In the medium-term, we are aiming to make sure that Frankfurt is right at the forefront in this area in Europe. If we reach our goals in the area of customer orientation, I am very confident that our participation in general market growth will even be disproportionately high.

If we assume that today, Europe and North America are already very saturated and that even the Asian economy no longer develops as dynamically as it did a few years ago, in your opinion, where will the market growth come from?
Firstly, it will be the case that we will continue to see an increasing number of passengers even in the saturated markets of Europe and North America. Forecasts assume some three percent per year. For most of the other sectors, these would be fantastic prospects. It is clear however, that the growth markets in Asia and South America will develop a specific dynamic over the next years. All over the world people love to fly. It is more comfortable, efficient and ecological than all other forms of transportation. Therefore, you can prove a strong correlation between economic development and the number of flights in all countries all over the world. If you now take into consideration that a "new middle class" with a great need of mobility is growing in strongly populated countries such as China, Brazil, India or South Africa, then the forecast for global air traffic

seems to be quite realistic. Today's growth market is Asia, tomorrow it will be Latin America and the day after tomorrow Africa.

That sounds like a unique success story. Could the commissioning of the new runway not result in risks, as well?
Of course there are also risks – there are no opportunities without risks. Through the construction of the runway, we will face with an additional annual burden of approximately € 50 million over the next years from depreciations alone. Furthermore, there are approximately € 40 million of interest expense which are linked to the financing of the investment volume. The operation of the runway in itself – the fire brigade, electricity and energy costs, surveillance of the area and the maintenance of the green area – costs us an additional amount of about € 10 million each year. These are additional costs, which must first be earned operatively.

That is to say, additional costs of approximately € 100 million. Will you then have still enough for the next year to keep the dividends stable?
At the moment we are expecting a further increase of passenger numbers in Frankfurt in the current fiscal year. This results in additional revenue in our airport charges, in ground handling as well as in retailing and parking. In addition, we are expecting positive contributions from our external business. Hence, we should achieve a Group result which will be at around the same level as in 2011. This gives us enough free space to be able to keep our dividends – despite the additional costs – stable.

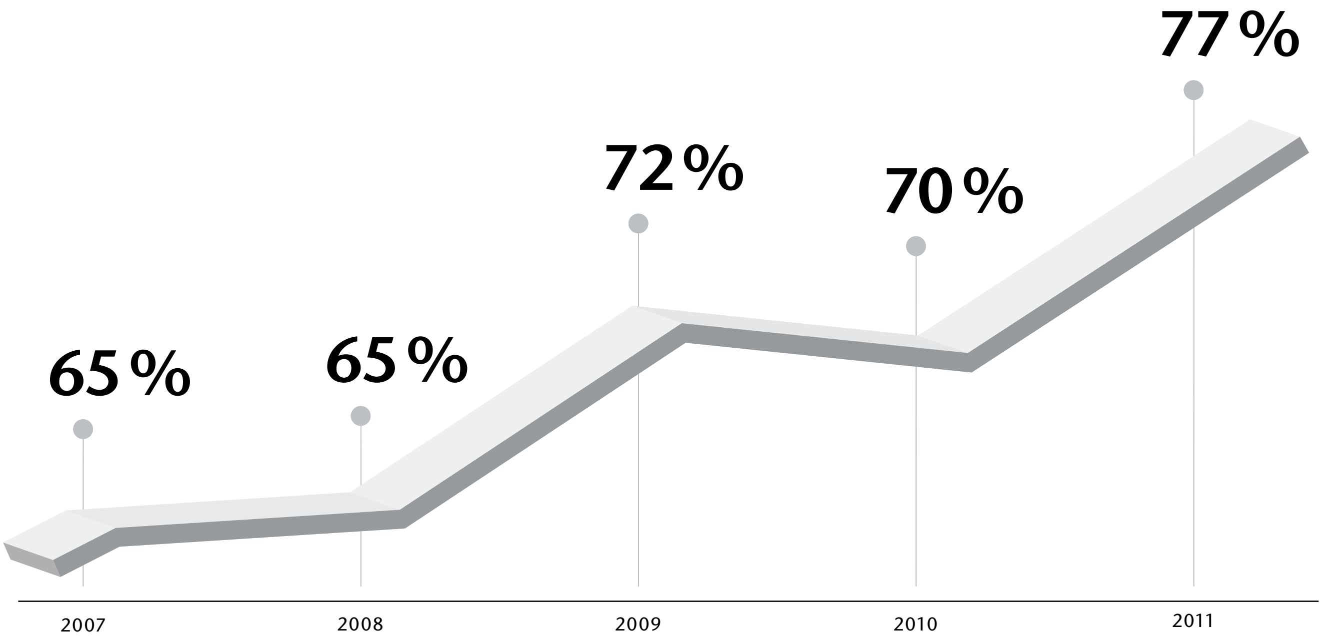
Thank you very much, Dr. Prümm.

“Whoever is not consequently oriented towards the quality require-ments of the customers in the international competition, will lose.”

Peter Dudenhöfer

PETER DUDENHÖFER, VICE PRESIDENT FRAPORT AG, HEAD OF TRAFFIC AND TERMINAL MANAGEMENT

Born in 1966, Mr. Dudenhöfer studied general mechanical engineering at the University of Applied Sciences in Gießen. After his studies, Mr. Dudenhöfer worked as a project engineer, afterwards he managed the logistic planning of ground handling services and subsequently until 2008 he was responsible for the baggage handling services of Fraport AG. Since the end of 2008, he has been responsible for the traffic and terminal management in the strategic business unit Traffic and Terminal Management, Corporate Safety and Security.



Share of ratings for Frankfurt airport with "very good" or "good"
Source: Frankfurt passenger survey / overall satisfaction with Frankfurt airport 2007 – 2011

Mr. Dudenhöfer, last year Frankfurt airport transported more than 56 million passengers – more than ever before. Is there still enough space in the existing Terminals to be able to grow even more?
The current Terminal infrastructure is designed for approximately 60 million passengers. This means that on the landside we almost reached our capacity limit. After the inauguration of the new Pier A-Plus we will be able to provide space for additional six million passengers this year. This provides us with a buffer to fulfill the expected traffic growth in the next years.

However, would an additional pier not result in longer routes?
This is not necessarily the case. In order to keep the average routes as short as possible, we have already started to improve the transfer process for our flight guests with various measures, for example, the creation of the so-called fast lanes and decentralized security controls, targeted aircraft positioning or additional electric vehicles in the Terminals. Furthermore, Pier A-Plus will contribute towards making the transfer of short-distance to long-haul flights significantly easier.

What exactly does that mean?
While today for example, more than 50 percent of the transfer passengers switch between the Piers A, B or C, transfer passengers will in the future have the opportunity to switch between the existing Pier A and the newly constructed Pier A-Plus, attached to Pier A. After the inauguration of A-Plus the transfer from Piers B and C to A will be simplified with the Skyline. Therefore, among other things, it can be said that despite the enlargement of the Terminal we will be able to continue to offer our customers and their luggage a leading minimal connecting time in the international competition.

And what does the aspect to security look like with the increase of the number of passengers? In this situation in particular, I think of potentially long queues in front of the control points.
Currently, in the case of more than 90 percent of the passengers the waiting time at the security controls amounts to less than ten minutes. In an international comparison, this value can be deemed as relatively good. However, we want to continue to reduce the waiting time and consequently implement the fast lanes at the security controls for passengers with little time left until departure.

How do you want to achieve these goals?
Through a significantly higher capacity at the control points! At the end of the last fiscal year we had approximately 130 security control points in operation, after the inauguration of Pier A-Plus we want to increase this figure to more than 160 at the latest by 2013. By increasing the number of check points we will, on the

_ CUSTOMER SATISFACTION: SIGNIFICANTLY MORE PASSENGERS GIVE FRA HIGH MARKS

The satisfaction of the passengers is raised regularly every four days. Therefore, 24,000 interviews are carried out in the Terminals and evaluated by an independent market research institution.

Result: In the past five years, the percentage of satisfied customers increased from 65 percent to 77 percent. With its comprehensive measures to enhance the satisfaction of our passengers, the service program „Great to have you here!" had a clear positive impact on this development.

one hand, reach our target of enhancing customer satisfaction and, on the other hand, by creating additional jobs we will once again prove our reputation as job motor of the region.

Do these figures also include the border controls upon arrival and departure at the airport?

No, the border controls are the statutory responsibility of the federal police and they are treated differently to these controls. Through the creation of new control areas we also want to ensure the service quality of these controls. While there were approximately 150 border control points available at the end of 2011, we want to increase the number to approximately 190 in the current fiscal year. Together with the federal police we want to implement additional automated arrivals and departures so that the border controls become easier and faster. The new system uses the personal and biometric data of the passport holder which are available in the integrated chip in the new passports, the ePass and this will simplify the crossing of borders.

An increase of control points will, however, be linked with additional expenses, right?

That's a given. However, from our experiences we have learned that only a good operating airport can establish itself in the long-term among the leading airports worldwide. Whoever is not consequently oriented towards the quality requirements of the customers in the international competition, will lose. Here we are not only focusing on the travel times and the number of control points. The speed and quality of the ground handling services, the modernization as well as the cleanliness of the Terminals are other important quality characteristics for us.

Can you, however, quantify the amount?

It depends on the things you want to include. In total we are estimating additional expenses from our "Operational Excellence" program and the passenger service initiative "Great to have you here!" which will amount to approximately € 20 million. Due to the higher service level however, we are convinced that these investments from satisfied airline customers and passengers will be more than worthwhile. In relation to this, among other things, I think of our high margin retail business. Passengers that go through security controls faster and find a well lit and clean spatial concept will have a heightened desire to make use of our shopping and service offers than stressed out passengers.

The net retail revenue per passenger which you earn in your retail business has already increased significantly over the past years. By which means do you expect further growth surges?

In fact, in the last ten years our retail experts were able to increase the net retail revenue per passenger each year by an average

of around five percent. This is all the more remarkable, if you take into consideration that this was possible with almost no growth in retail space in the airside shopping areas which are of prime importance to us. In the past year, among other things, we were able to achieve an increase from € 3.02 to € 3.17 per passenger through cleverly implemented sales promoting measures. We will achieve the next leap in growth this year through the opening of the new market places in connection with Pier A-Plus.

What exactly will this look like and do you have concrete goals for your retail business?

For the first time in the history of Frankfurt airport, our retail department will implement a so-called "Walk-Through" concept in Pier A-Plus. In the future, while passengers make their way to their gates they will be led directly through the shopping facilities. Thereby, we are successfully creating a better integration of the shopping offer in the travelling process. In this process, we are not just placing importance on the shopping factor but with an open spatial concept and new service offers we will also be able to offer a comfortable atmosphere with a rewarding experience. This process will enable us to significantly increase customer satisfaction. Through the additionally created retail spaces we are also able to significantly reduce the current advance of retail space in the other large European hubs. According to the plans of our retail colleagues, the net retail revenue of € 4 per passenger will be achieved even before the inauguration of Terminal 3.

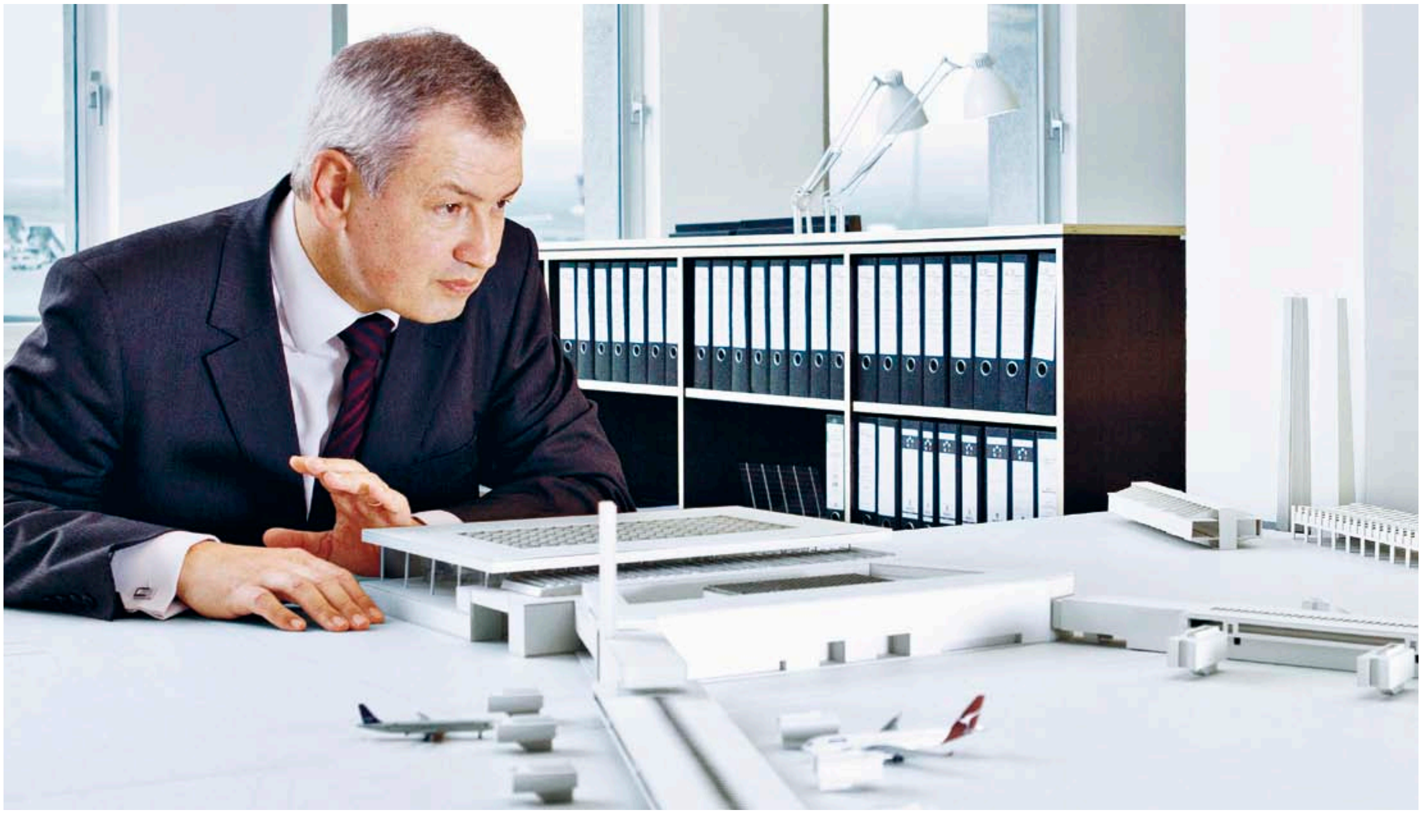
But aren't you scared that passengers will miss their flights because they will neglect the element of time in your new world of shopping?

No, this is not one of our concerns. Through the central location of the large market places we are reducing the walking times of our passengers for shopping and catering services significantly. Furthermore, through the supplementary offers in the piers the passengers won't need to go back to the central shopping areas to shop. In addition to these conceptional advantages we are implementing long escalators which will shorten the travel times to the gates considerably. Moreover, we will also display the necessary travel times on various notification boards. By doing so, we ensure that all passengers will reach their flights in time.

Thank you very much, Mr. Dudenhöfer.

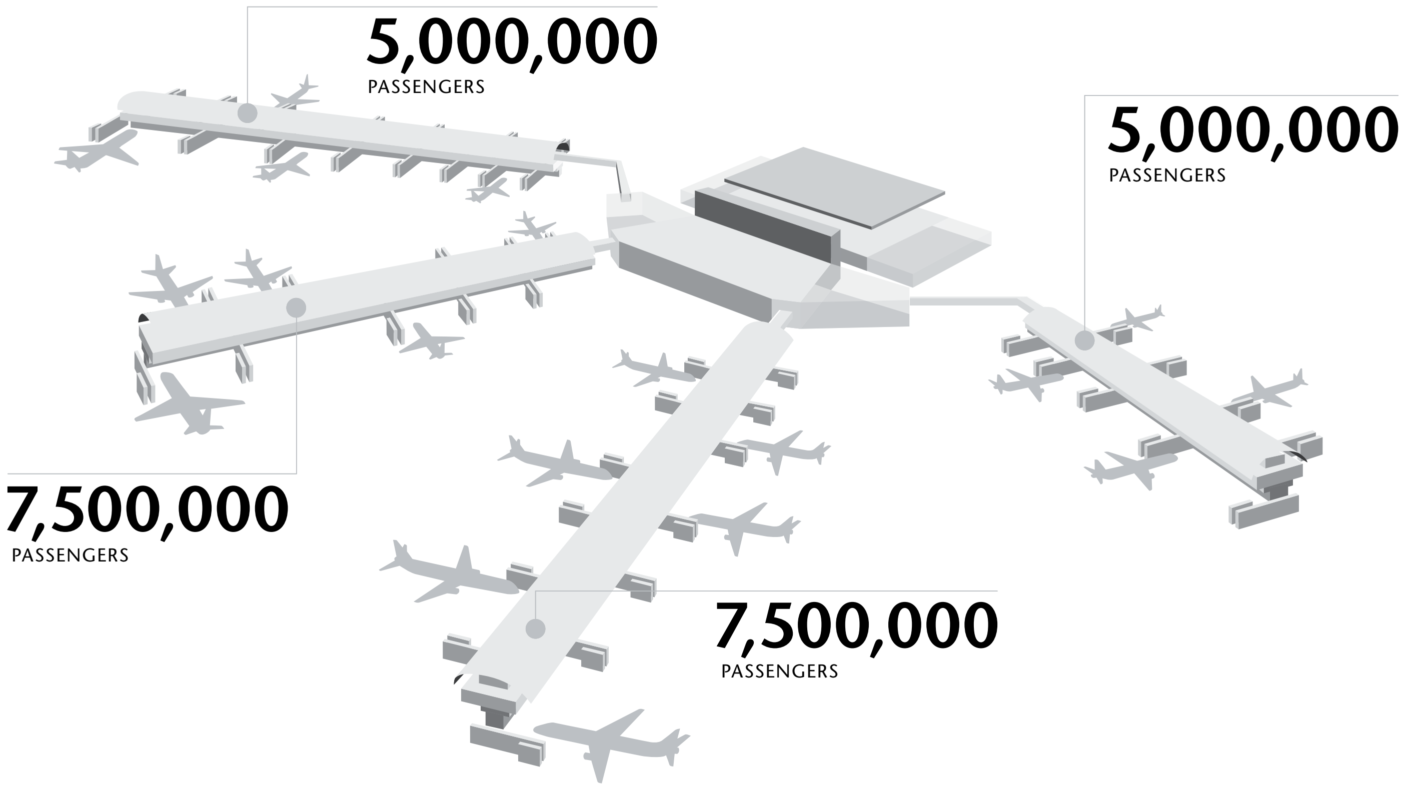
"It is our task to offer the right product in the right quality at the right time and right price."

Dr. Ulrich Kipper



DR. ULRICH KIPPER, SENIOR VICE PRESIDENT FRAPORT AG,
HEAD OF CORPORATE INFRASTRUCTURE MANAGEMENT

After his studies in applied physics, Dr. Kipper achieved a doctorate at the Johann Wolfgang Goethe University in Frankfurt am Main. Following his doctor's degree Dr. Kipper, who is today 51 years old, worked as a project manager and since 1998 he carried out various tasks as managing director in the airport business. Since 2011, Dr. Kipper has managed the central unit Corporate Infrastructure Management and among other things, he is responsible for the realization of the project Terminal 3.



Dr. Kipper, on my yesterday's flight to Frankfurt, I could see a large construction site on the former ground of the US-Airbase at the south end of the airport. Are those already the main features of the third Terminal?
Yes, that is correct. Today, we are already implementing the first stages of construction of Terminal 3 in the southern part of the airport. In this concrete case, it has to do with the creation of apron areas of the future Terminal building. Up until the inauguration of the Terminal, which we currently have planned for 2016 / 2017, we can already use these surfaces as parking positions for aircraft.

Until 2016 / 2017? That sounds quite late. Can you give us information about the current status of the planning procedure of Terminal 3 and why will the construction of today take four more years?
First of all, we are currently in the final planning phase. It is expected to be completed by the middle of this year. After that we will tender the individual stages of the construction of the Terminal which will roughly last till the middle of 2013. Finally, we are expecting the effective start of construction so that we can open the first stage of the Terminal in 2016 / 2017.

Did I understand this correctly: You will not tender the whole project but will divide these into different stages. Will this not be very time-consuming?
The time expenditure for this is slightly higher than in the case of the commissioning of a general contractor. Our experiences gained from the realization of the projects Runway Northwest and Pier A-Plus have, however, shown us that the advertisement of partial sections results in a significant cost benefit in comparison with the commissioning of a general contractor. By doing so, we are working entirely in accordance with our shareholders and airline customers who will profit from a cheaper infrastructure and with that lower charges.

When do you think the investments which you will spend for Terminal 3 will turn out to be profitable and how much does the construction of the Terminal cost?
The construction of the first module will cost us approximately € 1 billion. The landside networking is estimated to cost an additional € 500 million. In addition to the people mover connection to the both existing Terminals, this also includes, among other things, the parking houses as well as a separate highway connection to highway 5. Additional costs result from the creation of the apron areas. We expect the amortization time for the project after approximately 20 years. That might sound like a long time but this is quite common for infrastructure projects.

_ SUSTAINABLE CONSTRUCTION IN FOCUS

The operation and, in particular, the infrastructure of an airport require an intensive input of resources. In this connection, sustainability means achieving the desired effect with the smallest possible input of resources.

Therefore, when it comes to our long lasting buildings it is important to observe the complete life cycle. Sustainability is already integrated in this life cycle in the phase of project development. This is the only way to harmonize user-friendliness and the minimization of environment and climate impact.

How will the luggage be transported from the two Terminals in the north to the new Terminal 3?
In the long-term, we will expand the existing baggage conveyor system underground to Terminal 3. This is a basic prerequisite in order to keep the transfers between the Terminals as short as possible and to maintain the attractiveness of Frankfurt as a transfer airport.

Terminal 3 will be constructed modularly. Why is that?
From a business point of view, it does not make sense to build an over dimensional Terminal which would not be sufficiently utilized through the available passenger demand. In this case the additional depreciations and operating expenditures would exceed the revenue from the passenger charges and as a consequence we would not create additional value. In order to avoid such overcapacities, we decided on a modular construction which is linked towards the actual passenger demand. It is our task to offer the right product in the right quality at the right time and right price.

What exactly will this modular form of construction look like and for how many passengers is this first construction step designed for?
The first module of the third Terminal will be equipped with two piers which will be divided in such a way that one pier will be for the Schengen traffic and the other for so-called Non-Schengen traffic. The capacity of both piers will be at approximately 15 million passengers. Together with Terminal 1 and 2 we will then be able to transport approximately 80 million passengers at Frankfurt airport.

What will happen, when even this capacity reaches its limits, how many modules are possible at the maximum?
We can expand the Terminal by two additional piers. Each pier will offer us additional space for approximately five million passengers. In the final construction phase we will be able to transport around 90 million passengers and with that more than any other European airport today.

In the construction of the Terminal, you also place a significant value on the ecological components. Can you tell us something about this?
Terminal 3 is designed as an “Eco”-Terminal. Through the implementation of future-oriented technologies, we want to set new standards with regards to energy efficiency, energy-storing effects, economic viability and emission values. In comparison with the traditional form of construction we are aiming to realize energy savings of more than 30 percent.

How do you want to achieve these savings?
At the moment we are still examining energy saving measures such as the use of photovoltaic, geothermics, energy saving

lighting systems and district heating from heat and power generation. In order to make our travellers feel as comfortable as possible during their stay at the airport we want to implement innovative ventilation systems in order to create a comfortable room atmosphere.

Won't the construction be more expensive through the implementation of sustainable technologies?
No. Since we are an infrastructure company our main focus lies on the overall costs of the object which are incurred during the life cycle and not on the mere acquisition costs. At the end of the day, we are saving more costs through the implementation of sustainable technologies than compared to common forms of construction which are not oriented toward sustainability.

Can you give us some concrete examples for this?
The installation of district heating from power and heat generation is a good example for this. The acquisition is, however, more capital intensive than a traditional district heating supply, when considering the useful life in a time horizon of 20 years, however, we are saving considerably. This approach is entirely in accordance with our sustainable construction approach.

Thank you very much, Dr. Kipper.

KARLHEINZ WEIMAR

Chairman of the Supervisory Board
Born in 1950, former Minister of Finance of the State of Hesse
Member of the Management Board:
_ Bundesanstalt für Finanzmarktstabilisierung (from July 1, 2011)
Member of the Advisory Board:
_ Höchster Porzellan-Manufaktur GmbH
Vice Chairman of the Administrative Board:
_ Landesbank Hessen-Thüringen Girozentrale (until July 1, 2011)
Member of the Economic and Infrastructure Bank Committee:
_ Wirtschafts- und Infrastrukturbank Hessen (until July 1, 2011)
Member of the Supervisory Board:
_ DIAMOS AG (until July 1, 2011)

Report of the Supervisory Board

Dear Shareholders,

In the fiscal year 2011, the Supervisory Board performed all tasks incumbent on it under the law and the Company Statutes and regularly monitored the company's management. It was kept informed by the Executive Board regularly, promptly and comprehensively in the form of written and oral reports about the intended business policy, fundamental issues relating to the future business management and corporate planning, the situation and development of the company and the Group, as well as important business transactions and discussed these subjects with the Executive Board. The Executive Board harmonized the strategic orientation of the company with the Supervisory Board. The Chairman of the Executive Board also maintained regular contact with the Chairman of the Supervisory Board and informed him about current developments in the business as well as about major business transactions. The Supervisory Board was directly involved in all decisions that were of vital importance to the company. Where required by law, statutes, or rules of internal procedure, the Supervisory Board, after thorough examination and discussion, decided on the corresponding proposals put forward by the Executive Board.

The Supervisory Board held four regular and two special meetings in the period under review. All members of the Supervisory Board attended at least half of the meetings.

Focus of attention of the Supervisory Board

The business development of the Fraport Group and its investments, with particular emphasis on traffic and revenue development at Frankfurt airport, was the subject of regular Supervisory Board discussions. The European currency crisis and its effects also played an increasing role throughout the course of the year.

Along with this regular reporting, the following subjects were the focus of particularly intensive discussion:

_ The progress with regard to the planned expansion of capacity in Frankfurt, in particular the inauguration of the new runway on October 21, 2011, received a lot of coverage. Furthermore, the Supervisory Board concentrated extensively on the CASA program – a real estate project which is also part of the expansion project – and the stipulations of the passive noise abatement program. Following the inauguration of the runway the topic ‚Airport Noise in the Surroundings' moved increasingly into focus.

_ The modification and extension of the existing terminals as well as the plans for Terminal 3 to the south of Frankfurt airport returned to the spotlight as well.
_ The service program "Great to have you here!" and the positive effects it has had on customer satisfaction were welcomed by the Supervisory Board as were the report and the measures taken to improve winter services.
_ At its two special meetings on July 25, 2011 and November 8, 2011 the Supervisory Board approved the participation in the bidding processes for the Hochtief Airports concessions and Izmir airport, as part of the Group's continuing internationalization strategy. At its meeting of December 12, 2011 the Supervisory Board gave additionally the green light to proceed with the bidding process for São Paulo Guarulhos, Brazil. Before that, on September 12, 2011 the Supervisory Board approved the sale of the stake in the airport in New Delhi, India.
_ In connection with the investment in Manila, the Supervisory Board continued to support the procedural and non-procedural efforts to gain appropriate compensation from the Philippine Government for the investments made in the construction of Terminal 3 at Manila airport. Following the decision of the ICSID "ad hoc committee" in Washington on December 23, 2010, to overturn the ICSID ruling against Fraport from 2007; the Supervisory Board gave their support to the Executive Board's plans to go to ICSID arbitration again on March 23, 2011.
_ The Supervisory Board also reviewed the financial statements and managent reports of the company and the Group as of December 31, 2010, the agenda for the Annual General Meeting on June 1, 2011, the proposed resolutions for that day and the Annual Report 2010. The Supervisory Board also decided to propose KPMG AG Wirtschaftsprüfungsgesellschaft as the auditors for fiscal year 2011 at the Annual General Meeting.
_ The Supervisory Board also approved financial planning for 2012 and a capital increase framework to be used by Fraport Malta Ltd. for the allocation of credit to minority- and majority-owned companies through Fraport Malta Business Services Ltd.
_ Furthermore, the Supervisory Board authorized some individual measures such as the completion of two long-term tenancy agreements and a land use contract.
_ In order to maintain the fairness of the total remuneration in comparison with the economic situation, the Supervisory Board sought extensive advice and in the end decided to strive to amend remuneration and to propose the necessary statute changes at the Annual General Meeting 2012. The introduction of a performance-related, variable component will be spared again.

Work of the committees

The Supervisory Board continued its successful work in the committees formed to increase the efficiency of its activities and to prepare the Supervisory Board meetings. In isolated instances, the Supervisory Board's decision-making authority was transferred to the committees. The committee chairmen kept the Supervisory Board's full session regularly informed on the committees' work at the following Supervisory Board meeting. A breakdown of the individual committees can be found in the "Statement on Corporate Governance" on our home page www.fraport.com.

The finance and audit committee convened seven times in the period under review, discussing major business transactions, the annual financial statements and consolidated financial statements, the management reports and the proposal on the appropriation of profits and the dividend amount to be paid. The finance and audit committee prepared the key aspects to be audited by the Supervisory Board. The interim report of the first half as well as the remaining interim reports were discussed in detail before their publication. The committee commented on the 2012 business plan of Fraport AG (preparation in compliance with HGB) and the 2012 Group plan (preparation in compliance with IFRS). It also assessed the assignment of an auditor and proposed an auditing firm to the Supervisory Board's full session for fiscal year 2011. As part of these activities, a declaration of independence pursuant to Section 7.2.1 of the German Corporate Governance Code (GCGC) was obtained from the auditors, their qualifications were checked and their remuneration discussed. The committee also considered appointing the auditors with tasks not relating to the audit of the financial statements. Further points of focus in the committee meetings were the topics risk and asset management. It also took an in-depth look at the Company's risk management system, internal control system, internal auditing department and compliance management system and ensured that the Supervisory Board was kept informed on these issues.

The focus of the meetings held by the investment and capital expenditure committee in the fiscal year 2011 was once again the economic development of the investment business and capital expenditure. Over the course of four regular meetings and two special sessions, the committee focused among others intensively on the preparation of the Supervisory Board's resolutions for the bidding processes for "Hochtief Airports", "Izmir" and "São Paulo Guarulhos". Furthermore, the existing worldwide investments were brought to the committee's attention, particularly the investment in Antalya as it was the focus of a fact-finding trip in spring 2011 by certain committee members. The committee also discussed capital expenditure at the Frankfurt am Main site and commented on the investment plan included in the scope of the business plan for 2012. It also agreed to further developments and consolidation in conjunction with the capital expenditure reporting. Using its decision-making authority, as granted by the Supervisory Board, it decided to release the funds for the redesign of the route to Terminal 1.

To prepare resolutions in relation to personnel matters, the human resources committee regularly discussed at its four meetings the personnel situation in the Group. It also discussed the measures and perspectives for less qualified employees, the results of the "Barometer" survey on employee satisfaction, reports on remuneration structures of senior manager and senior executives and examined the effects of the planned EU regulation to liberalize further the ground handling services at the Frankfurt site.

The executive committee held three meetings in the period under review. During the fiscal year 2011, the committee addressed Executive Board matters and in particular the determination of performance-related remuneration components and the extension of an Executive Board member's contract.

The executive committee met three further times with Supervisory Board members Christian Strenger and Werner Schmidt also being present. The subject was the appropriateness of the remuneration of the Supervisory Board which was broached in greater detail and supported by an external advisor.

In the fiscal year 2011, it was not necessary to summon either the nomination committee, established for the preparation of the election of new shareholder representatives, or the mediation committee, formed in compliance with the rules of the German Co-determination Act.

Corporate governance and statement of compliance

Corresponding to the announcement in the second statement of compliance with the GCGC for the year 2010 and the proposal put forward by the Executive and Supervisory Boards at the Annual General Meeting on June 1, 2011, an amendment to the Company Statutes was adopted, under which Fraport AG shareholders can be offered the opportunity to cast a postal vote in the future.

As the Government Commission did not propose to amend the GCGC further during 2011, the statement of compliance for the year 2011 to be issued pursuant to Section 161 of the German Stock Corporation Act (AktG) may be limited to determining again that:

All recommendations of the GCGC as amended on May 26, 2010, have been and will be complied with, with one exception: The remuneration for members of the Supervisory Board does not provide for a performance-related, variable component (Section 5.4.6 [2], GCGC).

The Supervisory Board reassessed the efficiency of its activities and established guidelines for the continuation and strengthening of the process in 2012.

For further details on corporate governance at Fraport and the wording of the current statement of compliance, please see the following corporate governance report. The Fraport Code and the current and previous year's statements of compliance are also available on the Internet at www.fraport.com.

Conflicts of interests and their handling

In order to avoid potential conflicts of interests, Mr. Stefan H. Lauer with his involvement in the Executive Board of Deutsche Lufthansa AG did not attend the debates and castings of votes for the completion of Deutsche Lufthansa AG's tenancy agreement for technical services (March 23, 2011) or those for the completion of Deutsche Lufthansa AG's tenancy agreement for the A-Plus area (December 12, 2011). Due to his chairman position in the Supervisory Board of Dietz AG, which is the parent company of Tectum-Gesellschaften, former State Secretary Lothar Klemm did not attend the debate and conclusion of the land use contract with Tectum 32. Vermögensverwaltungs GmbH (June 20, 2011).

Annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements of Fraport AG and the consolidated financial statements as of December 31, 2011, as well as the management report of Fraport AG and the Group management report and expressed an unqualified opinion on them. The Supervisory Board assigned the audit engagement on September 30, 2011 in compliance with the resolution passed at the Annual General Meeting held on June 1, 2011.

The financial statements and the management report were prepared and audited according to the German Commercial Code (HGB) for large incorporated companies, while the consolidated financial statements and the Group management report were prepared and audited according to the International Financial Reporting Standards (IFRS), as adopted by the EU. The consolidated financial statements and the Group management report meet the requirements for exempting the company from preparing consolidated financial statements under German law. The auditor confirmed that an risk early recognition system in compliance with legal provisions is in operation, allowing the early recognition of developments that could jeopardize the company as a going concern.

The documents mentioned and the Executive Board's proposal for the appropriation of the retained earnings was submitted without delay by the Executive Board to the Supervisory Board. The Supervisory Board's finance and audit committee worked intensively with these documents and the Supervisory Board itself reviewed them as well. The audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft and the financial statements were available to all members of the Supervisory Board and were discussed thoroughly at the balance sheet meeting held by the Supervisory Board in the presence of the auditor, who reported on the major findings of his audit and answered any additional questions. At the meeting, the chairman of the finance and audit committee gave a detailed report on the methods used by the committee for treating the annual and consolidated financial statements. The Supervisory Board approved the audit results. No objections were raised after the final review made by the finance and audit committee and the Supervisory Board's own assessment. The Supervisory Board approved the annual financial statements of the Executive Board, which are hereby adopted.

The Supervisory Board approved the proposal of the Executive Board to pay a dividend of €1.25 for each no-par value share entitled to dividend out of the retained earnings.

The report on the relationships with affiliated companies pursuant to Section 312 AktG prepared by the Executive Board was made available to the Supervisory Board. The conclusion of the report contains the following statement from the Executive Board, which is also included in the management reports:

"The Executive Board declares that under the circumstances known to us at the time, Fraport AG received fair and adequate compensation for each and every legal transaction conducted. No action was taken or not taken at the behest or in the interests of the State of Hesse and the municipal authority of Frankfurt am Main and companies affiliated with them in the year under review."

The auditor audited the report on the relationships with affiliated companies and issued the following opinion:

"After conducting our audit and according to our assessment, we confirm that
1. the actual facts presented in the report are accurate and
2. that the company did not pay unduly high compensation for transactions outlined in this report."

The auditor took part in Supervisory Board discussions concerning the report on the relationship with affiliated companies and answered any additional questions from the Supervisory Board. After its own examination, the Supervisory Board agrees with the opinion of the auditor and does not raise any objections against the statement of the Executive Board made at the end of the report on the relationships with affiliated companies and its inclusion in the management reports.

Personal particulars
Mayor Jutta Ebeling was elected to the Supervisory Board at the Annual General Meeting on June 1, 2011, to replace City councilor Lutz Sikorski, who passed away at the beginning of January 2011. Dr. Margarete Haase, Mr. Stefan H. Lauer and State Secretary Prof. Klaus-Dieter Scheurle, who were all elected by judicial appointment to the Supervisory Board in 2010, have had their positions in office confirmed on the Supervisory Board's proposal at the Annual General Meeting 2011.

On June 20, 2011, the Supervisory Board also resolved to extend Dr. Matthias Zieschang's appointment to the Executive Board as Executive Director of Controlling and Finance for five years with effect from April 1, 2012.

With a view to the successful fiscal year 2011, the Supervisory Board would like to sincerely thank the Executive Board and the employees for their great commitment to ensuring the well-being of the Company.

Frankfurt am Main, March 19, 2012

Karlheinz Weimar
(Chairman of the Supervisory Board)

CORPORATE GOVERNANCE REPORT

Acting for itself and the Supervisory Board, the Executive Board reports on Fraport AG's corporate governance pursuant to Section 3.10 of the German Corporate Governance Code (GCGC) as follows:

The term "corporate governance" stands for responsible company management and control, the aim of which is the sustained creation of value. In this context, efficient cooperation between the Executive Board and the Supervisory Board is just as important as respect for shareholders' and stakeholders' interests and an open and transparent corporate communications.

Corporate governance has high priority for Fraport. We therefore track the ongoing national and international developments in this field and regularly adapt the Fraport Corporate Governance Code in light of new GCGC regulations.

Statement of compliance

Corresponding to the announcement in the second statement of compliance with the GCGC for the year 2010 and the proposals put forward by the Executive and Supervisory Boards at the Annual General Meeting on June 1, 2011, an amendment to the Company Statutes, under which Fraport AG shareholders can be offered the opportunity to vote by mail in the future, was adopted.

As the Government Commission did not propose to amend the GCGC further during 2011, the statement of compliance for the year 2011 issued on December 12, 2011, by the Executive and Supervisory Boards could be limited to the following:

"The last compliance statement was made on December 13, 2010. Since this second compliance statement for the year 2010, Fraport AG has complied with and will continue to comply with the recommendations of the Government Commission of the German Corporate Governance Code in the version amended May 26, 2010, with the following exception:

'Remuneration of members of the Supervisory Board does not provide for a performance-related, variable component (Section 5.4.6 [2] GCGC).'

In accordance with Section 12 of the Company Statutes, the members of the Supervisory Board receive a fixed remuneration and meeting attendance fee. The Supervisory Board considers this to be reasonable considering its rigorous controlling activities. Additionally, for their participation in a committee the Supervisory Board members are also remunerated. Due to the increased importance of the finance and audit committee, the Chairman of this committee receives a higher remuneration and the members a higher meeting attendance fee."

This compliance statement has been promptly and permanently posted on the Company's website www.fraport.com for the shareholders.

GCGC recommendations

Of the recommendations made by the GCGC, Fraport did not put the following into practice:

_ Transmission of the Annual General Meeting via modern communication media (Section 2.3.4 GCGC).

Primarily for security reasons, Fraport published only the welcoming speeches of the Chairman of the Supervisory Board and the Chairman of the Executive Board from the Annual General Meeting 2011 on the Internet.

_ Availability of a proxy exercising shareholders' voting during the Annual General Meeting (Section 2.3.3 sentence 2 GCGC).

Shareholders who did not take part directly in the Annual General Meeting were able to appoint a proxy up until the evening before the Annual General Meeting 2011. Since the transmission of the meeting on the Internet ended following the speeches of the Chairmen of the Supervisory and Executive Boards, it was not necessary for the proxies to be available for these shareholders during the Annual General Meeting.

For shareholders who took part in the Annual General Meeting, the proxy was also available during the Annual General Meeting.

_ First-time appointment of members of the Executive Board (Section 5.1.2 [2] GCGC).

All Executive Board members were appointed initially for a term of five years, indicating the Company's willingness to enter into a long-term cooperation. Furthermore, an initial term of five years represents common practice among experienced professionals and is therefore in line with the expectations of many potential Executive Board members.

_ Performance-related remuneration for members of the Supervisory Board should also contain components based on the long-term performance of the Company (Section 5.4.6 [2] sentence 2 GCGC).

As already stated, Section 12 of the Company Statutes stipulates a fixed salary and an attendance fee only.

Composition of the Supervisory Board

In accordance with Section 5.4.1 of the GCGC the Supervisory Board has in fiscal year 2010 established the following target regarding its future composition, which is unchanged valid:

"Fraport AG shall endeavor to provide prospective opportunities for all persons regardless of gender. The Company will continue to include and promote female employees to all levels and areas of responsibility within the Company commensurate with their qualification and ability. This shall equally apply to the Supervisory Board, which shall endeavor to increase the number of members who are women commensurate with the ratio of women found among all employees."

The percentage of women found in the aggregate number of employees in the Fraport AG (single entity) amounts to approximately 19 percent. The Supervisory Board of Fraport AG consists of 20 members. Together with the appointment of Ms. Jutta Ebeling the number of female Supervisory Board members increased to five. Therefore, the share of women in the Supervisory Board exceeds the target set in the previous year, that the share of women shall represent the gender mix among the total employees.

Furthermore, there is a sufficient number of members on the Supervisory Board who have international experience. The nomination committee and the Supervisory Board shall continue to reasonably take the international experience of candidates for the Supervisory Board into account for future nominations.

Remuneration report

Executive Board remuneration

The German Act on the Appropriateness of Executive Board Remuneration (VorstAG) came into effect on August 5, 2009, creating concrete requirements for remuneration of Executive Board members. Remuneration shall be in proportion to the tasks of the position and the Company's situation and in line with a transparent and sustainable corporate governance approach which focuses on the long-term. Executive Board remuneration is set by the Supervisory Board upon the recommendation of its executive committee.

The Executive Board members' contracts were revised accordingly on January 1, 2010. Remuneration is comprised as follows:

_ Non-performance-related components (fixed salary and payments in kind)
_ Performance-related components with a short and medium-term incentive effect (bonus)
_ Performance-related components with long-term incentive effect (Long-Term Strategy Award and Long-Term Incentive Program)

Generally, the Supervisory Board was guided by the principle that in the ordinary course of business, members of the Executive Board shall receive a fixed annual salary, which makes up approximately 35 percent of total remuneration. The bonus payment should also amount to approximately 35 percent of total remuneration. The Long-Term Strategy Award should account for approximately 10 percent of total remuneration and the share of the Long-Term Incentive Program about 20 percent.

In addition to these components, there are still stock options outstanding, issued in previous years, that have a long-term incentive effect within the scope of the still running stock option plan (see Group notes, note 45). The last time stock options were issued was in 2009. In addition, Executive Board members received endowments to pension benefit payments.

Non-performance-related components

During the term of their employment agreement (generally five years), Executive Board members, as a rule, receive a fixed annual salary for the entire period.

The amount of the fixed salary shall be reviewed annually for reasonableness.

The fixed annual remuneration also covers any activity performed by an Executive Board member for companies in which Fraport AG holds an indirect or a direct interest of more than 25 percent of the shares (so-called other board functions related to Group companies).

If an Executive Board member has such other board functions at Group companies, the remuneration he or she receives from such investees is credited against the bonus. The emoluments received by Dr. Zieschang as a member of the Supervisory Board of Flughafen Hannover-Langenhagen GmbH and by Mr. Peter Schmitz as a member of the Supervisory Board of ASG Airport Service Gesellschaft mbH have been credited against the respective 2011 bonus payments from Fraport AG.

In addition, the remuneration for Executive Board members includes compensation in kind and other remuneration. Compensation in kind is the pecuniary benefit subject to wage tax from using a Company car with driver. This compensation in kind is generally available to all Executive Board members in the same way; the amount of compensation depends on the personal situation.

Executive Board members also receive half of the total contributions toward their pension insurance in the case of voluntary insurance and in the case of statutory insurance, half of the total statutory contributions.

Performance-related components

Without a long-term incentive effect (bonus)

The bonus is dependent on EBITDA and ROFRA of the Fraport Group for the respective fiscal year. EBITDA is the Group operating result, ROFRA the interest on Group assets; i. e., the total return on capital (Return on Fraport Assets). Both key figures (EBITDA and ROFRA) are recognized parameters for measuring the success of a Company.

The actual bonus for an Executive Board member is calculated by multiplying EBITDA and ROFRA, each minus a basic allowance, by an individual multiplier for each Executive Board member, stipulated in each employment contract and adding the results. The bonus amount for one fiscal year is capped at 175 percent of the bonus paid in 2009, or if the member was appointed during the year or the employment contract was amended in 2009, an amount extrapolated for the entire year. 50 percent of anticipated bonus payments are paid out monthly during the fiscal year. The remaining bonus payments are payable within one month after the Supervisory Board has approved the respective consolidated annual results.

50 percent of the calculated bonus payments have a conditional payback provision. If EBITDA and ROFRA in the following year do not reach at least an average of 70 percent of the corresponding key figures for the fiscal year in question, the Executive Board member has to pay back 30 percent of the bonus to Fraport AG. Should the same apply to the second year after the relevant fiscal year, 20 percent of the bonus has to be repaid. A possible repayment obligation exists for each following year separately and must be individually reviewed each year for compliance.

If the Supervisory Board is of the opinion that the relevant business figures have decreased due to influences outside of the Executive Board's control, it can grant a bonus at its discretion or waive the full or partial repayment, based on the Executive Board member's performance. If an Executive Board member holds an active position for less than one fiscal year, a pro rata bonus payment is made.

With a long-term incentive effect (Long-Term Strategy Award, LSA)

With the LSA an additional long-term incentive effect is being created that takes into reasonable consideration the long-term interests of the main stakeholders of Fraport AG, specifically employees, customers and shareholders.

As part of the LSA, each Executive Board member is promised a prospective financial reward for one fiscal year – first in 2013 for the year 2010. After three fiscal years have expired (the fiscal year in question and the two following years), it is determined to which extent the targets have been met and the actual payment is calculated based on these results. The paid payment amount can exceed or fall below the prospective amount, but is capped at 125 percent of the originally stated amount. Performance targets are customer satisfaction, sustained employee development and share performance. All three targets are equally important under the LSA. As in the previous year, for 2014 a prospective sum of € 120 thousand has been promised to the Chairman of the Executive Board, while a prospective sum of € 90 thousand each has been promised to the other members of the Executive Board.

Customer satisfaction is evaluated on an annual basis using an established assessment system, for airlines, real estate management, retail properties and passengers. Whether or not a target has been met is determined by comparing the corresponding data (in percentage points) at the beginning of the three-year period with the average achieved over the same period. If the actual result exceeds or falls below the target by two full percentage points, the bonus paid for customer satisfaction is increased or decreased correspondingly.

Sustained employee development relates to employee satisfaction and the development of headcount. The Supervisory Board decides to which extent the target has been met. Its decision is based on the results of the employee satisfaction barometer (an annual survey among Fraport AG employees) and the responsible development of headcount in view of the economic situation of the Group.

For the share performance target, the Fraport share price development over the corresponding three-year period is compared with the average MDAX development and a share basket, which includes the shares of the operators of Paris, Zurich and Vienna airports. The payment for this target is again determined by comparing the reference value calculated at the beginning of the three-year period with the actual development. Positive or negative deviations increase or decrease the prospective bonus correspondingly.

The right to the LSA bonus payment accrues once the consolidated financial statements for the last fiscal year of the performance period have been approved by the Company's Supervisory Board.

If an Executive Board member leaves Fraport AG before the end of a three-year period, the performance targets are still calculated once this period has expired. The award for the entire period is then paid on a pro rata basis for the amount of time the Executive Board member actually worked for the Company. There is no right to payment for a three-year period which has not yet expired at the time the employment contract has been legally terminated due to extraordinary circumstances in the control of the Executive Board member (termination by request of the Executive Board member without cause pursuant to Section 626 of the German Civil Code [Bürgerliches Gesetzbuch - BGB], termination for cause within the control of the Executive Board member in accordance with Section 626 BGB) or the Executive Board member has been removed from his or her office for important cause pursuant to Section 84 (3) AktG. If an Executive Board member joins the Company during the course of a fiscal year, the Supervisory Board shall decide if and to which extent the Executive Board member may be entitled to participate in the LSA program for this fiscal year.

Long-Term Incentive Program (LTIP)

The LTIP is a virtual stock options program. Beginning in fiscal year 2010, the Executive Board members of Fraport AG are promised each fiscal year a contractually stipulated amount of virtual shares within their employment agreements, so-called performance shares, on the condition and addiction that they meet predefined performance targets (the so-called target tranche). After four fiscal years – the performance period – it will be determined to which extent these performance targets have been met and the number of performance shares actually are due to the Executive Board member, the so-called actual tranche. The actual tranche can exceed or fall below the target tranche, but is capped at 150 percent of the target tranche. The value of the allocated performance shares is then calculated on the basis of the average current share price at the end of the performance period and converted into the actual cash LTIP bonus payment. The two performance targets ‚earnings per share' (EPS) and, rank total shareholder return MDAX' are relevant for deriving the actual tranche from the target tranche, with EPS being weighted at 70 percent and rank total shareholder return MDAX at 30 percent. For the fiscal year 2011, as in 2010, 9,000 performance shares were allocated to Dr. Stefan Schulte as a target tranche and to Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang, each 6,850 performance shares.

In order to determine to what extent the EPS performance target has been met, the weighted average target EPS during the performance period, based on the strategic development planning applicable at the time of the award, is compared with average EPS actually achieved during the performance period. For the calculation, the first fiscal year accounts for 40 percent, the second for 30 percent, the third for 20 percent and the fourth for 10 percent. If targets have been met 100 percent over the performance period, the actual tranche corresponds to the target tranche. If the actual EPS differs from the target EPS, the number of allocated performance shares is adjusted accordingly. If the actual EPS falls below the target EPS by more than 25 percentage points, no performance shares are issued for the EPS performance target. If the actual EPS falls below the target EPS by 25 percentage points, the actual tranche amounts to 50 percent of the target tranche. If the actual EPS exceeds the target EPS by 25 percentage points, the actual tranche amounts to 150 percent of the target tranche. Intermediate values can be calculated using a straight-line method. Any performance exceeding the targets by more than 25 percentage points is not taken into account. To which extent the rank total shareholder return MDAX performance target has been met is calculated by determining the weighted average rank of Fraport AG amongst all companies listed in the MDAX in relation to the total shareholder return (share price development and dividends) over the performance period. Just as with the EPS performance target, the four relevant fiscal years will be weighted digressively. The actual tranche shall equal the target tranche if Fraport AG, during the performance period, ranks number 25 among total shareholder return MDAX with its weighted average. For each rank exceeding or falling below 25, the actual tranche is increased or reduced by 2.5 percentage points. If Fraport AG ranks worse than 45, no performance shares will be issued for the rank total shareholder return MDAX performance target; if Fraport AG ranks better than 5, there will not be a further increase in the number of performance shares issued over 5th place.

The relevant share price used for calculating the LTIP payment shall correspond to the weighted average of Company's closing share price in XETRA or a similarly situated trading system at the Frankfurt Stock Exchange during the first 30 trading days directly subsequent to the last day of the performance period. The LTIP bonus is due to be paid once the consolidated financial statements for the last fiscal year of the performance period have been approved by the Company's Supervisory Board.

The rules for LTIP entitlements of former Executive Board members are largely the same as for the LSA. In addition, a former Executive Board member is not entitled to any performance shares for a target tranche whose performance period has lasted less than twelve months at the time the employment contract was legally terminated.

The LTIP fair value accrual allocation resulted in the following expense for the fiscal year: Dr. Stefan Schulte € 181.9 thousand (previous year: € 121.1 thousand), Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang each € 138.5 thousand (previous year: € 92.2 thousand).

Pension commitments

The Executive Board members are entitled to pension benefits and provision for surviving dependents. An Executive Board member is generally entitled to retirement benefits if he or she becomes permanently invalid or retires from office during the duration of, or upon expiry of, his or her employment agreement. If an Executive Board member dies, benefits are paid for his or her surviving dependents. These amount to 60 percent of the pension for the widower or widow; children entitled to receive benefits receive 12 percent each. If no widow's pension is paid, the children each receive 20 percent of the pension.

Upon retirement, income from active employment as well as retirement pension payments from previous or, where applicable, later employment relationships shall be credited against accrued retirement pay up until reaching 60 years of age, insofar as without such credit the total of these emoluments and the retirement pension would exceed 75 percent of the fixed salary (100 percent of the fixed salary if Fraport AG wishes the employment to be terminated or not be extended). Effective January 1 of each year, the pensions are adjusted at discretion, taking into account the interests of the former Executive Board member and the Company's performance. The adjustment obligation shall be considered to be satisfied if the adjustment does not fall below the increase in the consumer price index for the cost of living for private households in Germany.

The pension of an Executive Board member is defined by the percentage of a contractually agreed basis of assessment, with the percentage rising annually by 1.5 percent or 2 percent up to a limit of 75 percent, dependent on the duration of time a Executive Board member is appointed.

As of December 31, 2011, Dr. Schulte is entitled to 54.0 percent of his fixed annual gross salary. Mr. Mai is entitled to 55.0 percent of his contractually agreed basis of assessment as of December 31, 2011. As of December 31, 2011, Dr. Zieschang is entitled to 36.0 percent of his fixed annual gross salary.

Mr. Schmitz is entitled to 34.0 percent of his fixed annual gross salary as of December 31, 2011. The basic account commitment (guideline 2 of the Fraport capital account plan – "Kapitalkontenplan Fraport" – concerning the company benefit plan for Senior Executives, dated February 26, 2002), to which Mr. Schmitz is entitled under Fraport AG's company benefit plan up to December 31, 2008, shall be credited pro rata temporis against pension payments over a period of eight years after the employment contract has been terminated or expires.

In the event of invalidity, the pension rate for Dr. Schulte, Mr. Mai, Mr. Schmitz and Dr. Zieschang shall amount to at least 55 percent of their respective fixed annual gross salaries or rather the contractually agreed basis of assessment.

The right to pensions of the former Executive Board members is also determined by a percentage of a contractually agreed fixed basis of assessment.

Moreover, each member of the Executive Board has entered into a two-year restrictive covenant. During this term, reasonable

EXECUTIVE BOARD REMUNERATION 2011

	Remuneration paid out in cash			
	Non-performance-related components		Performance-related component without long-term incentive effect	
in € '000	Fixed salary	In kind and other	Bonus	Total
Dr. Stefan Schulte	415.0	24.4	682.9	1,122.3
Herbert Mai	300.0	33.7	482.0	815.7
Peter Schmitz	300.0	37.5	482.0	819.5
Dr. Matthias Zieschang	320.0	38.7	530.2	888.9
Total	**1,335.0**	**134.3**	**2,177.1**	**3,646.4**

GRAPHIC 1

EXECUTIVE BOARD REMUNERATION 2011

	Share-related remuneration
	Performance-related component with long-term incentive effect
in € '000	LTIP
Dr. Stefan Schulte	381.1
Herbert Mai	290.0
Peter Schmitz	290.0
Dr. Matthias Zieschang	290.0
Total	**1,251.1**

GRAPHIC 2

EXECUTIVE BOARD REMUNERATION 2010

	Remuneration paid out in cash			
	Non-performance-related components		Performance-related component without long-term incentive effect	
in € '000	Fixed salary	In kind and other	Bonus	Total
Dr. Stefan Schulte	415.0	18.7	605.4	1,039.1
Herbert Mai	300.0	26.4	427.2	753.6
Peter Schmitz	300.0	28.4	427.2	755.6
Dr. Matthias Zieschang	320.0	32.6	470.0	822.6
Total	**1,335.0**	**106.1**	**1,929.8**	**3,370.9**

GRAPHIC 3

EXECUTIVE BOARD REMUNERATION 2010

	Share-related remuneration
	Performance-related component with long-term incentive effect
in € '000	LTIP
Dr. Stefan Schulte	285.1
Herbert Mai	217.0
Peter Schmitz	217.0
Dr. Matthias Zieschang	217.0
Total	**936.1**

GRAPHIC 4

PRIOR YEAR COMPONENTS WITH LONG-TERM INCENTIVE (MSOP)

	MSOP 2005 3rd tranche (2007) Number	MSOP 2005 4th tranche (2008) Number	MSOP 2005 5th tranche (2009) Number	Portfolio total Number	Expenses in 2011 in € '000
Dr. Stefan Schulte	17,000	17,000	17,000	51,000	81.0
Herbert Mai	15,000	15,000	15,000	45,000	71.4
Peter Schmitz	0	0	7,000	7,000	19.8
Dr. Matthias Zieschang	15,000	15,000	15,000	45,000	71.4
Total	**47,000**	**47,000**	**54,000**	**148,000**	**243.6**

GRAPHIC 5

compensation in the form of an annual gross salary (fixed salary) pursuant to Section 90a of the German Commercial Code (HGB) shall be paid. Payments shall be made monthly. The compensation shall be credited against any retirement payments owed by Fraport AG, inasmuch as the compensation together with the retirement payments and other generated income exceed 100 percent of the last fixed salary received.

No other benefits have been promised to Executive Board members, should their employment be terminated.

Executive Board remuneration 2011

The following remuneration was paid to the members of the Executive Board: GRAPHIC 1, 2

The bonus includes the payments on account for the fiscal year 2011 and the addition to the bonus provision in 2011.

The Supervisory Board will decide on the final bonus for 2011 in fiscal year 2012.

LTIP is carried at fair value as of January 1, 2011 (time of offer).

The following remuneration was paid to the members of the Executive Board in 2010: GRAPHIC 3, 4

Prior year components with long-term incentive effects are divided among Executive Board members as follows:
GRAPHIC 5

The expenses result from the stock options recognized as expenses in accordance with IFRS 2. These are the fourth and fifth tranches from MSOP 2005 that remain in the portfolio.

Pension obligations

There are also future pension obligations of € 27,367 thousand, of which € 20,210 thousand are allotted to the pension obligations owed to former Executive Board members and their dependents. Current pension payments amount to € 1,528 thousand in 2011.

Pension obligations to currently active Executive Board members are as follows:

PENSION OBLIGATIONS ACTIVE EXECUTIVE BOARD

in € '000	Obligation Dec. 31, 2010	Change 2011	Obligation Dec. 31, 2011
Dr. Stefan Schulte	2,226	380	2,606
Herbert Mai	1,936	281	2,217
Peter Schmitz	1,199	133	1,332
Dr. Matthias Zieschang	708	294	1,002
Total	**6,069**	**1,088**	**7,157**

GRAPHIC 6

Transactions with Fraport AG shares and stock options by members of the Executive Board and their spouses as well as first-degree relatives in fiscal year 2011 were published according to Section 15a of the German Securities Trading Act (WpHG).

Other agreements

Each member of the Executive Board has entered into an obligation to purchase shares in Fraport AG amounting to at least half a year's fixed gross salary (cumulative cost at the time of purchase) and hold them for the duration of their contract of employment. Already existing portfolios containing Fraport AG shares are taken into account. The obligation to purchase and hold shares is reduced pro rata if the employment contract has a term of less than five years. If the Executive Board member is reappointed, the equivalent value of the shares a Executive Board member is obliged to hold is increased to at least a full year's gross salary.

Dr. Matthias Zieschang's appointment to the Executive Board was extended until March 31, 2017.

Prof. Dr. Bender continues to render consultation services to Fraport AG even after his departure from the Company. The consulting agreement, which ended on August 31, 2011, was extended for another two years and now ends on August 31, 2013. For this and other tasks, Fraport AG shall supply Prof. Dr. Bender with offices, office equipment and supplies and an assistant until August 31, 2013. Prof. Dr. Bender shall not receive a salary from Fraport AG for his activities. Until August 31, 2011, travel expenses were reimbursed upon authorization and approval of the trip according to the applicable Company guidelines. After this time, travel expenses were no longer reimbursed.

Prof. Dr. Bender also receives pension payments of € 242.2 thousand. Prof. Dr. Bender has agreed that the post-employment restrictive covenant, which applies for two years after the employment agreement ends, shall be extended for an additional two years up to August 31, 2013. Prof. Dr. Bender waives the right to compensation as set out in Section 90a HGB payable by Fraport AG from January 2011.

Other benefits

Executive Board members have as other benefits the option of private use of a Company vehicle with a driver, private use of a Company cell phone, a D & O liability insurance with a deductible pursuant to Section 93 (2) sentence 3 AktG, an accident insurance and a lifetime entitlement to use the VIP service of Fraport AG, as well as access to a parking spot at Frankfurt airport. Fraport AG reimburses travel costs for Company trips and other business expenses in line with regulations in general use at Fraport AG.

Supervisory Board remuneration in 2011

The remuneration of the Supervisory Board was adjusted by the shareholders at the Annual General Meeting held on May 27, 2009 and is laid down in Section 12 of the Statutes of Fraport AG. According to this, every member of the Supervisory Board shall receive € 15,000 for each full fiscal year, the Chairman and the Chairman of the finance and audit committee shall receive twice that amount, the Vice Chairman and the Chairmen of the other committees shall each receive one and a half times this amount. For their membership in a committee, Supervisory Board members receive an additional, fixed fee of € 3,750 for each full fiscal year. This amount does not increase by being a member of several committees. In addition, every member receives € 400 for each meeting and incurred expenses are refunded. Notwithstanding members of the finance and audit committee receive € 800 for every meeting they attend (see Group notes, note 54).

All active members of the Supervisory Board received an aggregate remuneration of € 534.7 thousand in 2011 (previous year: € 519.2 thousand).

Total Supervisory Board remuneration in 2011 breaks down as follows:

TOTAL SUPERVISORY BOARD REMUNERATION 2011

Supervisory Board member	Remuneration 2011 in €
Former State Minister Karlheinz Weimar	38,550.00
Gerold Schaub	33,450.00
Ismail Aydin	22,750.00
Dr. Manfred Bischoff	21,550.00
Mayor Jutta Ebeling	13,825.00
Dr. Margarete Haase	26,750.00
State Minister Jörg-Uwe Hahn	32,250.00
Erdal Kina	22,750.00
Lothar Klemm	30,350.00
Stefan H. Lauer	16,600.00
Arno Prangenberg	25,550.00
Gabriele Rieken	24,350.00
Petra Rossbrey	26,750.00
Mayor Dr. h. c. Petra Roth	25,950.00
State Secretary Prof. Klaus-Dieter Scheurle	16,600.00
Hans-Jürgen Schmidt	26,750.00
Werner Schmidt	24,750.00
Edgar Stejskal	29,550.00
Christian Strenger	44,550.00
Peter Wichtel	31,050.00

GRAPHIC 7

Remuneration of the Economic Advisory Board in 2011

Every member of the Economic Advisory Board receives a remuneration of € 5,000 for every year of membership, with the Chairman receiving twice that amount. Travel expenses are reimbursed. In fiscal year 2011, aggregate remuneration of the Economic Advisory Board amounted to € 92.5 thousand (previous year: € 78.0 thousand).

Shares held by members of Governing Corporate Bodies

Pursuant to Section 15a WpHG, Fraport promptly discloses transactions executed by Senior Executives and persons closely related to them regarding Fraport shares and options.

The shares held by all Executive and Supervisory Board members account for less than 1 percent of all Fraport shares issued.

Group management report for the fiscal year 2011

GROUP MANAGEMENT REPORT

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THE FRAPORT GROUP

Operating Activities and Organization

A leading international airport operator

With its international portfolio of investment airports, the Fraport Group (hereinafter also referred to as Fraport) is among the leading global airport operators. Measured by passenger numbers across the Group, Fraport is the largest airport operator listed on the stock exchange. In addition to the wide range of airport and terminal services that the Group provides, it is also developing airports into hubs for mobility, events and real estate. Frankfurt airport is not only Fraport's main location and key driver of revenue and earnings, but also one of the largest passenger and cargo airports in the world, which the Fraport AG Frankfurt Airport Services Worldwide owns and unlimited operates. Next to Frankfurt, the Group has majority and minority shares as well as management contracts at a further 12 international airports. The parent company of the Group is headquartered in Frankfurt am Main.

Strategic and operative responsibility at the Executive Board

The strategic and operative responsibility of the Group lies with the 4 members of Fraport AG's Executive Board: Dr. Stefan Schulte (Chairman), Herbert Mai (Executive Director of Labor Relations), Peter Schmitz (Executive Director of Operations) and Dr. Matthias Zieschang (Executive Director of Controlling and Finance). Each business unit of the Group is directly allocated to one member of the Executive Board allowing a targeted approach to the management of the Group. In this context the Group's organization is divided into strategic business units, service units and central units. GRAPHIC 8

Dividing the Group in 4 segments

For the purpose of reporting and managing the Group's results, the strategic business, service and central units have been divided into 4 segments: Aviation, Retail & Real Estate, Ground Handling and External Activities & Services. The **Aviation** segment incorporates the strategic business units "Traffic and Terminal Management, Corporate Safety and Security" and "Airport Security Management" at the Frankfurt site. The strategic business unit "Retail and Properties", which mainly handles retailing activities, parking facility management as well as renting and marketing real estate at the Frankfurt site, is assigned to the **Retail & Real Estate** segment. The **Ground Handling** segment combines the strategic business unit "Ground Services" and the investments involved in these operations at the Frankfurt site. The "Global Investments and Management" central unit, which is mainly responsible for airport services and airport management for Group investments that are not integrated into the business processes at the Frankfurt site, is assigned to the **External Activities & Services** segment. The service units "Facility Management" and "Information and Telecommunication", including their subsidiaries, also belong to this segment. Since January 1, 2011, this segment has also included the service unit "Corporate Infrastructure Management".

ORGANIZATIONAL STRUCTURE

	Chairman of the Executive Board Dr. Stefan Schulte	Executive Director Labor Relations Herbert Mai	Executive Director Controlling and Finance Dr. Matthias Zieschang	Executive Director Operations Peter Schmitz
Segment responsibility	Aviation	Retail & Real Estate	External Activities & Services	Ground Handling
Strategic business units	_Traffic and Terminal Management, Corporate Safety and Security	_Retail and Properties		_Airport Security Management _Ground Services
Service units			_Information and Telecommunication	_Facility Management _Corporate Infrastructure Management
Central units	_Legal Affairs _Internal Auditing _Corporate Development _Corporate Communications	_Sustainability Management and Corporate Compliance _Human Resources	_Global Investments and Management _Controlling _Finance and Investor Relations _Accounting _Central Purchasing, Construction Contracts	_Passenger Experience

GRAPHIC 8

Group Strategy

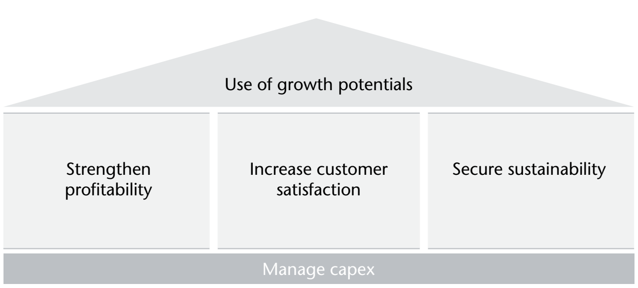
Despite short-term uncertainties, the long-term trend has been for stable growth

The Fraport Group's strategy is focused on the long-term development and market trends in global air traffic. Following significant growth in the 2010 and 2011 fiscal years, the first signs of recession began to show at the end of the 2011 fiscal year, as a result of the global decline in economic growth. Additional costs to the industry also come from the German Aviation Tax and the planned emissions trading scheme in the European Union (EU). Despite the worsening economic framework conditions, the air traffic associations Airports Council International (ACI) and the International Air Transport Association (IATA) continue to forecast long-term, stable growth for the international air traffic industry of around 4 % per year. The capacity of the new Runway Northwest will ensure that the Fraport Group will be able to profit from future growth in the market at the Frankfurt site. For the Group locations outside Frankfurt there is also a positive development in traffic expected.

Strategic challenges – Agenda 2015

Taking these anticipated developments in global air traffic into account, the Fraport Group has described the challenges it faces in Agenda 2015. Agenda 2015 consists of 5 areas of activity.

AGENDA 2015



GRAPHIC 9

Manage capex

The foundation of the future development of the Fraport Group and therefore the central element of Agenda 2015 is the expansion and modernization of Frankfurt airport. The new Runway Northwest is the core of the capital expenditure program and was on time opened for the 2011 / 2012 winter flight schedule. Furthermore, in the 2011 fiscal year the following infrastructure projects were mainly driven forward:

_ Construction of Pier A-Plus (to be opened this year)
_ Remodeling of Pier B
_ Redesigning of Pier C
_ Planning of Terminal 3 (construction to start in 2013)

Strengthen profitability

Additional expenses from depreciation as well as interest expenses are being incurred by the extensive and capital-intensive investment program. As a result, Fraport must meet the challenge of further increasing its efficiency and operating result. Topics in this context include, among others:

_ Sustained traffic growth originating from the new Runway Northwest
_ Gradual increase of airport charges until 2015
_ New ground handling services agreement with Deutsche Lufthansa until 2018
_ Optimizing internal processes (implementing Corporate Infrastructure Management, remodeling of central business processes)

Increase customer satisfaction

Fraport sees the sustained increase of customer satisfaction as a challenge for all Group units. Frankfurt airport and the entire Fraport Group will benefit from passengers considering Group airports to be their airports of choice. This applies to departures and arrivals as well as transfers and passengers who use our retail areas. Satisfied passengers are a prerequisite to fully use the business's potentials. The results of customer surveys such as "Skytrax" underline that the quality improvement measures enacted in the past at Frankfurt airport have been very positively received by passengers. To continue this trend in the coming years, Fraport launched the service program "Great to have you here!" in 2010.

Secure sustainability

Fraport understands sustainability as responsibly developing the concept for its future, consistently reconciling economic, environmental and social targets with the Company's long-term interests. With its central unit "Sustainability Management and Corporate Compliance" Fraport is accounting for a sustainable corporate policy. More detailed information on the topic of sustainability can be found in the chapter titled "Non-Financial Performance Indicators" starting on page 66.

Use of growth potentials

With the inauguration of Runway Northwest Frankfurt airport enjoys already today a good competitive position. To ensure quick and profitable utilization of the new capacities, sales activities focus on international growth regions. Additionally, Fraport sees 3 essential future growth drivers for the Group:

Growth driver 1: Retail business

The extension and modernization of the shopping and catering spaces in the terminals is the central element of growth plans for the retail business at the Frankfurt site. In addition, intelligent passenger traffic flow management aims to ensure that these new facilities can be optimally used by passengers. The Company's aim is to increase net retail revenue per passenger in Frankfurt from on average € 3.17 in fiscal year 2011 to roughly € 4 per passenger in the medium-term. With a total of 12,000 sqm shopping and catering space, Pier A-Plus, which will start operation in 2012, will be a major contributor to this goal.

Growth driver 2: External business

In addition to Frankfurt, Fraport operates 4 other international airports with a share of 50 % or more. Fraport is also involved in 8 other airports either as a minority shareholder and/or through management contracts. The expected positive development of the existing portfolio will continue to increase the external business' profit contributions to Group result over the next years. In addition, the Company is focusing on further expanding its external business.

Growth driver 3: Airport city

Around the world, hub airports are developing into airport cities. Fraport recognized this trend at an early stage and identified sites that are worth consideration for real estate development. Depending on each project, Fraport decides if and to what extent the Group will participate in its development. Current examples of the further development of Frankfurt Airport City are:

_ Mönchhof site
_ Gateway Gardens
_ CargoCity South

Value Management

Fraport value added as performance and steering item

To increase the Company's value sustainably, Fraport plans and manages the Group's development according to the principles of value management. The central figure used to guide this strategy is reflected in the "Fraport value added" figure. This is calculated as the difference from the Company's EBIT and capital costs (Fraport assets x weighted average cost of capital):

CALCULATING VALUE ADDED

EBIT − Fraport assets X Weighted average cost of capital = Value added

COST OF CAPITAL

GRAPHIC 10

Components of the value added calculation

Weighted average cost of capital

Fraport calculates the weighted average cost of capital (WACC) from the sum of return on equity expected from investors and the return expected by creditors on the share of interest-bearing debt in total capital according to the Capital Asset Pricing Model (CAPM). Given the continuously changing economic environment, interest rate levels and/or Fraport's risk and financing structure, Fraport regularly reviews and if necessary adjusts its WACC. Fraport's WACC before taxes was determined at 9.5 % as of January 1, 2009 and based on regular reviews was kept at this level for 2011.

Fraport assets

Fraport assets are defined as the average of the Company's interest-bearing capital required for operations, which is calculated as follows:

CALCULATING FRAPORT ASSETS

Goodwill
\+ Other intangible assets at cost / 2
\+ Investments in airport operating projects at cost / 2
\+ Property, plant and equipment at cost / 2
\+ Inventories
\+ Trade accounts receivable
− Construction in progress at cost / 2
− Current trade accounts payable

= Fraport assets

GRAPHIC 11

To avoid value creation coming solely from depreciation in calculating its value added figure, Fraport's depreciable assets are generally recognized at half of their historical acquisition / manufacturing costs (at cost/2) and not at residual carrying amounts. Goodwill is an exception in this context and is recognized at its corresponding carrying amount in accordance with IFRS regulations. Contrary to the calculation of Fraport value added at Group and segment level, calculating this figure for the External Activities & Services segment is expanded to include the results of associated and other investments assigned to the segment, as well as, the investments' corresponding assets. This allows Fraport to include also its minority-owned investments in its value management.

Return on Fraport assets (ROFRA)

Fraport has expanded its Group and segment value added items with the Return on Fraport assets (ROFRA) control factor, to allow comparisons between business units of varying size. ROFRA is determined from the ratio of EBIT to Fraport assets and shows whether the business units created value (ROFRA > WACC) or not (ROFRA < WACC).

Value added increased in 2011

The good operating development led to a positive value added in fiscal year 2011 as well. Year-on-year, the value increased by € 25.1 million (+51.2%) to € 74.1 million. The value added in the Aviation segment improved from € – 71.2 million to € –53.7 million. The Ground Handling and External Activities & Services segments also showed an increase in value added. The reason for this development was EBIT, which rose disproportionately to capital costs before taxes. In terms of the increase in value added in the Aviation segment, it should be noted that the capital costs before taxes from the inauguration of the Runway Northwest were only accounted for on a pro rata basis. In the context of a reporting date measurement, the capital costs before taxes for the Aviation segment would have amounted to € 185.9 million. Due to a relatively sharp increase in capital costs before taxes the only segment to show a decrease in value added was the Retail & Real Estate segment (losses of € 6.7 million). However, the value added for the segment amounted to € 92.4 million, once again accounting for the largest share to the Group's value added. GRAPHIC 12

The Fraport Group's ROFRA of 11.2% exceeded Fraport's WACC of 9.5 % again. Therefore, Fraport was able to show Group-wide that it had earned its capital costs before taxes and created value during the previous fiscal year. For a detailed explanation of the Fraport Group's and its segments' business development, please see the 'Results of Operations' section starting on page 54.

Statement on Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB)

Acting also for the Supervisory Board, the Executive Board issues a statement on Corporate Governance in accordance with Section 289a HGB. The statement is published on the corporate website www.fraport.com within the Corporate Governance category under Investor Relations.

Remuneration Report

Remuneration of the Executive Board

Fraport's Supervisory Board determines the remuneration for Executive Board members based on the recommendations put forward by the executive committee. As of January 1, 2010 remuneration for the Executive Board comprises the following components:

DEVELOPMENT OF VALUE ADDED IN 2011

	Fraport Group		Aviation		Retail & Real Estate		Ground Handling		External Activities & Services[1]	
€ million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
EBIT	496.6	430.9	96.1	56.4	232.1	227.9	20.3	11.0	158.1	141.4
Fraport assets	4,447.3	4,019.7	1,576.7	1,343.0	1,470.3	1,355.7	508.5	478.1	1,087.4	978.0
Capital costs before taxes	422.5	381.9	149.8	127.6	139.7	128.8	48.3	45.4	103.3	92.9
Value added before taxes	74.1	49.0	–53.7	–71.2	92.4	99.1	–28.0	–34.4	54.8	48.5
ROFRA	11.2%	10.7%	6.1%	4.2%	15.8%	16.8%	4.0%	2.3%	14.5%	14.5%

[1] EBIT and Fraport assets adjusted for associated and other investments allocated to the segment
Due to these adjustments differences might occur when summing up on Group level

GRAPHIC 12

_ Fixed component (fixed salary and compensation in kind)
_ Performance-related component with short- and medium-term incentives (bonuses)
_ Performance-related component with long-term incentive (Long-Term Strategy Award and Long-Term Incentive Program)

In addition to these components, remuneration also includes stock options with long-term incentives under the still valid stock options plan, that was last issued for the year 2009 (see Group notes, note 45). Furthermore, Executive Board members received endowments to pension benefit payments. A detailed remuneration report is available in the Group notes, note 52 and in the Corporate Governance report.

Remuneration of the Supervisory Board

The members of the Supervisory Board receive only a fixed remuneration. Details are also available in the Group notes, note 52 and in the Corporate Governance Report.

The remuneration report in the Group notes is also a component of the management report.

Notes pursuant to Section 315 (4) HGB

As at December 31, 2011 the stock capital of Fraport AG amounted to € 919,558,670.00 and is divided into 91,955,867 no par value bearer shares. The company holds 77,365 treasury shares which are offset from the capital stock on the balance sheet. The subscribed capital less treasury shares was recognized at € 918,785,020 (91,878,502 no par value shares) in the balance of trade on December 31, 2011. There are no different share classes.

The total voting rights held by the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH in Fraport AG calculated in accordance with Section 22 (2) of the German Securities Trading Act (WpHG) amounted to 51.60% as of December 31, 2011. At that time, they were attributed as follows: State of Hesse 31.49% and Stadtwerke Frankfurt am Main Holding GmbH 20.11%. The voting rights in Fraport AG owned by the City of Frankfurt am Main are held indirectly via the Stadtwerke Frankfurt am Main Holding GmbH subsidiary. According to the last official report in accordance with WpHG or disclosures from individual shareholders, the remaining voting rights in Fraport AG were assigned as follows (as of December 31, 2011): Artio Global Investors Inc. 9.96% and Deutsche Lufthansa AG 9.92%. The relative ownership interests were adjusted to the current total number of shares existing as of the balance sheet date and may therefore differ from the figures given at the time of reporting or from shareholders' own disclosures.

The appointment and dismissal of Executive Board members is carried out in compliance with the relevant provisions of the German Stock Corporation Act (AktG) (Sections 84, 85). Pursuant to Section 179 (1) sentence 2 AktG in conjunction with Section 11 (3) of the Company Statutes, the Supervisory Board is entitled to amend the wording of the Company Statutes only. Other amendments to the Company Statutes require the resolution of the Annual General Meeting, which, according to Section 18 (1) of the Company Statutes, must be passed by a simple majority of the votes cast and shareholders represented at the time of the resolution. If, by way of exception, law requires a higher controlling interest (e.g., when changing the purpose of a company as stated in the Company Statutes, Section 179 [2] sentence 2 AktG, or when issuing contingent capital, Section 193 [1] sentence 1 AktG), the resolution of the Annual General Meeting has to be passed by a three-quarter majority of the represented shareholders.

Pursuant to Sections 202 et seq. AktG, the Executive Board is authorized, by resolution of the Annual General Meeting held on May 27, 2009 to increase the capital stock once or several times by up to € 5.5 million until May 26, 2014, upon the approval of the Supervisory Board. The statutory subscription rights of the shareholders can be excluded. In 2011, a total of € 402,790.00 of the authorized capital was used for issuing shares within the scope of the employee investment plan. Therefore, authorized capital amounted to € 4,528,620.00 as of December 31, 2011. This sum can be used for the purpose of issuing shares to the employees of Fraport AG and 7 Group companies. For further details see Group notes, note 31.

A contingent capital increase of € 13.9 million was approved under Sections 192 et seq. AktG at the Annual General Meeting held on March 14, 2001. The purpose of the contingent capital was expanded at the Annual General Meeting on June 1, 2005. The contingent capital increase also serves to fulfill subscription rights under the adopted Fraport Management Stock Options Plan 2005 (MSOP 2005). The Executive Board and Supervisory Board were authorized to issue up to 1,515,000 stock options to beneficiaries entitled to subscribe until August 31, 2009, in accordance with the conditions regulating the allocation of stock options. Some of the shares which were issued as part of performance-related remuneration to members of the Executive Board until 2010 are subject to a vesting periods of 12 or 24 months.

The contingent capital totaled € 5.7 million as of December 31, 2011. No options were exercised in 2011 as the exercise limit was not reached.

The Executive Board is entitled, upon resolution of the Annual General Meeting 2010, to purchase treasury shares of up to a total of 3 % of the capital stock available at the time of the Annual General Meeting 2010. The Executive Board may only use these treasury shares for fulfilling subscription rights under the MSOP 2005, while the Supervisory Board may use them as a share-based portion of the Executive Board's remuneration. No treasury shares were purchased in 2011 based on these granted authorizations.

The provisions set out under Section 315 (4) HGB are rules usually applied by similar listed companies and are not intended to hinder any takeover attempts.

Report on the relationships to affiliated companies

Fraport is a public controlled enterprise

Due to the interest of 31.49 % (2010: 31.50 %) held by the State of Hesse and 20.11 % (2010: 20.12 %) held by Stadtwerke Frankfurt am Main Holding GmbH as well as the consortium agreement concluded between these shareholders on April 18 / 23, 2001, Fraport AG is a public controlled enterprise. No control or profit transfer agreements exist.

The Executive Board of Fraport AG therefore compiles a report on the relationships to affiliated companies in accordance with Section 312 AktG. At the end of the report, the Executive Board made the following statement: "The Executive Board declares that under the circumstances known to us at the time, Fraport AG received fair and adequate compensation for each and every legal transaction conducted. No action was taken or not taken at the behest or in the interests of the State of Hesse and the municipal authority Frankfurt am Main and companies affiliated with them in the year under review."

BUSINESS DEVELOPMENT 2011

Significant events and operational highlights

New runway opened

Operational highlight of the 2011 fiscal year was the inauguration of Runway Northwest at the Frankfurt site which, despite the bureaucratic application processes and the harsh winter in 2010 / 2011 was opened on-time on October 21. In order to guarantee the smooth operation during the step-by-step expansion of capacity the existing land and airside facilities were being adjusted already before the inauguration. At the same time, new traffic control towers and taxiways were constructed. Internal processes for coping with the growth the new runway will bring were tested and prepared using the 'Operational Excellence' program. Regarding the step-by-step expansion of capacity, the German Federal Ministry for Transport, Building and Urban Development set out a resolution on May 5, 2011 to increase the coordinated runway capacity for the 2011 / 2012 winter flight schedule at Frankfurt airport from around 82 aircraft movements to an average of 90 aircraft movements per hour, an increase of nearly 10 %. The substantial opportunities and risks resulting from the airport expansion program are highlighted in the Opportunity and Risk report starting on page 69.

Pier A-Plus: A new dimension in airport retail

The retail offer planned for Pier A-Plus, which will go into operation in October 2012, was finalized at the end of May, 2011. A total of 12,000 sqm of sales area will be divided over 4 new, attractively laid out market places, accommodating around 60 shopping and catering outlets. In Frankfurt, the passengers' route to the departure gates will for the first-time lead them right through the spaciously designed Duty Free and Travel Value shops. These shops will be operated by the anchor tenant, Gebrüder Heinemann. In total, Duty Free and Travel Value shops will occupy around 6,000 sqm of sales space in the A-Plus area. The high attractiveness of the new shopping facilities will contribute significantly to increasing the net retail revenue per passenger to around € 4 in the medium-term.

Fraport filed new request for arbitration against the Republic of the Philippines

On March 30, 2011, Fraport filed for a new request for the institution of arbitration against the Republic of the Philippines at the International Centre for Settlement of Investment Disputes (ICSID). On December 23, 2010, an ICSID ad hoc committee had unanimously decided to annul the ICSID's majority decision of August 16, 2007. This provided Fraport the opportunity to re-submit the lawsuit to an ICSID tribunal. In the new arbitration proceedings, Fraport will again claim compensation for the expropriation of the investment project at Manila airport.

Project financing concluded for Pulkovo airport in St. Petersburg

On June 8, 2011, the Northern Capital Gateway Consortium, in which Fraport AG holds indirectly a stake of 35.5 %, concluded the project financing for the development, modernization and operation of Pulkovo airport in St. Petersburg, Russia, with funds amounting to about € 700 million. The financing agreements were concluded as a necessary prerequisite for the further expansion of Pulkovo airport. A total of approximately € 900 million will be needed for the expansion program.

Development of economic conditions

A slight slowdown of the global conditions

After a strong recovery in 2010 (+5.2 %), the global economy almost met the expectations of around 4 % growth during the reporting year, but lost momentum in the course of the year and finished on 3.8 %. However, the economies of individual countries developed very differently. While the countries in the Euro zone recorded a moderate average growth rate of 1.6 %, growth in Asia – particularly China and India – as well as Latin America and Africa was much stronger. In comparison to the previous year, the growth rate in global trade almost halved (2011: around 6.9 %). The financial crisis, the credit crunch and the increase in the price of raw materials, especially crude oil, led to a distinct slowdown in momentum during 2011 (average global market price per barrel in 2011: around US $ 107; in 2010: around US $ 80).

GROSS DOMESTIC PRODUCT (GDP) / WORLD TRADE

Real changes compared to the previous year in %	2011	2010
Germany	3.0	3.7
Euro zone	1.6	1.9
United Kingdom	0.9	2.1
USA	1.8	3.0
Japan	–0.9	4.4
Russia	4.3	4.0
China	9.2	10.4
India	7.4	9.9
World	3.7	5.2
World trade	**6.9**	**12.7**

According to different national and international sources: International Monetary Fund (IMF, January 24, 2012), Organisation for Economic Co-operation and Development (OECD, November, 2011), Deutsche Bank (February 9, 2012), DekaBank (February 10, 2012), German Federal Statistical Office (press release 10, January 11, 2012, press release 44, February 8, 2012), Institute for Economic Research (ifo, December 14, 2011), www.tecson.de (oil prices)

GRAPHIC 13

Repeatedly strong growth in German GDP

With a growth of 3 % in 2011, the German economy showed strong growth again as it climbed considerably above the average growth rate in the rest of the Euro zone. However, the economic forecasts which had been revised upwards until the summer, were reduced again during the second half of the year. In the final quarter of the year, no growth was recorded again. The drivers of the overall positive economic results during the year in Germany included investments in equipment and construction and private consumer demand. Growth in imports at about 7 % and exports at about 8 % was weaker than in the previous year.

Air Traffic Development

International passenger traffic grows considerably, while air freight decreases

The economic situation was also reflected in the traffic figures seen at airports around the world. In 2011 forces driving growth, particularly those driving air freight volume, shrank noticeably. According to preliminary figures published by ACI (February 3, 2012), in 2011 the global passenger figures grew noticeably by 4.9%, while air freight figures showed a slight decrease of 0.7%. The weather and strike conditions as well as base effects due to the closure of airspace because of the volcanic ash cloud in Iceland set a low previous year basis. Therefore the number of passengers travelling through European airports compared to 2010 grew by 7.3% and could even overtake the pre-crisis level set in 2007 considerably. Compared to the previous year, air freight reported an increase of 1.9%. The figures from the German Airport Association (ADV, monthly report December 2011) showed passenger traffic at German airports increased by 4.8% in 2011, cargo tonnage (air freight and air mail) increased by 4.7% and aircraft movements were up by 2.8%.

Development of Group airports

Strong growth collectively at Fraport airports

The **Fraport Group's airports** (those with a 50% share or more) handled approximately 97 million passengers in 2011 – an increase of 9.1%. Aircraft movements climbed by 7.3% to over 816,000 take-offs and landings. Cargo throughput shrank by 1.8% to around 2.5 million metric tons. The total number of passengers served by the **Fraport Group's airports** (including minority-owned airports as well as airports under management contracts) increased by 9.7% year-on-year to about 180.8 million.

Passenger record at Frankfurt airport

Frankfurt airport experienced a record 56.4 million **passengers** in 2011. This exceeds previous year's figure by around 3.4 million passengers (+6.5%). Compared to the 2007 pre-crisis level the passenger figure grew by 2.3 million as the positive effects of the economic recovery that extended well into 2011, particularly in Germany were felt. Various adverse effects during the previous year (cancellations due to adverse weather conditions, the strike by Deutsche Lufthansa pilots, as well as the ash cloud) resulted in noticeable base-effects and led to growth of around 1.4 million passengers. Adjusted for these exceptional circumstances a growth rate at around 4% was recorded.

The good development, like the large increase in flight offerings, came almost exclusively from European and domestic traffic (+12.0% and +8.3% respectively). Nearly all European regions achieved double-figure growth. City and short breaks alike traditional holiday destinations profited in particular from the strong growth in demand in the tourism market. At the same time there was also a shift in demand towards the Spanish islands and Turkey because of the political unrest in Northern Africa. In contrast to European travel, intercontinental traffic remained the same at +0.3%. There were a number of negative influences on passenger demand, including political unrest in Northern Africa and the Middle East (–22.1% and +0.1% respectively), the consequences of the earthquake in Japan and the discontinuation of the Air India hub at Frankfurt airport which hosted transfer traffic between India and the USA. Positive growth, however, was recorded in the comparably weaker traffic volume markets markets of South America (+22.4%) and Central / Southern Africa (around +11%). Within Europe, Frankfurt airport continues to hold the third place according to passenger numbers, after London Heathrow (69.4 million, +5.4%) and Paris Charles de Gaulle (61.0 million, +4.8%). Source: ACI, January 26, 2012

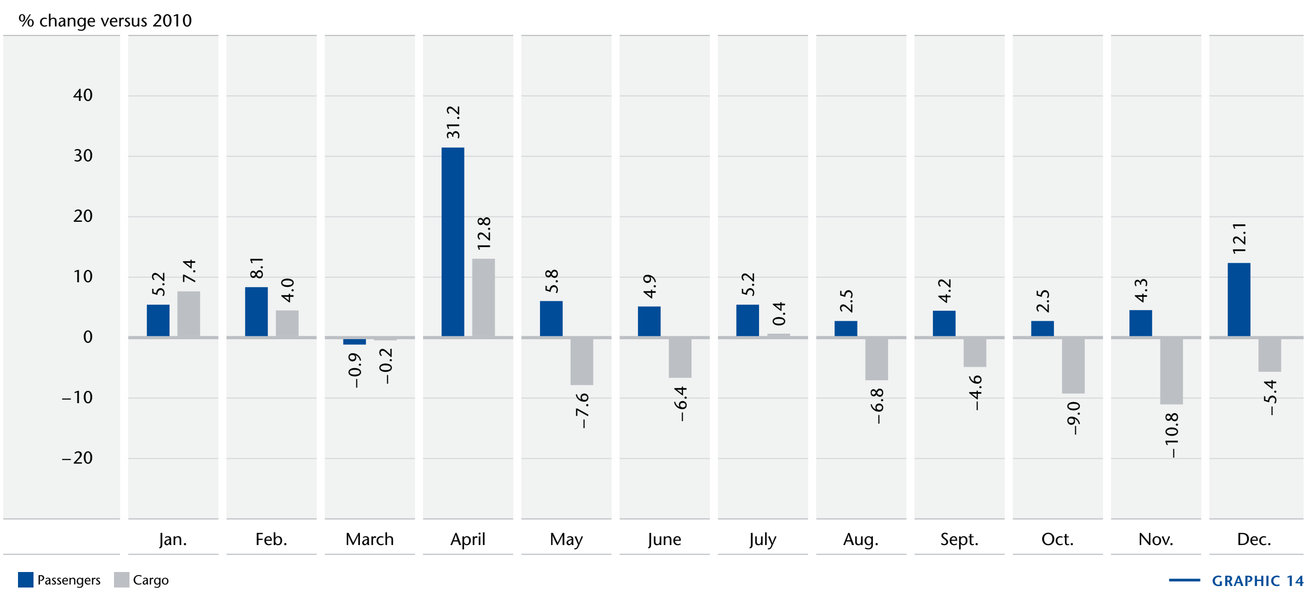
Given its strong involvement in the global commodity flow, Frankfurt airport could not detach itself from the weakness in air freight services that grew globally during the year. **Cargo throughput** in Frankfurt was down by 2.6% at around 2.2 million metric tons, which was reflected largely in the decline in cargo volume from high volume connections with Asia and North America (–5.5% and –3.9% respectively). While pure air freight handling fell by 3.0% to 2.1 million metric tons, air mail increased by 7.4% in comparison with the previous year to almost 82,000 metric tons.

The number of **aircraft movements** grew strongly by 4.9% to around 487,000, among others because of the above average number of cancellations in the previous year (around 15,000), but remained below the pre-crisis level (from 2007 around 492,600 take-offs and landings). The **maximum take-off weights** increased a little disproportionately by 4.6% to 29,250 million metric tons because of the stagnating number of heavy freighter flights. The proportion of **transfer passengers** grew by a good 2 percentage points to around 54%. —— GRAPHIC 14

Double figure growth rates at the investment airports

A new passenger record of around 25 million was also set at **Antalya** airport. In comparison with the previous year, the passenger figures grew considerable again by 12.7%. While the number of international passengers rose 11.6% to around 20.8 million, domestic traffic jumped by 18.8% to 4.2 million pas-

PASSENGER AND CARGO DEVELOPMENT 2011



GRAPHIC 14

sengers. This strong growth was driven by low domestic air fares and the fact that Antalya still represents a favorably priced holiday destination. In addition, Antalya also benefited from holidaymakers switching from destinations in Northern Africa and the Gulf region to Turkey.

The airport in **Lima** also experienced a new high of nearly 11.8 million passengers (+14.7%). Drivers of this increase were both domestic traffic, which grew by 15.4% to 5.9 million passengers; and international traffic which recorded growth of 14.1% also to around 5.9 million passengers. Cargo throughput rose by 5.5% to more than 286,000 metric tons, despite the global downturn.

Fraport's investment airport in **Burgas** on the Bulgarian Black Sea coast also registered positive passenger figures in the reporting period reaching around 2.3 million which, when compared to the previous year, is an increase of 19.0%. Reasons for this growth included an increased number of travelers from Russia and Germany as well as positive effects resulting from a switch by holidaymakers from destinations in Northern Africa and the Gulf region. In addition to the good traffic volume in the summer months, since October 15, 2011 the airport has also profited from the closure of the airport in **Varna**, which was out of operation until end of February 2012 to allow renovation work on the take-off and landing runway to take place. Due to its closure, Varna airport showed a slight decrease in passenger numbers of 3.7%, which is equivalent to around 45,000 passengers less.

Delhi airport continued to show a clearly positive development, with passenger numbers increasing by 22.7% to 35.0 million passengers. Domestic low cost traffic, in particular, as well as a rise in the number of foreign tourists were the main drivers behind this positive performance. Cargo volume remained unchanged from the previous year at around 595,000 metric tons.

In 2011, the passenger volume at **Xi'an** airport increased by 17.5% to 21.2 million, which put the airport at the second place in the top 10 airports of the country, with regard to passenger growth. Reasons for the continuing increase in air traffic included China's sustained growth in GDP and specific measures to enhance the airport's hub function.

Passenger traffic at **St. Petersburg** airport during the report period amounted to some 9.6 million passengers (+13.8%). Therefore, the airport came third in the Russian airport rankings. International flights as well as domestic destinations outside Moscow registered particularly strong growth.

Growth of 5.5% during the reporting period at **Hanover** airport resulted in passenger figures of around 5.3 million. The positive development is due in part to fewer weather and strike-relat-

FULLY AND / OR PROPORTIONATELY CONSOLIDATED AIRPORTS

		Passengers[1]		Cargo (air freight and air mail in m.t.)		Movements	
	Share of the airport in %	2011	Change over 2010 in %	2011	Change over 2010 in %	2011	Change over 2010 in %
Frankfurt	100.00	56,436,255	6.5	2,215,181	–2.6	487,162	4.9
Antalya	51.00/50.00[2]	24,964,219	12.7	n.a.	n.a.	163,607	11.1
Lima	70.01	11,795,863	14.7	286,641	5.5	135,083	12.1
Burgas	60.00	2,253,320	19.0	5,991	6.0	19,215	21.3
Varna	60.00	1,181,832	–3.7	41	–47.3	11,263	–10.4
Group		**96,631,489**	**9.1**	**2,507,854**	**–1.8**	**816,330**	**7.3**

[1] Commercial traffic only, in + out + transit
[2] Proportionate consolidation with 51 % voting interest and 50 % equity share

GRAPHIC 15

MINORITY OWNED AIRPORTS AND/OR AIRPORTS UNDER MANAGEMENT CONTRACTS[2]

		Passengers[1]		Cargo (air freight and air mail in m.t.)		Movements	
	Share of the airport in %	2011	Change over 2010 in %	2011	Change over 2010 in %	2011	Change over 2010 in %
Delhi	10.00	35,001,742	22.7	594,491	0.0	311,049	16.7
Xi'an	24.50	21,163,130	17.5	172,568	9.2	183,210	13.6
Cairo	0.00	13,022,395	–19.3	281,253	–9.5	129,602	–16.3
St. Petersburg	35.50	9,610,767	13.8	n.a.	n.a.	115,961	14.2
Hanover	30.00	5,341,017	5.5	16,956	7.1	80,730	6.5
Total		**84,139,051**	**10.4**	**1,065,268**	**–1.3**	**820,552**	**8.0**

[1] Commercial traffic only, in + out + transit
[2] Figures for the airports in Riyadh, Jeddah and Dakar (management contracts) were not available until the editorial deadline

GRAPHIC 16

ed cancellations at the start and end of the year as well as higher passenger numbers during the summer time. GRAPHIC 15, 16

RESULTS OF OPERATIONS

For information on how the asset, financial and earnings position key figures were calculated, please refer to the Glossary in the Annual Report.

Fraport Group

Revenue increases as a result of higher traffic volume

In fiscal year 2011, the Fraport Group achieved € 2,371.2 million in **revenue**. Revenue therefore increased by € 176.6 million or 8.0 % compared to the previous year. Factors driving revenue included revenue from long-term construction activities in accordance with IFRIC 12, especially due to higher capital expenditure in the External Activities & Services segment. Adjusted for the IFRIC 12 accounting effect, the Group's revenue increased from € 2,183.3 million to € 2,338.8 million (+7.1 %). While the Aviation and Retail & Real Estate segments profited from the increase in traffic at the Frankfurt site and contributing a total of € 122.6 million to the increase in revenue, the Ground Handling segment did not record growth (€ –3.1 million) despite positive passenger volume effects in the year-on-year comparison. This was essentially due to fewer de-icing services, changes in the billing for aircraft cabin equipment and a decline in cargo throughput. Positive base-year effects resulted from losses in revenue following the ash cloud and adverse weather conditions in 2010. The External Activities & Services segment which mainly consists of investments outside the Frankfurt site, recorded an increase in revenue of € 57.1 million. After adjustment for the application of IFRIC 12, this amounted to € 36.0 million. The segment's revenue growth was almost exclusively driven by the airports in Antalya, Lima, Varna and Burgas. **Other income** declined by € 7.8 million to € 81.6 million (–8.7 %) mainly due to a lower release of provisions. **Total revenue** rose to € 2,452.8 million, € 168.8 million more than in the previous year (+7.4 %).

Disproportionate development of expenditures

Personnel expenses increased by € 25.9 million to € 906.3 million (+2.9%) in the reporting period reflecting higher personnel requirements due to the increase in traffic volume at the Frankfurt site and the consolidated Group airports. **Non-staff costs** (cost of materials and other operating expenses) went up € 51.2 million or 7.4% to € 744.2 million, due to increased expenses in the Retail & Real Estate segment, a rise in traffic-related concession fees as well as expenses incurred from long-term construction activities in the external business (IFRIC 12). Correspondingly, **total operating expenses** rose from € 1,573.4 million to € 1,650.5 million (+4.9%).

EBITDA and EBIT reach record levels

The disproportionately low increase in costs in relation to revenue was reflected in the **Group EBITDA** which climbed € 91.7 million or 12.9% to € 802.3 million in the reporting period. Correspondingly, the **EBITDA margin** rose by 1.4 percentage points to 33.8%. Adjusted for the application of IFRIC 12 the EBITDA margin was at 34.3% (2010: 32.5%). Reflecting ongoing capital spending particularly at Frankfurt airport, **depreciation** rose by € 26.0 million (+9.3%) to € 305.7 million. Non-regular depreciation in an amount of € 12.8 million from land and property in the segments Aviation and Retail & Real Estate were contained within this. With € 496.6 million, **Group EBIT** achieved an increase of € 65.7 million or 15.2%.

Slight improvement in financial result

Because of improvements in the other financial result and result from associated companies, the Group's negative **financial result** was up from € –152.2 million to € –149.3 million (€ +2.9 million) in the reporting period. An increase in interest expenses of € 9.2 million had a counter effect on the financial results. Without the capitalization of interest expenses related to construction work, interest expenses in 2011 would have been € 63.3 million higher (2010: € 57.4 million).

Due to release of provision in 2010, Group result and earnings per share below previous year

Despite an increase in **EBT (result from ordinary operations)** of € 68.6 million, the **Group result** sank by € 20.7 million to € 250.8 million (–7.6%). Reason for this decrease was the release of a provision in the previous year in connection with the Fraport AG tax audit for the years 1999 to 2002, reducing the income tax expenses and tax rate by around € 80 million. Adjusted for the release of provision, the Group result 2011 would have signifi cantly exceeded the previous year's level. The **tax rate** in 2011 was at 27.8% (2010: 2.6%, adjusted: around 31.5%). **Basic earnings per share** fell due to the tax effect from € 2.86 to € 2.62.

KEY REVENUE AND EARNINGS FIGURES

€ million	2011	2010	Change	Change in %
Revenue	2,371.2	2,194.6	176.6	8.0
Other revenue	81.6	89.4	–7.8	–8.7
Total revenue	2,452.8	2,284.0	168.8	7.4
Personnel expenses	906.3	880.4	25.9	2.9
Non-staff costs	744.2	693.0	51.2	7.4
Total operating costs	1,650.5	1,573.4	77.1	4.9
EBITDA	802.3	710.6	91.7	12.9
EBITDA margin	33.8%	32.4%	1.4 PP[1]	–
Depreciation and amortization	305.7	279.7	26.0	9.3
EBIT	496.6	430.9	65.7	15.2
Financial result	–149.3	–152.2	2.9	–
EBT	347.3	278.7	68.6	24.6
Group result	250.8	271.5	–20.7	–7.6
Profit attributable to shareholders of Fraport AG	240.4	262.9	–22.5	–8.6
Basic earnings per share in €	2.62	2.86	–0.24	–8.4

[1] Percentage points

GRAPHIC 17

Fraport segments

Aviation

AVIATION				
€ million	2011	2010	Change	Change in %
Revenue	774.9	693.9	81.0	11.7
Personnel expenses	263.9	263.0	0.9	0.3
EBITDA	187.8	131.6	56.2	42.7
EBITDA margin	24.2 %	19.0 %	5.2 PP	–
EBIT	96.1	56.4	39.7	70.4
Average number of employees	6,088	6,074	14	0.2

GRAPHIC 18

The clear increase in revenue in the Aviation segment from € 693.9 million to € 774.9 million (+11.7 %) was mainly due to traffic growth and the resulting higher proceeds from airport charges. Other reasons for the segment's higher year-on-year revenue included mainly the increase in airport charges by around 7 % as well as base-year effects resulting from a decline in revenue incurred in 2010 due to the ash cloud and the harsh winter. As operating expenses increased disproportionately low compared to revenue, segment EBITDA improved significantly by € 56.2 million to € 187.8 million (+42.7 %). The EBITDA margin improved correspondingly by 5.2 percentage points to 24.2 %. Given the ongoing investment activity as well as a non-regular depreciation on property in connection with investments for the expansion, depreciation rose by € 16.5 million. Despite a rise in depreciation, segment EBIT improved significantly from € 56.4 million to € 96.1 million (+70.4 %).

Retail & Real Estate

RETAIL & REAL ESTATE				
€ million	2011	2010	Change	Change in %
Revenue	444.7	403.1	41.6	10.3
Personnel expenses	42.6	42.7	–0.1	–0.2
EBITDA	305.3	294.7	10.6	3.6
EBITDA margin	68.7 %	73.1 %	–4.4 PP	–
EBIT	232.1	227.9	4.2	1.8
Average number of employees	596	606	–10	–1.7

GRAPHIC 19

Revenue in the Retail & Real Estate segment grew from € 403.1 million to € 444.7 million (+10.3 %) in 2011, among other things, due to a property sale at the Mönchhof site. Additionally, the increase in passenger volume had a positive effect on the retail and parking business. The key performance indicator "net retail revenue per passenger" improved from € 3.02 to € 3.17 (+5.0 %). Revenue was also positively influenced by an increase in the proceeds from energy supply services. This increase was achieved by passing on rising energy prices to customers. Simultaneously, non-staff costs increased among others, due to the property sale and rising energy prices. Segment EBITDA rose by € 10.6 million to € 305.3 million (+3.6 %). As a result of higher expenses, the EBITDA margin dropped 4.4 percentage points to 68.7 %. Despite a non-scheduled depreciation on land and property and therefore higher depreciation, segment EBIT was at € 232.1 million and thus € 4.2 million higher than in the previous year.

Ground Handling

GROUND HANDLING

€ million	2011	2010	Change	Change in %
Revenue	655.5	658.6	–3.1	–0.5
Personnel expenses	390.8	392.2	–1.4	–0.4
EBITDA	54.5	44.1	10.4	23.6
EBITDA margin	8.3%	6.7%	1.6 PP	–
EBIT	20.3	11.0	9.3	84.5
Average number of employees	8,899	8,564	335	3.9

GRAPHIC 20

Despite positive growth in traffic at the Frankfurt site, revenue in the Ground Handling segment fell during the fiscal year 2011 by € 3.1 million to € 655.5 million (–0.5%). The positive effects from traffic growth were curbed year-on-year, among other things, by a weather-related lower demand for de-icing services, changes in the billing for aircraft cabin equipment and a decline in cargo throughput. Nevertheless, a reduction in operating expenses led to an EBITDA increase of 23.6% to € 54.5 million. The EBITDA margin recorded an increase of 1.6 percentage points achieving a value of 8.3%. Depreciation remained almost unchanged, leading to a considerable rise in segment EBIT from € 11.0 million to € 20.3 million (+84.5%).

External Activities & Services

EXTERNAL ACTIVITIES & SERVICES

€ million	2011	2010	Change	Change in %
Revenue	496.1	439.0	57.1	13.0
Personnel expenses	209.0	182.5	26.5	14.5
EBITDA	254.7	240.2	14.5	6.0
EBITDA margin	51.3%	54.7%	–3.4 PP	–
EBIT	148.1	135.6	12.5	9.2
Average number of employees	5,012	4,548	464	10.2

GRAPHIC 21

The External Activities & Services segment posted an increase in revenue from € 439.0 million to € 496.1 million (+13.0%). Due to increased capital expenditure in the Bulgarian Group company Twin Star, among others, the application of IFRIC 12 had a revenue increasing effect. Adjusted for the IFRIC 12 accounting effect, segment revenue increased from € 427.7 million to € 463.7 million (+8.4%). Adjusted for IFRIC 12 the investments in Antalya (€ +17.8 million), Lima (€ +15.4 million) as well as Bulgaria (€ +5.5 million) showed particularly positive growth. A rise in traffic-related concession fees, higher staff requirements due to organizational changes in the newly created service unit "Corporate Infrastructure Management" as well as expenses from long-term construction activities resulted in an increase in the segment's operating expenses. Segment EBITDA rose by 6.0% to € 254.7 million. Despite a slight rise in depreciation, segment EBIT improved by 9.2% to € 148.1 million.

PRE-CONSOLIDATION DEVELOPMENT IN KEY INVESTMENTS

€ million	Fraport share	Revenue[3] 2011	Revenue[3] 2010	Revenue[3] Change in %	EBITDA 2011	EBITDA 2010	EBITDA Change in %	EBIT 2011	EBIT 2010	EBIT Change in %
Antalya[1]	51 % / 50 %	293.9	266.9	10.1	254.2	216.9	17.2	158.0	122.8	28.7
Lima[2]	70.01 %	159.3	135.4	17.7	53.2	49.1	8.4	42.7	37.6	13.6
Twin Star	60 %	62.8	40.2	56.2	23.8	21.1	12.8	17.2	13.9	23.7

[1] Proportionate consolidation with 51 % voting interest and 50 % equity share. Values correspond to 100 % figures before proportionate consolidation
[2] Figures in accordance with IFRS, local GAAP figures might differ
[3] Revenue adjusted by IFRIC 12: Antalya 2011: € 293.9 million, 2010: € 258.3 million; Lima 2011: € 146.0 million, 2010: € 130.6 million; Twin Star 2011: € 43.7 million, 2010: € 38.0 million

GRAPHIC 22

Development of key investments

The **pre-consolidation** business development for Fraport Group airports outside of Frankfurt was as follows:

Compared to the previous year, **Antalya** profited from positive traffic developments and achieved an increase in revenue of 10.1 % to € 293.9 million. Correspondingly, EBITDA and EBIT developed positively, rising by € 37.3 million and € 35.2 million respectively.

The increase in revenue in **Lima** was also driven by a rise in traffic volume compared to the previous year of 17.7 % to € 159.3 million. The development of revenue was, among other things, positively influenced by the application of IFRIC 12. Foreign currency effects, however, had a counter effect. EBITDA and EBIT also showed positive developments, recording increases of 8.4 % and 13.6 % respectively.

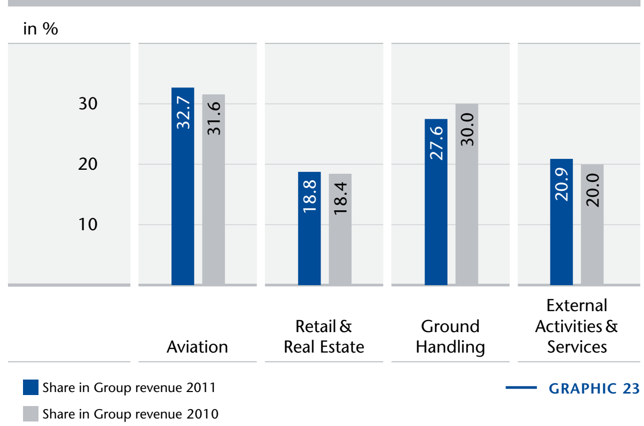
In Bulgaria, **Twin Star's** development of revenue in 2011 was characterized by the effect of the application of IFRIC 12 which was higher compared to the previous year. This effect combined with the increase in traffic drove revenue up by 56.2 % to € 62.8 million. EBITDA amounted to € 23.8 million, an increase of 12.8 %, while EBIT came to € 17.2 million, 23.7 % above the previous year's value. GRAPHIC 22

Segment share in Group revenue and EBITDA

In the 2011 fiscal year, the Aviation segment again contributed the largest share to the Group revenue with 32.7 %. The contribution to Group revenue by the Ground Handling segment fell to 27.6 % because of the decrease in its revenue. The segments Retail & Real Estate as well as External Activties & Services were able to contribute slightly more to Group revenue than in the previous year.

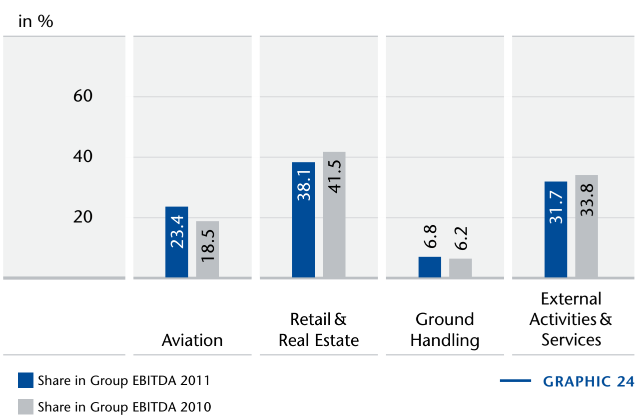
As for the influence of each of the segments on the Group EBITDA, the Retail & Real Estate segment had to pass some of its contribution because of the disproportionate EBITDA development in the Aviation and Ground Handling segments. However, with a contribution of 38.1 % it remained the driving force for Group EBITDA. The External Activities & Services segment which showed a decrease in its contribution to Group EBITDA by 2.1 percentage points to 31.7 % came in second place. The following graphics show each segment's share in Group revenue and Group EBITDA: GRAPHIC 23, 24

SHARE IN GROUP REVENUE



GRAPHIC 23

SHARE IN GROUP EBITDA



GRAPHIC 24

ASSETS AND FINANCIAL SITUATION

Capital expenditure

Higher capital expenditure at the Frankfurt site and in financial assets

The Fraport Group capitalized capital expenditure of € 1,440.2 million in 2011 (2010: € 1,033.9 million). This included additions to property, plant and equipment of € 876.1 million, financial assets of € 440.4 million, investment property of € 62.6 million as well as investments in intangible assets and airport operating projects of € 61.1 million. Capitalized interest expenses related to construction work amounted to € 63.3 million in the reporting period (2010: € 57.4 million).

With € 858.7 million, Fraport AG accounted for the lion's share of capital expenditure in property, plant and equipment. Major investments included the expansion of Frankfurt airport, especially the construction of Runway Northwest, Pier A-Plus as well as the modernization and structural modifications to passenger terminals to accommodate the A380. The investment volumes also included the capitalization of passive noise abatement measures to be implemented. Capital expenditure for financial assets focused on securities and associated companies. At 60.7 %, the investment ratio was 13.6 percentage points above the previous year's figure.

A detailed list of capital expenditure is included in the consolidated statement of changes in non-current assets in the consolidated financial statements.

Asset and capital structure

Rise in total assets, equity and net debt

In the previous fiscal year, Fraport Group's **total assets** increased from € 9,170.5 million to € 9,224.4 million (+0.6 %). An increase in non-current assets, equity and other non-current provisions were the main reasons for this growth.

The changes in **non-current assets** from € 6,777.0 million to € 7,765.6 million (+14.6 %) were mainly caused by the item "Property, plant and equipment", which reflected the ongoing capital expenditure in Frankfurt. Simultaneously, the item "Other financial assets" grew from € 394.6 million to € 648.6 million (+64.4 %) due to investments as part of the financial asset management. The contractually agreed purchase of properties on the Ticona site is shown under the item "Investment property", which grew from € 34.0 million to € 74.6 million. **Current assets** shrank from € 2,393.5 million to € 1,458.8 million (–39.1 %) mainly as a result of payouts of liquid funds to finance capital expenditure. Alongside the cash used for investments, the final contractually agreed payment of the Ticona tranche of € 110.0 million and the early partial repayment of a promissory note loan of € 170 million were also recorded.

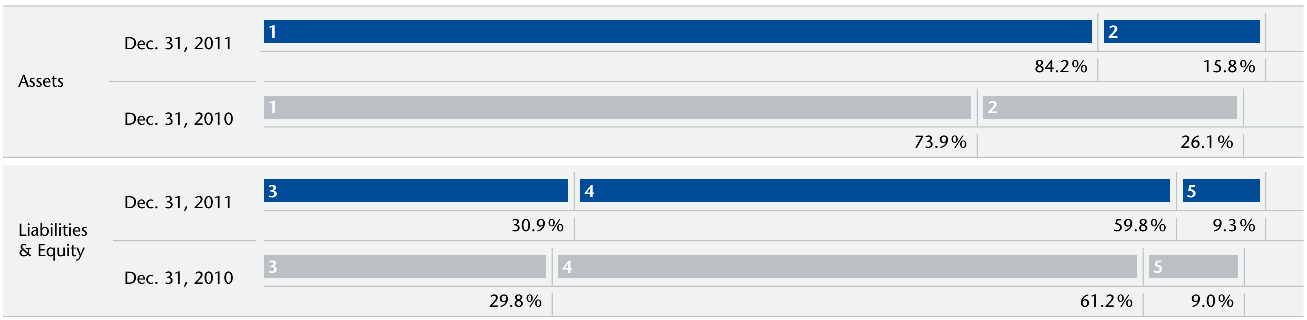
Equity, including profit earmarked for distribution, rose as of the balance sheet date to € 2,850.8 million (+4.1 %). The **equity ratio** (equity less non-controlling interests and profit earmarked for distribution) rose 0.9 percentage points to 29.3 % year-on-year.

Non-current liabilities fell from € 5,608.4 million to € 5,512.6 million (–1.7 %), mainly due to a decrease in non-current financial liabilities related to the early partial repayment of a promissory note loan. The increase in other provisions from € 147.0 million to € 214.8 million (+46.1 %) arose mainly from the obligation to implement passive noise abatement measures. Higher current financial liabilities led to an increase in **current liabilities** from € 822.8 million to € 861.0 million (+4.6 %).

As of December 31, 2011 the **gross debt** amounted to € 4,253.9 million, € 154.5 million under the level of December 31, 2010 (–3.5 %). After deducting the **Group's liquidity** in the amount of € 1,617.3 million, **net debt** reached € 2,636.6 million, exceeding the 2010 balance sheet by € 612.2 million (+30.2 %). The **gearing ratio** reached 97.4 % (December 31, 2010: 77.8 %).

GRAPHIC 25

FINANCIAL POSITION STRUCTURE



[1] Non-current assets [2] Current assets [3] Shareholders' equity [1] [4] Non-current liabilities [5] Current liabilities
[1] Shareholders' equity including non-controlling interests and profit earmarked for distribution

GRAPHIC 25

Existing contingent liabilities do not currently reflect any major impact on future net assets.

Cash flow statement

Operating cash flow above previous year

In comparison to the previous year, the **cash flow from operating activities (operating cash flow)** increased in 2011 by € 51.3 million to € 618.8 million (+9.0 %). Reason for the increase was the higher operating result, offsetting the negative effect from higher tax payments.

The € 309.8 million **cash flow used in investing activities** was € 172.1 million (–35.7 %) less than the 2010 figure despite higher investments in property, plant and equipment, airport operating projects as well as increased capital expenditures for investment property. The decline was due to the reflux of cash and cash equivalents with maturities of more than 3 months in the amount of € 921.1 million, which had a counter effect on reported cash outflow. A partial reinvestment of that amount was reflected in an increase in financial investments in securities and promissory note loans. **Free cash flow** amounted to € –350.1 million due to ongoing expansion and modernization investments (2010: € –291.1 million).

Cash flow used in financing activities totaled € 274.6 million (in 2010 a cash inflow of € 17.3 million was recorded). The cash outflow mainly resulted from the repayment of long-term financial liabilities including, among others, the early partial repayment of a promissory note loan.

In connection with financing the Antalya concession, bank deposits of € 114.3 million were subject to drawing restrictions at the balance sheet date. In total **cash and cash equivalents** rose 34.0 % to € 132.8 million as of December 31, 2011 (2010: € 99.1 million). The following graphic shows the reconciliation of cash and cash equivalents according to the financial position:

GRAPHIC 26, 27

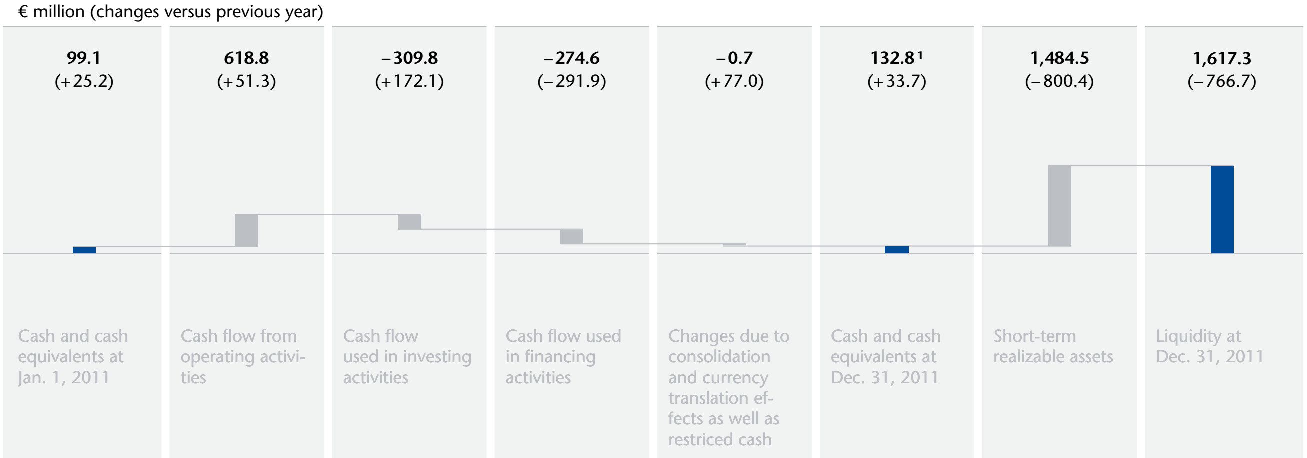
CASH AND CASH EQUIVALENTS ACCORDING TO FINANCIAL POSITION

€ million	December 31, 2011	December 31, 2010
Cash and cash equivalents according to the statement of cash flows	132.8	99.1
Cash and cash equivalents with a duration of more than 3 months	680.0	1,601.1
Restricted cash	114.3	112.4
Cash and cash equivalents according to the financial position	**927.1**	**1,812.6**

GRAPHIC 26

CHANGE IN CASH AND CASH EQUIVALENTS

€ million (changes versus previous year)



[1] Difference to financial position due to cash and cash equivalents with a duration of more than 3 months and restricted cash

GRAPHIC 27

Finance Management

Finance management principles, securing liquidity: The main objective

Fraport's finance management encompasses the strategic goals of securing liquidity, limiting financial risks, improving profitability and ensuring flexibility. Especially with the capital-intensive investment program at the Frankfurt site, the top prioritized goal is securing liquidity. Based on the Group's solid equity base, it is secured through both, internal financing via the operating cash flow and through external financing measures in form of debt.

Liquidity and source of funds

Within the context of securing liquidity, Fraport showed at December 31, 2011 liquidity composed of liquid funds and securities totaling € 1,617.3 million (2010: € 2,384.0 million). On the opposite, amounts due to banks and from bonds amounted to € 4,253.9 million (2010: € 4,408.4 million). As of the balance sheet date, Fraport also possessed firm agreements giving access to short-term, unused euro credit lines within the mid three-digit million range. The healthy liquidity supply combined with the comfortable portfolio of unused, approved external credit lines meant that a credit rating has so far been unnecessary. Whether this will continue depends largely on the market environment and the outflow of liquidity for example as a result of acquisitions. If need be, the Executive Board will make a decision at short notice.

Source of funds: Wide portfolio of financing sources with mid- and long-term repayment profiles

At the balance sheet date the average remaining term of liabilities from banks and bonds was 6.5 years (2010: around 8 years). The key features of Fraport AG's financing instruments in terms of the type, maturity, currency and interest structure are presented in the graphic: GRAPHIC 28

Mainly as part of project financing, the fully and/or proportionately consolidated Group companies have liabilities to banks as well as a bond issue with a total nominal volume of € 435.8 million. Liabilities to banks of € 308.3 million are each denominated in € and are mainly subject to ongoing repayment during the term of maturity. The remaining terms are generally long-term. Interest rates are largely based on the 6-month EURIBOR plus a commensurate margin for project financing. A bond issue (US $ 164.9 million) was issued by Lima Airport Partners (LAP) in 2007 with a term of 15 years. It is denominated in US $, is subject to ongoing repayments during the term and the interest is charged with a fixed coupon at 6.88 % p. a.

Customary covenants

The contractual agreements for all financial liabilities of Fraport AG include 2 non-financial covenants consisting of a negative pledge and a pari passu clause. In addition, the subsidized loans include contractually stipulated, commonly accepted credit clauses regarding, among other things, changes in the shareholder structure and control of the company. If these should have a proven negative effect on the borrowing capacity of Fraport AG,

FINANCIAL DEBT STRUCTURE

Source of Financing	Year of Issue	Nominal volume in € million	Maturity	Repayment	Interest	Interest rate
		463	2015	End of term	Variable	6-month EURIBOR + margin
	2008	257	2017	End of term	Variable	6-month EURIBOR + margin
		161	2014	End of term	Mainly variable	6-month EURIBOR + margin
		14	2017	End of term	Mainly variable	6-month EURIBOR + margin
	2009	25	2019	End of term	Variable	6-month EURIBOR + margin
Promissory note loans	2010	35	2020	End of term	Variable	6-month EURIBOR + margin
Subsidized loans EIB / WIBank	2009	980	2016 – 2019	Ongoing repayment during the term of maturity	Variable	6-month EURIBOR + margin
Bond issue	2009	800	2019	End of term	Fixed	5.25 % p. a.
Private placement	2009	150	2029	End of term	Fixed	5.875 % p. a.
Bilateral loans	Various	Around 907 (mainly denominated in €)	2012 – 2028	Mainly end of term	Mainly variable	6-month EURIBOR + margin

GRAPHIC 28

the creditors have – above a certain threshold – the right to redeem the loans early. Independent project financing activities of Group companies that were entered into by Fraport AG with limited liability only, contain a series of credit clauses that are typical for this particular type of financing. These include, among others, contractually agreed regulations stipulating that certain debt service coverage ratios and control indicators for debt ratio and credit periods must be complied with. Failure to comply with the agreed credit clauses may lead to restrictions on the distribution of dividends and / or to the early redemption. An additional injection of equity may also be requested. There are currently no indications of any failure to comply with borrowing terms and conditions.

Liquidity: Corporate bonds established in the context of financial investments

In light of risk distribution and outflows at different times, Fraport's Group liquidity is wide spread. For payments expected shortly, particularly within the framework of the current outflows at the Frankfurt site, Fraport AG has time deposits, securities with short remaining terms and commercial papers available. Mid-term liquidity has so far been contained in promissory note loans and corporate bonds predominantly in the financial sector. There was a wider diversification and overweighting of corporates during the reporting period as part of the active management of the portfolio. The mid- and long-term investment horizon matches as far as possible the expected cash flow according to the Fraport Group's five year plan. The key characteristics of Fraport AG's investment instruments in terms of the type, term to maturity and interest structure are presented in the graphic:

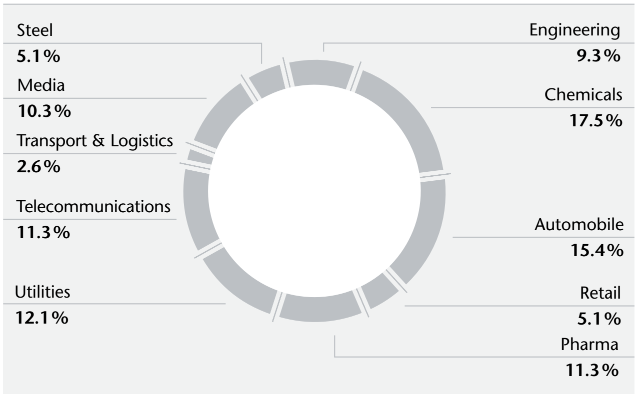
FINANCIAL ASSET STRUCTURE

Asset class	Market value in € million	Average maturity in years	Interest
Promissory note loans	20.1 75.4	2.06 1.18	Variable Fixed
Time deposits	680.0	0.49	Fixed
Bonds	202.9 263.1	1.89 2.17	Variable Fixed
thereof Municipal Bonds	20.5	0.74	Fixed
thereof Financials	167.7 73.3	2.05 1.14	Variable Fixed
thereof Non-Financials	35.2 169.3	1.51 2.60	Variable Fixed
Commercial papers	44.6	0.33	Fixed
Shares	73.7	–	–

GRAPHIC 29

As of December 31, 2011 the non-financial bonds were distributed across the following industry sectors (nominal value):

NON-FINANCIAL BONDS

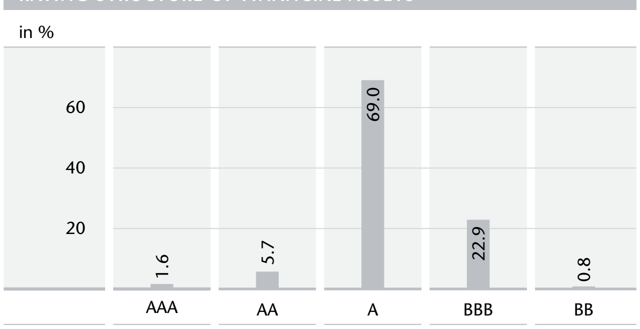


GRAPHIC 30

Liquidity in Group companies is held either as time deposits or as near money-market funds.

Alongside investments in corporate bonds a broad diversification of counterparties in the financial sector helps to control risk. With regard to the collaboration with banks in most different business sectors, total limits are determined that are continuously monitored and controlled concerning the credit-worthiness and its development. Initial investments as part of asset management are only permitted in investment grade areas. If the credit rating is downgraded to non-investment grade during the asset's holding period, a decision will be made on a case-by-case basis on the further progress of the asset, taking into account the remaining term. Additionally, ahead of an investment decision internally agreed investment criteria is being assessed and valued against. The ratings of all investment types are presented in the following graphic. Commercial papers are attributed to the long-term rating equivalent of the issuers.

RATING STRUCTURE OF FINANCIAL ASSETS



GRAPHIC 31

THE FRAPORT SHARE AND INVESTOR RELATIONS

The Fraport share 2011

Decline in share price despite good start to the year, trade volume up on the previous year

With a closing price of € 38.00 at the end of the previous fiscal year, the Fraport Share was down 19.4 % on the closing price of € 47.16 for the year before. Whereas in the first two quarters the Fraport Share showed a positive performance, closing at € 51.71 and at € 55.45, there was a notable loss due to the European financial crisis as well as the general economic uncertainty in the third and fourth quarters (market price at the end of the third quarter: € 44.45 and € 38.00 at the end of the year). The Fraport Share's average daily trading volume amounted to 190,671 shares, which was above the previous year's trading volume of 160,634 (+18.7 %). At the end of the year Fraport AG's market capitalization totaled about € 3.5 billion (2010: € 4.3 billion). With this, the Fraport Share was ranked ninth in the 50 share titles of MDAX, as measured by market capitalization.

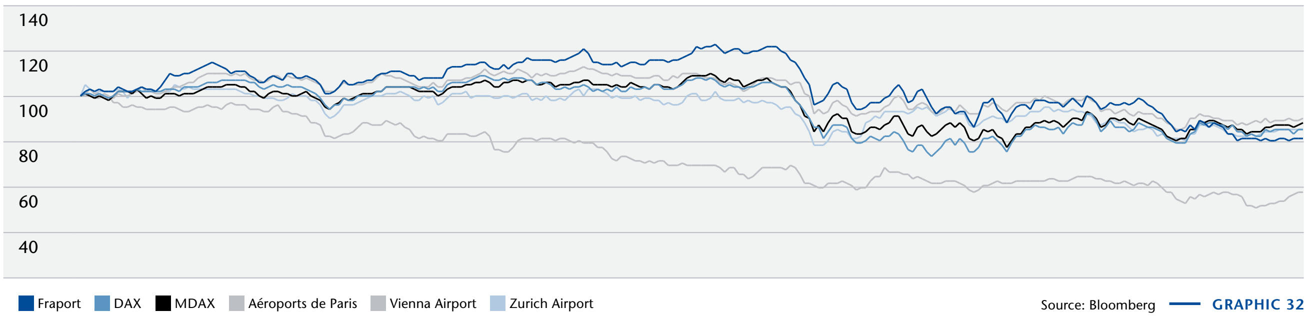
Benchmark indices and European competitors also losing value

The DAX and MDAX benchmark indices also declined noticeably in 2011, closing the fiscal year 14.7 % and 12.2 % respectively under the previous year. The shares of Fraport's European competitors showed the following development in 2011: Aéroports de Paris –10.3 %, Vienna airport –42.9 % and Zurich airport –14.7 %. GRAPHIC 32

The graphic shows the key information about the Share of Fraport AG in 2011: GRAPHIC 33

DEVELOPMENT OF THE FRAPORT SHARE 2011 COMPARED TO THE MARKET AND COMPETITORS

Index base 100



Source: Bloomberg — GRAPHIC 32

KEY FIGURES AND DATA ABOUT THE FRAPORT SHARE

		2011	2010
Fraport AG capital stock	€ million	919.6	919.2
Total number of shares on December 31	number	91,955,867	91,915,588
Number of floating shares on December 31[1]	number	91,878,502	91,838,223
Number of floating shares (weigthed average of period under review)	number	91,858,474	91,808,388
Absolute share of capital stock	per share, €	10.00	10.00
Year-end price	€	38.00	47.16
Highest price[2]	€	58.10	48.78
Lowest price[3]	€	37.60	34.40
Annual performance (including dividend)	%	–16.8	33.2
Beta relative to the MDAX		0.88	0.82
Market capitalization	€ million	3,494	4,335
Average trading volume per day (XETRA)	number	190,671	160,634
Earnings per share (basic)	€	2.62	2.86
Earnings per share (diluted)	€	2.60	2.85
Price-earnings ratio		14.5	16.5
Dividend per share[4]	€	1.25	1.25
Profit earmarked for distribution	€ million	115.4	115.6
Dividend yield on December 31[4]	%	3.3	2.7

ISIN	DE 000 577 330 3
Security identification number (WKN)	577330
Reuters ticker code	FRAG.DE
Bloomberg ticker code	FRA GR

[1] Total number of shares on the balance sheet date less treasury shares
[2] Closing price on July 8, 2011 and December 8, 2010 respectively
[3] Closing price on December 21, 2011 and June 8, 2010 respectively
[4] Proposed dividend (2011)

GRAPHIC 33

DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

Voting right holder	Date of change	Type of change	New proportion of voting rights
Taube Hodson Stonex Partners LLP[1]	April 8, 2011	Fell below the 3 % threshold	2.995 %
Taube Hodson Stonex Partners LLP[2]	April 26, 2011	Exceeded the 3 % threshold	3.01 %
Taube Hodson Stonex Partners LLP[3]	April 29, 2011	Fell below the 3 % threshold	2.995 %
Artio Global Investors Inc.[4]	June 13, 2011	Fell below the 10 % threshold	9.96 %

[1] 2.995 % of the voting rights were attributable to Taube Hodson Stonex Partners LLP pursuant to Section 22 (1) sentence 1 no. 6 WpHG
[2] 3.01 % of the voting rights were attributable to Taube Hodson Stonex Partners LLP pursuant to Section 22 (1) sentence 1 no. 6 WpHG
[3] 2.995 % of the voting rights were attributable to Taube Hodson Stonex Partners LLP pursuant to Section 22 (1) sentence 1 no. 6 WpHG
[4] 9.96 % of the voting rights were attributable to Artio Global Investors Inc. pursuant to Section 22 (1) sentence 1 no. 6 WpHG

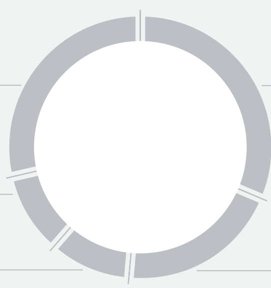
GRAPHIC 34

Development of the shareholder structure

The following changes in shareholder structure were reported to Fraport AG in the previous fiscal year: GRAPHIC 34

As at December 31, 2011, the shareholder structure adjusted to the current total number of shares was as follows:

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2011[1]



[1] The relative ownership interests of the individual shareholders was adjusted to the current total number of shares as of December 31, 2011 and therefore may differ from the figures given at the time of reporting an excess / shortfall of the threshold or from the respective shareholders' own disclosures. Proportions below 3 % are classified under "Remaining Free Float"

GRAPHIC 35

Dividend distribution

For fiscal year 2011 and its positive earnings performance, the Supervisory Board and Executive Board will propose to the Annual General Meeting 2012 a dividend of € 1.25 per share, therefore keeping it at the previous year's level. With regard to the closing share price of 2011, this would result in a dividend yield of 3.3 % (2010: 2.7 %). In relation to Fraport AG single entity's net income of € 182.3 million, the dividend payout ratio would be at 63.3 % (2010: 48.5 %). With regard to the Group profit attributable to the shareholders of Fraport AG of € 240.4 million it would be at 48.0 % (2010: 44.0 %).

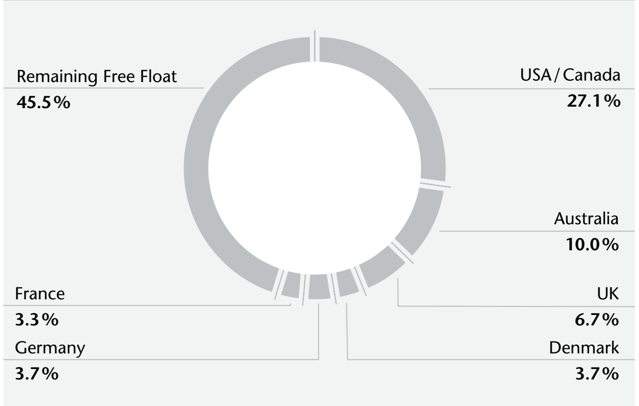
Investor Relations (IR)

Focus on topicality

In the previous fiscal year the Fraport IR activities again focused on proactive communications with investors and analysts. In more than 400 one-on-ones, the interested parties were given information about the strategy as well as the current and expected business development of the Fraport Group. At the same time, particular attention was paid to the future earnings position in the segments Aviation and Retail & Real Estate, with regard to the airport expansion. Attention was also given to the cost and earnings position in the Ground Handling segment. In the External Activities & Services segment, the focus was particularly on acquisition opportunities as well as on the existing investments.

The Annual General Meeting, 1 analyst conference on the publishing of the preliminary full year results, 3 conference calls regarding the quarterly publications as well as the preparation of current information on the IR homepage www.meet-ir.com, completed the activities of the IR department in the previous fiscal year.

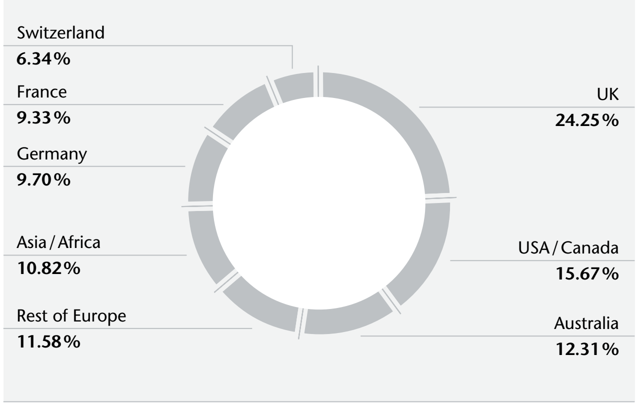
ALLOCATION OF FREE FLOAT [1]



[1] Free float without the shares of the State of Hesse, Stadtwerke Frankfurt am Main Holding GmbH and Deutsche Lufthansa AG, Source: Own estimates and shareholders' disclosures respectively

GRAPHIC 36

ONE-ON-ONES ON ROADSHOWS AND CONFERENCES [1]



[1] According to company headquaters

GRAPHIC 37

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

Increase in the average number of employees

The average number of employees in the fully and proportionately consolidated companies of the Fraport Group rose during 2011 by 803 employees to 20,595 (2010: 19,792; employees excluding apprentices and employees on leave). This rise was due to an increase in workforce in the following companies: Airport Personal Service (+355 employees), Twin Star (+122 employees) and Fraport AG (+104 employees).

Despite recruitment due to increased volume of traffic in the Aviation segment, particularly at Fraport Security Services, the average number of employees remained to a large extent unchanged, because of an organizational restructering. The number of employees in the Retail & Real Estate segment even fell slightly. In the Ground Handling segment, the number of employees increased due to the higher traffic volume by 335. Airport Personal Service in particular increased their staff. The organizational restructuring of employees from other segments to the newly created Fraport AG service unit "Corporate Infrastructure Management" was the main reason for the increase of 464 employees in the External Activities & Services segment. Additional personnel were, among others, also required at Twin Star, Antalya and Lima. The following graphic shows the average number of employees per segment and site:

EMPLOYMENT STRUCTURE

Average number of employees	2011	2010	Change	Change in %
Segment Aviation	6,088	6,074	14	0.2
Segment Retail & Real Estate	596	606	–10	–1.7
Segment Ground Handling	8,899	8,564	335	3.9
Segment External Activities & Services	5,012	4,548	464	10.2
Group total	**20,595**	**19,792**	**803**	**4.1**
thereof in Germany	18,391	17,746	645	3.6
thereof in investments	9,369	8,670	699	8.1

GRAPHIC 38

Rise in total number of staff as of the balance sheet date

As of December 31, 2011 the total number of employees in fully and proportionately consolidated companies was 21,662 (2010: 21,124; employees including apprentices and employees on leave). This represents an increase of 2.5 % or 538 employees compared to 2010. The changes recorded on the reporting date measurement originated mainly from Fraport AG (+250 employees), Fraport Security Services (+218 employees) and Airport Personal Service (+200 employees). The sale of Fraport Ground Services Austria led to a reduction of employees by 270 people.

Further development and training of employees

With an average number of 11,226 employees (without apprentices and employees on leave), Fraport AG was once again the largest single entity of the Fraport Group during fiscal year 2011. With a steady number of apprentices, around 300 on average, it continued ensuring that it had the young employees it needs at its Frankfurt site. In the previous year the number of newly employed apprentices could, in a total of 21 training programs, be increased for the first time to 116. This was possible due to the creation of new training opportunities, for example in system mechanics for sanitation, heating and climate control as well as paramedical training. As part of personnel development 19,628 participants took part in training opportunities (2010: 18,654).

Diversity is more than fulfilling a female-worker quota

Fraport, as an international Group, knows that it must value the diversity of its employees. It consciously makes employee diversification part of its personnel strategy and organizational development. The basis for this is the Group agreement which establishes the principles of antidiscrimination, equal opportunities, the advancement of women into managerial positions and diversity for Fraport. The principles are an integral part of personnel decisions, trainings and organizational changes. They are also integral to the organization of working hours.

The percentage of women in the Fraport Group reached 23.4 % in 2011 (2010: 23.2 %), it lay at 19.0 % for the Fraport AG (2010: 18.8 %). The percentage of disabled persons in Fraport AG was at 10.7 %, once more exceeding the legal minimum of 5 % (2010: 10.7 %). The quota of foreign employees at Fraport AG was at 15.9 %, roughly in line with the previous year's 16.0 %. The average age of employees rose by 0.7 years to 43.4 years (2010: 42.7 years).

Ideas and innovations for a competitive edge

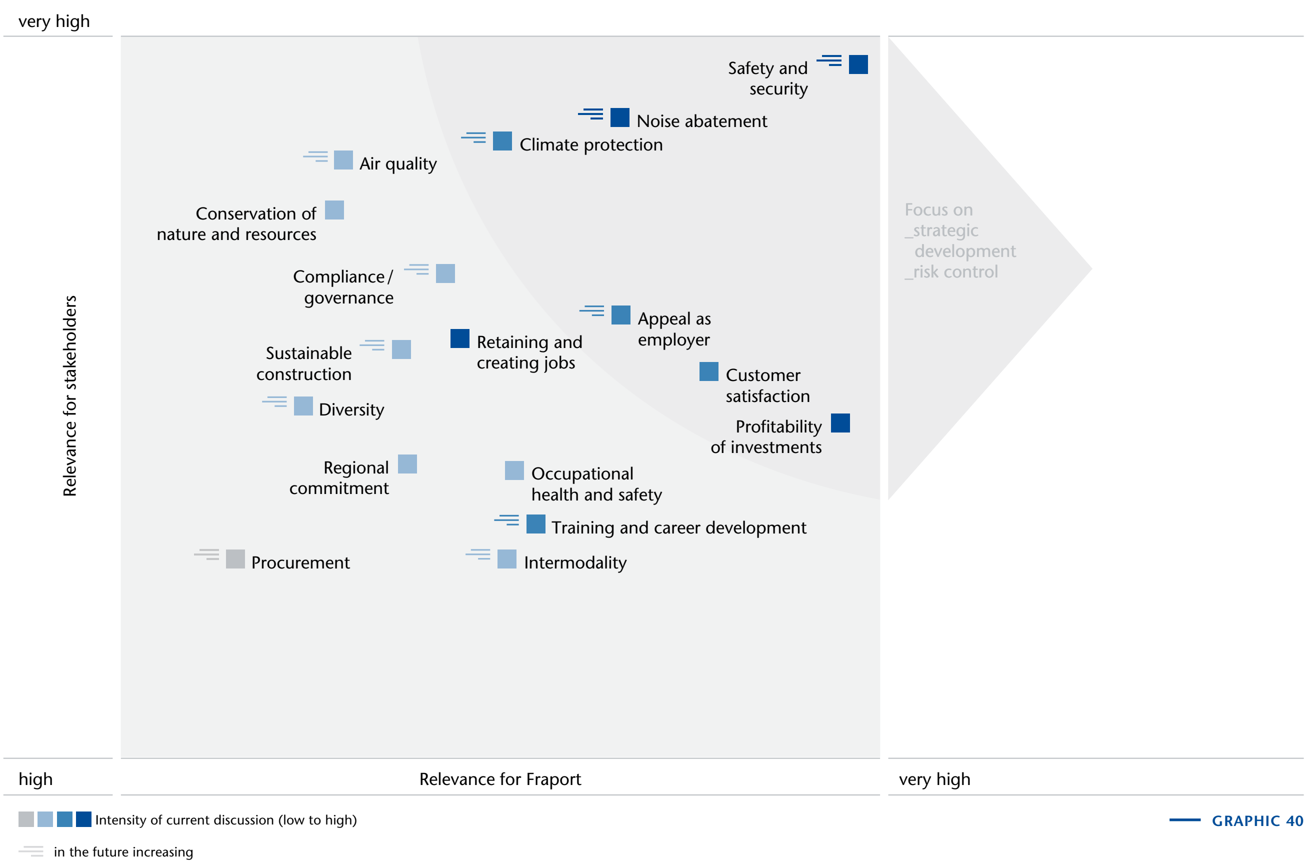
Ideas and innovations are an important part of Fraport maintaining its competitive edge as an international company. The company consistently utilizes its employees' potential as part of its ideas management. To further improve the company's products, Fraport also networks with companies in its own value added chain as well as "best practice" companies in other sectors. This is part of the innovation management scheme which was set up in 2004 along the lines of "open innovation". This ensures trends are spotted early on and transferred into the company. In addition, the annual employee survey provides Fraport with potential ideas for the optimization of internal and external structures. In 2011 the response rate was around 59 %, showing that significantly more Fraport AG employees had participated than in the previous year (2010: 55 %). In total, it could be observed that overall employee satisfaction increased from 3.06 to 2.96 (index value analogous to the grading system used in German schools, whereby 1 is the highest grade and 6 the lowest). The following graphic summarizes the main trends from the 2011 survey: GRAPHIC 39

BASE QUESTIONS

	2011	2010	Change
Overall satisfaction	2.96	3.06	0.10
Working atmosphere	2.75	2.84	0.09
Social competence	2.92	3.03	0.11
Informed competence	2.73	2.80	0.07
Working conditions	2.75	2.82	0.07
Career prospects	3.29	3.45	0.16
Confidence in corporate policy	3.26	3.38	0.12
Steady job	2.58	2.77	0.19
Payment	3.66	3.64	–0.02
Being proud of company	2.74	2.83	0.09

GRAPHIC 39

MATERIALITY MATRIX



GRAPHIC 40

Benefits in addition to the agreed salary

In addition to the agreed salary, the civil service collective pay agreement stipulates a company pension as compulsory insurance. This company pension is provided by Zusatzversorgungskasse Wiesbaden (ZVK) and is largely financed by the employer. It compliments the benefits of the statutory pension insurance. In addition to this, Fraport AG has offered its employees an additional pension scheme, based on deferred compensation, since 2003. Employees exempt from the collective pay agreement receive the ZVK company pension plus a supplemental pension based on a company-based direct pension scheme. Since Fraport AG's initial public offering (IPO) in 2001, employees have also had the option of subscribing to shares or an annual one-off payment under an employee investment plan. Fraport AG buys back the shares for this program, making partial use of the authorized capital after a capital increase in return for cash contributions and then passes them on to its employees. In fiscal year 2011, a total of 7,066 employees participated in the offered share model and subscribed for 40,279 new shares (in 2010 6,585 employees subscribed for 56,859 shares). The percentage of employees participating in the previous year rose from around 57 % to some 60 %. Apart from Fraport AG, 7 Group companies participated in the employee investment plan and offered their employees Fraport AG shares at a preferential price. Depending on location, employees of the Group companies also receive various company benefits, ranging from the employee investment program to job tickets.

Sustainability

The materiality matrix as a pointer

Fraport sets itself targets for issues that are strategically important and defines the measures necessary to meet them. In 2010 this was summarized for the first time in the form of a sustainability program, which is revised and updated annually. The sustainability program is based on the "Materiality Matrix".

GRAPHIC 40

The Materiality Matrix structures and evaluates relevant sustainability issues for Fraport and its stakeholders, also indicating how much importance is currently attributed to this topic. Safety and security, noise abatement, climate protection, appeal as an employer, customer satisfaction and profitability of investments are priority issues in the matrix. Information on status and progress in the fields of work named is available on the company homepage www.fraport.com in the recent "Connecting Sustainably" report, which can be found in the Sustainability category.

Further information

Fraport was re-entered into the 2011 Sustainability Yearbook at the beginning of 2011 and given the second-highest classification, that of "silver class". The Sustainability Yearbook is one of the most internationally comprehensive publications on sustainability trends. Furthermore, the Fraport AG share was confirmed in the major international sustainability indices, the Dow Jones Sustainability World Index (DJSI World) and the Financial Times Stock Exchange (FTSE4Good). Only companies who can prove that their business has been adjusted in line with economic, ecological and social success factors can be listed in these indices. As in previous years, Fraport also participated in 2011 in the Carbon Disclosure Project, which is the leading climate reporting initiative for the financial sector and was once more included in the German "Carbon Disclosure Leadership Index". Fraport also promoted the implementation of the principles of the United Nations (UN) Global Compact. The aim of the UN Global Compact guidelines is a global economy aligning itself with a model of sustainability.

For further information and key figures on the topic of sustainability, which are not part of the management report, please refer to the report "Connecting Sustainably" which is available on the company homepage www.fraport.com in the Sustainability category. The 2011 report will be published in May 2012.

OPPORTUNITY AND RISK REPORT

Fraport Group has a comprehensive risk management system. It ensures that significant risks are identified, constantly monitored and, as far as possible, limited to an acceptable level.

Risk policy principles

Fraport actively seeks out opportunities and seizes them provided that the potential benefits of doing so are in an acceptable balance to the risks involved. Controlled risk exposure is the primary objective of Fraport's risk management system.

This objective is the basis for the following risk policy principles:

- The risk strategy is coordinated with the corporate strategy and is required to be consistent with it, as the strategy specifies to what extent the company's operations are exposed to risks.
- Risk management is integrated into ongoing business processes.
- Risks are managed primarily by the organizational units which operate locally.
- The aim of the risk management process is to ensure that significant risks are identified, constantly monitored and limited to an acceptable level.
- Actively and openly communicating risks is a major success factor in the risk management system.
- All of Fraport's employees are expected to actively participate in risk management in their area of responsibility.

The risk management system

The Executive Board of Fraport AG has approved the risk management system of Fraport, its risk policy principles and the risk strategy for the Group. The Executive Board appoints the members of the Risk Management Committee (RMC), approves the rules of procedure for the RMC and is the addressee for the quarterly reporting of relevance to the Group and ad hoc reports in the risk management system.

The RMC is the top body in the risk management system below the Executive Board. It is made up of Division Managers from the company's units. It is responsible for implementing the central risk management system, developing it in line with business processes and reporting to the Executive Board. The RMC set up a committee office to provide support in executing its tasks.

Risks are managed primarily by the business, service and central units which operate locally, as well as by the Group companies. Division Managers are responsible for the accuracy of the information received from their divisions, which is processed in the risk management system. They are obliged to constantly monitor and control risk areas and to submit a report to the RMC office about all risks in their particular area of responsibility on a quarterly basis.

Besides regular quarterly reporting, material new risks must be reported to the RMC office on an ad hoc basis immediately. By agreement with the RMC management, significant changes to the overall risk situation of the Group resulting from new material risks are reported to the Executive Board.

This process ensures the early detection of risks that could jeopardize Fraport Group as an ongoing concern.

Integrated component of Fraport's risk management system is assessing financial risks with a risk management process that monitors and manages the representation of financial instruments overall and particularly hedging transactions in accounting. This process is described in the financial risks section ("Risk management report"). At Fraport, this process represents a subsection of the accounting-related internal control system.

The risk management system is documented in writing in a separate guideline. It conforms to the requirements of Section 91 (2) AktG. The proper operation of the risk management system is verified regularly by the Internal Auditing department.

Risk transfer by concluding insurance contracts is controlled by the Group company Airport Assekuranz Vermittlungs-GmbH.

Evaluation of risks

Risk evaluation determines the scope of the risks which have been identified, i.e., it makes an assessment of the extent to which the individual risks may jeopardize the Fraport Group in achieving its corporate objectives. The magnitude of the risk and the probability of its occurrence are determined in this context. The risk evaluation is always conservative, i.e., the greatest possible damage is ascertained (worst-case scenario).

The RMC collects the risk reports from the divisions and evaluates the risk situation Fraport faces at company level on the basis of a "risk map". Risks are reported to the Executive Board when they are classified as "material" according to systematic evaluation standards used throughout the Group. Risks which jeopardize the Company as an ongoing concern or risks that exceed defined thresholds in the potential damage they may cause and in the probability of their occurrence are considered to be material. A distinction is made here between gross assessment and net assessment – after appropriate countermeasures have been taken into account.

Risk management of Group companies

The guideline for the Fraport risk management system also includes rules for Fraport Group companies, which are incorporated in the risk management system to a varying extent depending on their importance for the reporting of the asset, financial and earnings position of the Fraport AG. The separate guideline used for investments specifies the organizational structure and process of the risk management system and commits the companies to ongoing reporting about material risks.

Accounting-related internal control system in accordance with Section 315 (2) no. 5 HGB

The Fraport accounting system consists of methods for recording and processing business transactions and records as proof of existing assets and liabilities. It also encompasses processes for recording required information for consolidation in the separate financial statements from the parent company and subsidiaries and disclosure in the Group notes and Group management report. The company applies principles, processes and measures aimed at safeguarding the effectiveness and compliance of the Group's accounting system, which Fraport designed to conform to what are known as COSO standards, in an effort to ensure that the recognition, measurement and proof of assets and liabilities is in line with the legal guidelines and the defined legally not obligated principles of compliant accounting.

Group accounting at Fraport is generally organized on a local basis. The consolidation of the local individual financial statements from the parent company and subsidiaries (trade balance sheet I) to the Group-wide accounting policies set out for financial statements (trade balance sheet II) is done locally at the respective companies. In individual cases for Group companies at the Frankfurt site, the bookkeeping and preparation of financial reports is, by means of service agreements, carried out by the accountants for the parent company Fraport AG. In this way a separation on an organizational and system level from the accounting of the single entity Fraport AG can be ensured. To ensure consistent Group-wide accounting policies, Fraport has developed a guideline on IFRS Group-accounting principles, on the basis of which the companies included in the Group financial statements conduct the consolidation from trade balance sheet I to trade balance sheet II. The effectiveness and correctness of the Group accounting process is confirmed by the companies included in the consolidated financial statements in the framework of an internal completeness statement.

The SAP BPC system is used primarily for the accounting-related Group reporting process between the companies included in the consolidated financial statements and the parent company, Fraport AG. The accounts to be consolidated are recognized in this system, as is required information for tax accruals and for the Group notes. Access authorization on the level of the consolidated companies is awarded and administered by Fraport on the basis of an user authorization concept. Group reporting in SAP BPC is adapted regularly to the changes in legal accounting policies by Group Accounting. A Group chart of accounts in the SAP BPC system is set up and administrated by Group Accounting.

Accounting-related internal controls are, as far as possible, carried out within the SAP BPC system. Manual application and monitoring controls, especially regarding completeness and quality of the reported data, are carried out in the context of the operating accounting processes in Group Accounting.

Quality management is ensured by Fraport Group Accounting for complex accounting issues or basic questions, also at local companies included in the consolidated financial statements.

The consolidated financial statements are prepared by Group Accounting of Fraport AG. The reporting process for the consolidated financial statements of Fraport AG is laid down in a schedule detailing each individual step, including deadlines and responsibilities. Group Accounting monitors progress, reporting deadlines and the completeness of the Group reporting process.

In the run-up to the preparation of the consolidated financial statements, a Group questionnaire is sent to all consolidated companies in order to identify any issues relevant to the accounting process in due time. The consolidated companies are also questioned about any events after the balance sheet date, so that these can be recorded in detail.

Liabilities, expenses and income are consolidated and information relevant to segment reporting processed in the SAP BPC system. Prior to consolidating liabilities, internal balances are reconciled. Capital consolidation, including the updating of the valuation of investments in associated companies, the elimination of intercompany profits and losses and the preparation of the cash flow statement as well as the statement of changes in equity are mainly carried out manually with the help of the system. Capital consolidation is entered in SAP BPC after the system supported manual implementation. Deferred and accrued taxes are calculated and recognized by the Group Accounting in coordination with the Group Tax department.

Group guidelines, which are available to all consolidated companies, ensure that consolidation processes and the reconciliation of internal balances are carried out properly.

Assets and liabilities from the acquisition or sale of shares in companies are generally measured on the basis of external value analyses prepared by experts (e.g., calculation of acquisition costs or purchase price allocation).

Hidden reserves and liabilities (purchase price allocations) uncovered during initial consolidation are updated through Group Accounting centrally.

The Group notes are created by Group Accounting as part of the Group financial reporting process. After creation of the Group notes the information given in the Group notes are verified by central or local departments, where required.

The Finance and Investor Relations department is generally responsible for preparing the Group management report in which the information provided by the relevant departments is compiled. Consolidated information is verified by the relevant departments of the Group.

The parent company Fraport AG prepares its own individual financial statements in accordance with German commercial and stock market regulations. Fraport AG has developed an HGB accounting guideline to ensure that its financial statements are prepared consistently and in accordance with the principles of compliant accounting.

Accounting at the parent company Fraport AG is kept largely local through sub-ledgers (for creditors, debtors, asset accounting, treasury, accounts of local departments). During the preparation of the financial statements, the Accounting division (Group Accounting) creates any closing entries in the general ledger which cannot be entered by local departments. It also controls important local accounting processes.

Important operational processes of the sub- and general ledgers have been standardized so that all processes are carried out in the same way (amongst others, policies, process descriptions, manuals and guidelines). The effectiveness and correctness of the sub-ledger processes are verified by the responsible departments, who issue an internal declaration of completeness.

The parent company Fraport AG uses the SAP R3 system for preparing its accounts. Internal controls of the accounting processes are carried out where possible with the help of the SAP R3 system. Manual application and monitoring controls are carried out during the operational accounting processes in the sub-ledgers and also during the preparation of the financial statements by the general ledger.

Functions in the departments involved in the accounting process are separated on a system, personnel and organizational level. The SAP authorization concept is used for issuing and administering access authorizations for accounting-related systems.

The aim of the controls carried out during the accounting process is to ensure that assets and liabilities and items in the income statement are measured and recognized completely and correctly, as well as ascertaining their actual existence and ownership.

During the preparation of the financial statements by the Group Accounting, subsequent and mainly manual controls are carried out for the purpose of ensuring the completeness and correctness of items recognized in sub-ledgers. Preventative, system-aided controls and a four-eyes principle are implemented as subsequent controls of closing entries in order to achieve the purposes of the monitoring mentioned.

In order to ensure that all financial statements are complete, the parent company Fraport AG has implemented a contract management process that evaluates contracts recognized in the financial statements to obtain a complete and correct view of all facts relevant to the accounting process. In addition, Fraport's risk management system is classed as part of the accounting system to always ensure that issues identified during the risk management process are assessed for their effect on the financial statements and reported, if applicable. The contract management and risk management processes are both regulated in a separate guideline.

A special process monitors risks from the recognition of financial instruments, particularly hedging transactions.

The reporting process for the financial statements of the parent company Fraport AG is laid down in a schedule detailing each individual step, including deadlines and responsibilities. Group Accounting monitors the progress and schedule system-assisted.

The major steps in the reporting process are the closures of the sub-ledgers, which include on the liabilities-side, among others, the valuation of receivables, i. e., the creation of write-downs. The assets accounting of the completed sub-ledger include regular depreciations and impairment losses on property, plant and equipment. The Treasury department is responsible for the operational processes of its own sub-ledger (including cash pooling) and for providing the information required for recognizing financial instruments in the general ledger.

After closing of the sub-ledgers the general ledger / Group Accounting of Fraport AG carries out the necessary closing entries and also implements subsequent manual controls. These are mainly for other provisions and personnel provisions, financial assets and instruments, equity, expense and income accruals. The Tax department calculates and recognizes income taxes and manually controls and applies these taxes.

To measure provisions, mainly personnel provisions and financial instruments and assets, Fraport regularly uses external service providers during the preparation of the annual financial statements.

The Internal Auditing department regularly assesses major subprocesses of the accounting process, including internal controls.

Business risks

An explanation is following of the risks that might have a material impact on the business operations of Fraport.

General economic risks

Economic fluctuations can have a considerable impact on the economic development of air traffic in general and also that of Fraport. According to calculations made by a number of economic institutes (see sources listed under "Development of economic conditions"), the world economy and national economy (real GDP) both rose noticeably in 2011 by around 3.7% and 3.0% respectively following the strong recovery in 2010 (world: 5.2%; Germany: 3.7%). There was however, a slowdown in growth during the course of the year, which was due to the ongoing financial and increasing debt crises.

Insecurities remain concerning the debt crisis in the European Monetary Union as well as the financial policies and stability of the US economy. These economic risks may become more manifest, impairing development in air traffic, which in turn would have a negative effect on the asset, financial and earnings position of Fraport. New trade barriers and political unrest could increase worldwide. As a result, supply and demand development is closely monitored, so that countermeasures can be introduced if required.

Effects on the development of supply and demand of air traffic could also result from the further development of oil and kerosene prices. Since 2004, the surge in prices for oil and kerosene has led to ticket price surcharges and corresponding price increases in cargo that will not necessarily be reduced even if energy prices fall. Additionally, there are a range of arguments suggesting that the forces driving up oil and kerosene prices have a tendency to be weaker during periods in which economic growth is expected to be lower. However at the start of 2012, the price of crude oil rose again (Iranian threats to block the Strait of Hormuz) (average global price at January 31, 2012: around US $ 108).

In times of crisis and war, Fraport faces the direct threat of flight cancellations and route shut-downs. This also applies to strikes and natural disasters relating to air traffic. Limiting risk to demand is only possible to a certain extent. As an international air traffic hub, Frankfurt airport benefited in the past from the fact that airlines tend to return to their local bases and concentrated their business on hubs in times of crisis. This at least explains why Fraport has been able to compensate for the effects of crises within a relatively short period of time up to now. Structural changes in business travel (e.g., reduction in the number of business trips) could, however, have a direct or indirect impact on Fraport's business. Currency rate fluctuations, unemployment and changes in consumer behavior which influence passengers' shopping habits can also impact Fraport's earnings development, particularly in the retail business. The buildings and areas Fraport currently lets are mainly used by airlines or companies whose business largely depends on the development of air traffic at Frankfurt airport. This section of the real estate business is therefore not directly tied to general real estate-market developments. If Fraport develops and markets commercial areas more intensively in the future, as planned, the management of these areas will be based more closely on the general market conditions.

In its current forecast, Fraport is anticipating a temporary slowdown in economic growth in the first half of the year, followed by an gradual upswing of the general economic climate in the second half of 2012. The moderate global economic growth of around 3% and the expected growth in the German economy of between 0 and 1% will have only a small positive impact on air traffic in 2012. The pressure on airlines to consolidate further in view of the competition and the situation of the industry is leading to the selective shut down of routes and a reduction in flight frequencies. Thus the positive effects of the expansion in capacity from the new Landing Runway in Frankfurt could be offset, at least in part.

Market risks

The business relationship with Fraport's main customer Deutsche Lufthansa AG and its Star Alliance partners makes a substantial contribution to revenue. A deterioration of this business relationship would have significant adverse impacts on Fraport. The low-cost segment continues to increase the competitive and cost pressure on traditional carriers and their hub systems in continental traffic. On the other hand, Deutsche Lufthansa AG successfully stimulated European and domestic traffic and therefore also the transit sector in Frankfurt with its inexpensive special offers. If these special fares were to be limited or cancelled, passenger traffic could suffer.

The amount of transfer traffic will adjust itself according to the availability and attractiveness of direct intercontinental flights offered. Due to new EU emissions regulations and environmental standards, there is a risk that airlines will increasingly use alternative locations and routes outside of the EU and therefore away from Frankfurt in the medium-term. Fraport sees medium-term risks in the form of a weaker competitive advantage among European airlines and consequently among European airports.

Moreover, the creation of new hub systems in the Middle East may lead to a shift in the global flows of transfer passengers. Some airlines remain in a difficult financial situation. Acute weaknesses could force individual airlines to partly or completely discontinue their flight operations or to merge with others and in doing so, realign their flight offers to other airports.

On December 31, 2010, as in previous years, we reported that the European Commission plans to further liberalize airport ground handling services in Europe. In 2001, the European Commission had already announced its plans for a further liberalization of ground handling services. After a new study conducted in 2010, the Commission brought the issue to the forefront again, giving concrete shape to its plans in October 2011. With the aim of revising the current directive on ground handling services, the European Commission plans to put forward a regulation for the further opening of the market for ground handling services at European airports. There shall be no tolerance regarding the implementation of the regulation in national law. The European Commission adopted the draft regulation on November 30, 2011 and submitted it to the European Parliament and European Council for decision. The proposed regulation contains the following changes that might have negative implications for Fraport: obligation of a legal separation of ground handling services from the parent company; permission of a third and independent provider of ground handling services on the apron; unrestricted access for self-handling airlines; restrictions on the subcontracting practices of airport operators and airlines. Over the coming months, the responsible committees at the European Parliament (the Traffic and Employment Committees) will examine the content of the European Commission proposal and record proposed changes, where applicable. If the EU regulation is adopted as planned by the European Commission, the negative economic consequences for Fraport could be significant. The same also applies to the structural effects on personnel of the amended German law on temporary employment (AÜG), which similarly threatens the current basic framework for providing operational services from Fraport AG.

On December 31, 2010, as in previous years, we reported that a significant financial impact for Fraport could occur in connection with the implementation of the amendments to the Act for Protection against Aircraft Noise (FluLärmG) at the Frankfurt site. On September 30, 2011, the government of the State of Hesse passed a statute, approved by cabinet decision, designating specific noise protection areas for the airport Frankfurt Main effective as of October 13, 2011. On the basis of these noise protection areas, Fraport will have to meet costs currently estimated to about € 150 million in the coming years for compensation payments related to noise protection measures on buildings and claims for losses of residential quality in outdoor areas. The amount of the outdoor living area compensation must still be settled by a Federal regulation. In accordance with Section 43a of the German Air Traffic Licensing Act (LuftVZO), these costs shall be financed through airport charges. To the extent possible and necessary, the impacts of the government statute on Fraport AG have been taken into account in the financial statement as of December 31, 2011. There is still considerable protest against the new runway, despite the € 150 million program of noise abatement measures. Fraport AG is therefore intensively examining further noise reduction measures that could incur additional costs or investments.

Examinations are currently underway to determine whether investments in a state-of-the-art drainage system will be required for the operation of Runway West and the existing parallel take-off and landing runway system due to necessary official approval. Current estimates suggest Fraport might have to invest up to € 120 million, depending on the results of the examination.

Risks in connection with the expansion of the airport

The construction and the inauguration of the Northwest Landing Runway and the planned third passenger terminal represent the opportunity for Frankfurt airport to maintain and bolster its status as an international hub airport in the future. The expansion of the airport is one of the main prerequisites for Fraport AG's participation in the long-term growth of global air traffic.

The expansion continues to meet with considerable opposition from various stakeholders in the region. However, on August 21, 2009, the Administrative High Court of Hesse in Kassel predominantly rejected in several rulings test cases against the planned expansion. Previously, the court rejected the motions for prohibiting immediate enforceability of the zoning decision with rulings dated January 2, 2009 and January 15, 2009, after which Fraport AG started work on the Northwest Landing Runway in the beginning of 2009. However, a portion of the test cases which focused on fighting individual night flight regulations were successful, particularly the authorization of an average of 17 flights in the so-called "mediation night" (11 p.m. to 5 a.m.). It was stated that the special considerations for avoiding noise disturbance during the night were only delivered on insufficiently. An appeal has been made to the German Federal Administrative High Court against these decisions, both with regards to the approval of the zoning decision and over doubts about the legality of the night flight regulations. The Court will make the final ruling.

With its decisions of October 10, 2011, the Hesse Administrative High Court in Kassel accepted ex officio insofar the formal complaints filed by several local residents against the zoning decision of December 18, 2007, which had permitted Frankfurt airport to operate scheduled aircraft movements between 11 p.m. and 5 a.m. It was passed on to the German Federal Administrative High Court in Leipzig for a final decision, while the complaints had a suspensive effect. With its decision – effective from the start of the winter schedule on October 30, 2011 – the Hesse Administrative High Court thus suspended all scheduled aircraft movements within the respective night time frame until the German Federal Administrative High Court makes a final ruling on this matter. If it is ruled that the night flight ban should remain in place, it would change the general conditions for the long-term development of the location. Negative effects on traffic growth, particularly in the cargo sector, would be expected as a result and a downturn in cargo traffic cannot be ruled out.

Stricter political, legally implemented, rulings regarding the night flight ban could affect the competitive relationship and lead to traffic relocation and a fall in demand. There would be considerable impacts on traffic volume and structure at Frankfurt airport and therefore also negative effects on Fraport.

Following the inauguration of the Northwest Landing Runway on October 21, 2011, legal remaining risks, as reported regarding the expansion persist until the German Federal Administrative High Court takes a final decision on the test cases. Should this riks materialize, the recoverability of the majority of the existing investments in the airport expansion program will be impaired. Because of the progressing construction work and the continued awarding of contracts and orders, the total volume of capital expenditure has increased to approximately € 2,195.2 million. This amount includes capital expenditure for assets, which were inaugurated until December 31, 2011 and regularly depreciated to the amount of approximately € 1,536.6 million, capitalization of interest expenses related to construction work for expansion measures amounting to € 214.4 million and order commitments.

Current unquantifiable risks also ultimately exist if the German Federal Administrative High Court judges the passive noise abatement concept to be insufficient and demands improvements

Financial risks

"Risk management report" according to Section 315 (2) no. 2 HGB

With regard to its balance sheet items and planned transactions, Fraport is subject in particular to credit risks, interest rate and foreign exchange rate risks and other price risks. Fraport covers interest and foreign exchange rate risks to a large extent by establishing naturally hedged positions, in which the values or cash flows of primary financial instruments offset each other in their timing and amount and / or by using derivative financial instruments to hedge business transactions. The scope, responsibilities and controls for the use of derivatives are specified in binding internal guidelines. The existence of a risk which needs to be hedged is the prerequisite for using derivatives. Derivatives are not used for trading or speculative purposes. To monitor the risk situation, simulations are regularly carried out by Risk Controlling using various worst-case and market scenarios. The Executive Board is regularly informed about the results. The Fraport AG Treasury department is responsible for efficient market risk management. Generally, only risks which affect the Group's cash flow are managed. There can only be open derivative positions in connection with hedging transactions in which the underlying transaction is cancelled or have not been carried out contrary to planning.

Interest rate risks arise in particular from the capital requirements for capacity expansion and from existing variable-interest rate financial liabilities and assets. As part of the interest rate risk management policy, interest rate derivatives were concluded in order to limit the interest rate risk. Following the commitment to these interest rate hedging positions, there is the risk that the market interest rate level will decrease with a negative or increased negative fair value of the interest rate hedging instruments as a result.

Foreign currency rate risks arise in particular from revenue planned in foreign currencies that is not covered by expenses in matching currencies. Fraport hedges such risk exposure by entering into currency forward transactions.

Fraport's credit risks stem on the one hand from primary financial instruments. These risks could be encountered for example during the acquisition of securities as part of the asset management and comprise the default risk of the issuer. Furthermore, credit risks arise in connection with derivative financial instruments with a positive fair value and the current risk that the counterparty will not be able to meet the obligations that are advantageous for Fraport. This risk is overcome by only allowing trade in derivatives with issuers and counterparties who have an investment grade credit rating. If the credit rating is downgraded to non-investment grade during the asset's holding period, or the maturity of the derivative, a decision will be made on a case-by-case basis on the further progress of the asset or derivative, taking into account the remaining term.

The issuers' and issues credit ratings are regularly monitored, as are their CDS-spreads. On top of that, the upper limits are linked to the credit rating development, continually adjusted and where necessary reduced. Financial assets are diversified further under risk considerations.

Other price risks result from the fair value measurement of financial assets and diesel fuel swaps. The risk variables of share prices and commodity prices are particularly important here. Changes in these risk variables initially result merely in a change in the market value of the financial instruments and do not affect cash flows.

Financial assets with a fixed maturity are assumed to be subject to temporary market fluctuations reversing automatically by the end of the products' maturities, since a repayment in the full nominal amount invested is expected.

Regarding risks arising from financial instruments and the scope of risks from open risk positions in the context of financial instruments, please see notes 40 and 47 in the Group notes.

Other financial risks

Risks for Fraport's assets, financial and earnings position may arise from the current financial market situation and its effects on the overall economy and particularly on liquidity and future bank lending practices. As a countermeasure, Fraport has as part of its "pre-financing strategy"already secured a major portion of the planned borrowing for future capital expenditures through external financing in the last few years, most recently in the third quarter of 2009.

The difficult economic situation of some airlines might lead to defaults. Fraport deals with this risk as far as possible through active credit control and by recognizing valuation allowances.

Legal risks

Manila project

The investment in Manila, the capital of the Philippines, to build and operate an airport terminal (NAIA IPT3 project) was written-off completely in the financial statements for the year ending on December 31, 2002. The major ongoing risks and legal disputes in connection with the project are outlined below.

As already reported in previous years, on December 23, 2010, an ad hoc committee unanimously decided to annul the International Centre for Settlement of Investment Disputes' (ICSID) majority decision of August 16, 2007. This decision allowed Fraport to file a new litigation before an ICSID tribunal. On March 30, 2011, Fraport filed for a new request for the institution of arbitration against the Republic of the Philippines at the ICSID. The basis for the arbitration proceedings is the investment protection treaty between the Federal Republic of Germany and the Republic of the Philippines. It arose as a result of expropriation and unfair and unlawful treatment of German investors in the Philippines. In the new arbitration proceedings, Fraport shall again claim compensation for the expropriation of the investment project at Manila airport in an amount of approximately US $ 425 million plus interest.

In the suit brought by the Philippine government against Philippine International Air Terminals Co., Inc. (PIATCO) in 2004 for expropriating the terminal, the expropriation court decided on May 23, 2011, that PIATCO was entitled to full compensation for the expropriation of Terminal 3 in Manila of almost US $ 176 million, which would be credited against the "estimated value" of the terminal of around PHP 3 billion which had already been paid. In the mean time, all parties of the proceedings have launched appeals against this decision with different objectives. As such, the ruling has not yet been made final. On October 11, 2011, the expropriation court ruled that the Philippine government could be freed from its payment obligations by escrow. This ruling was also contested, among others, by PIATCO. This appeal has not yet been decided.

In the beginning of 2003, the shareholders and directors of PIATCO decided – against the votes of Fraport and the PIATCO directors it appointed – to prepare legal action for damages against Fraport and its directors because of alleged improper and harmful action against the company. Fraport rejects these allegations. It is also disputed whether these resolutions are legally valid. Yet, PIATCO has not further pursued the claims asserted.

As already reported, a Philippine law firm as well as a former Philippine minister have brought legal action for damages amounting in each case to PHP 100 million (about € 1.6 million) against Fraport, 2 former board members and 2 Philippine lawyers of Fraport because of alleged defamation. Motions to seize Fraport assets on the Philippines were initially granted. As already reported, to avoid the seizure, Fraport deposited guarantees as collateral, upon which the responsible court revoked the seizure. All attempts by the plaintiffs to have this decision overturned have been unsuccessful. The main suit is still pending, but in one of the two suits the claim has been rejected to the extent that it was directed against the Philippine lawyers of Fraport. For the same reason, the plaintiffs filed a complaint leading to public charges in three proceedings. The court has already rejected all three charges, in one of these three cases in the court of appeal. These decisions were contested by the respective complainants in first, second and third instance; no final decision has been made on corresponding legal action yet. A fourth suit is still in preliminary proceedings. Fraport rejects these allegations.

As we already reported in previous years, various criminal proceedings and investigations have also been initiated against former board members and employees of Fraport in the Philippines, in which Fraport, in the majority of the cases, is not a directly involved or affected party. On January 21, 2011, the Philippine Department of Justice ordered an arraignment in the suit against a number of individuals from the Fraport Group due to a suspected violation of the so-called "Anti-Dummy Law", which has not been conducted yet. The outcome of these proceedings and investigations could question the legality of Fraport's investment on the Philippines and could, in the case of a conviction, serve as the basis for proceedings to seize Fraport assets in the Philippines. With reference to the allegations made in the proceedings, that the company is aware of, Fraport is still of the opinion that these allegations are false.

In addition, cases relating to the NAIA IPT 3 project are pending in Germany.

Other legal risks
There is the risk of tax back payments in connection with tax audits that are still to be carried out.

Risks from capital expenditure projects
Fraport's capital expenditure program is subject to a range of risks. Increases in construction costs, suppliers going out of business, changes to planning figures, or weather-related delays could all lead to extra costs.

Due to the increasing market and competitive pressures, future capital costs from the investment programs may only be partially covered by obtainable charges.

Risks attributable to investments and projects
Investment companies, airport operating projects and Fraport AG are subject to general economic and company-specific risks, as well as industry-specific market risks. In addition, there are general political risks at individual locations abroad.

In Bulgaria – where the operation of the airports in Varna and Burgas is managed by Twin Star Airport Management AD – there seems to be further sustained growth following the economic crisis. A GDP growth of around 1.5 % is expected in 2012 and in the medium-term a positive trend is also in sight. This provides a solid basis for air traffic growth. The most relevant considerations for growth, however, in tourism are the economic situation in the origin country of the tourists and the price structure compared to other vacation destinations. It can, therefore, be assumed that while the financial crisis in Europe remains, low-cost destinations will continue to grow. However, touristic operators are not expecting a further shift of tourist flows away from Northern Africa like last year, which will result in a smaller additional increase in the number of passengers. Should a trend away from low-cost tourism emerge due to global economic recovery, there is a relatively minor risk that favorably-priced vacation destinations such as Burgas and Varna would lose tourism revenue to more expensive vacation destinations in southern Spain, Portugal and southern France.

The majority of air passengers in Burgas and Varna are from Russia, Germany, the UK and other European destinations, as well as Israel. Consequently, air traffic development in Bulgaria is dependent on the general European economic development in those mentioned countries as well as the price development in other vacation destinations. In 2011, over two million passengers were recorded for Burgas airport. Due to the recent deregulation of ground handling services in the EU and the requirements of the Bulgarian Civil Aviation Act, Burgas airport will have to allow in a second ground handling service provider once it has reached this threshold. This increased competition will lead to a decline in earnings from ground handling services in Burgas. For 2012, a market share of 15 % for a third-party handler is expected. In Varna, it is not expected that the two million passenger mark will be met in the coming years.

Fraport Twin Star is subject to the Bulgarian economic, legal and political conditions and is dependent on the reliability of the grantor state and local authorities. The risk of political and / or economic instability in Bulgaria, a relatively stable EU member state, is classified as low. The same applies to the overall risk of adverse changes in the regulatory or legal framework for public private partnerships in Bulgaria.

At the Jorge Chavez Group airport in Lima, Peru, operated by Lima Airport Partners (LAP), a major pillar of passenger growth comprises the increasing number of domestic passengers, which is closely linked to economic prosperity in Peru. The entry of low-cost carriers into the Peruvian market intensified this trend. Especially for the less wealthy people, the combination of these two components make aircraft travel possible.

Economic growth in Peru is tied to the development of the raw materials market and the increase in exports from the country. A drop in the price for raw materials or a decrease in exports would have a detrimental effects on the consumer behavior of residents and therefore a negative impact on domestic air traffic. The IMF prediction of GDP growth of 6.6 % in 2011 and 5.9 % in 2012 furthermore constitute sustainable economic growth for Peru.

In addition to economic conditions LAP is also subject to legal and political conditions and is dependent on the reliability of the franchiser state and local authorities. There were concerns following the election of the new President Ollanta Humala in 2011 that political and economic instability would have a negative effect on further economic growth and the investment climate in Peru. Although, after only a few months in office, these risks cannot yet be ruled out, the work of the government is already being portrayed, contrary to expectations, as extremely economy-oriented.

The influence and cooperation of a newly formed trade union must also be taken into consideration for further LAP activities. This first occurred in 2011 when the management of LAP went into and finalized negotiations on salary increases. Further rounds of negotiations will take place annually.

Turkey (Antalya airport is run by Fraport IC Ictas Antalya Havalimani Terminal Yatirim ve Isletmeciligi A.S.) is still in the middle of a sharp economic boom. There is no end in sight to this trend in 2012. In 2010 the economic growth rate reached 8.9 %, while during the first half of 2011 it was the highest in the world, at 10.2 %. In addition to strong domestic demand and rising exports, the favorable demographic structure and the geographical position of Turkey form the foundation for future growth.

At the parliamentary elections in June 2011, the conservative AK Party retained the absolute majority again. The current government has proven to be reliable and has ensured the high domestic political stability in the past years. More recently, Turkey's aspirations to further strengthen its position in the Islamic world have been a source of great concern in the Western world. Despite this, the pro-Western orientation of Turkey and its position as a strategically important partner for the EU are unquestionable. Domestically, the primary topics remain the unresolved Kurdish issue and the role of Islam in politics and society.

Despite weaknesses in terms of the under-financed education sector, the social system in need of reform and the infrastructure in need of upgrade in remote regions, Turkey continues to offer a stable political landscape and with that the key to potential future economic growth. The high inflation rates and the interest rate policy of the Turkish central bank promoted a devaluation of the Turkish lira in 2011, which meant imports (especially of crude oil) became more expensive. The high devaluation of the Turkish lira, combined with the current account deficit, could be problematic for Turkey's overall economic situation in the mid to long-term.

Overall, state finances are still relatively sound and the business-friendly tax system sets an incentive for investment. In September 2011, a new bilateral double taxation agreement between Turkey and Germany was signed. It replaces the previous agreement that expired at the end of 2010 and makes existing as well as future investments in Turkey even more favorable. The financial and economic crisis has not shaken the confidence of international investors in the stable growth trend in Turkey.

One of the main foundations of the Turkish economy is the tourism sector, which has continuously expanded in recent years. This has been underpinned by the disproportionate number of new and high-quality hotels at an attractive price. As a result Turkey has already become a serious competitor to traditional holiday destinations in the Mediterranean or the Canary Islands. Year-on-year, Antalya airport experienced an increase in passenger numbers of 12.7 % which was boosted by the political unrest in Northern Africa at the start of the year and the elimination of visa requirements for Russian vacationers, as well as the continued demand in Turkey as a vacation destination. Tour operators have already planned a significant increase in the number of hotels they have in the Antalya region for the 2012 season. Despite parallel announcements that prices will go up by 2.5 % (in isolated cases, by 4 %) compared to the previous season, tourism experts still expect that demand will continue to rise. The ongoing economic crisis in Greece and the effects of the political upheaval in Egypt that haven't been fully overcome yet are the main reasons for this.

In view of terrorist attacks against military and police establishments in the past (mainly in the urban centers of Istanbul and Ankara) and conflicts in the border regions with Iraq, security measures throughout the country remain at a high level. Consequently, a latent risk of terrorist activity still exists in all parts of Turkey.

Risks in connection with the airport operating projects, which are generally long-term, arise primarily from an estimation of future development of air traffic. A lack of growth or downturn in air traffic could have a negative effect on the earnings development of concessionary companies, which could also result in risks to project financing. Additional risks, such as delays in connection with the construction of airport infrastructure, which usually adheres to a contractually stipulated schedule, may also occur through this.

Other risks

Fraport intends to continue applying the growth in global air traffic to create sustainable and attractive jobs at all Group sites. Fraport is aware that the current demographic shift will intensify the competition for high quality professionals and managers, particularly in Frankfurt. To this end, Fraport will make every effort to maintain a reputation as a responsible, attractive and competitive employer.

Fraport believes that the qualification, commitment and work satisfaction of its employees is a key factor in the success of the Group. Fraport combines attractive company benefits with opportunities for employees to participate in the success of the Group and tops it off with a range of measures for balancing the work / life mix. Fraport's goal is to attract new employees and retain existing ones on a long-term basis. This purpose is also served by airport-specific and universal qualification programs for its employees and managers, trainee programs and short and medium-term assignments at Fraport's foreign sites.

Fraport invests in the safety, health and wellness of its employees. Training and sensitizing the managers play a key role in ensuring Fraport's sustained success in reducing and minimizing employment-related and health risks. In-depth employee surveys are conducted once a year in all investments with a substantial workforce. They provide Fraport with important insights and opportunities to improve the working environment on all levels. The results of the survey are reported widely and in a transparent fashion. Numerous conclusions drawn from the results analysis are extrapolated together with employees themselves and converted into measures for sustained improvement of work processes and satisfaction.

There is a risk of significant increases in contributions to the pay-as-you-go company pension plan covering Fraport AG employees as a result of turnover-induced changes in the number of employees at Fraport AG.

Operations in Frankfurt and the other Group airports may be affected by local events such as accidents, attacks with a terrorist intent and fires or technical malfunctions, as well as events that influence the operation of the national and international air traffic (such as natural disasters, extreme weather events. and epidemics). Fraport's insurance policy covers the standard risks faced by airport companies. It especially includes occurrences of damage that result in the loss or damage of assets, including any consequential business interruption costs, as well as claims for damages by third parties arising from Fraport's corporate liability risks. Insurance protection regularly also covers the risks from terrorism regarding property and liability insurance. Limited cover is provided for Group companies abroad through co-insurance in the policies taken out by Fraport AG, although insurance is predominantly obtained through the companies' own policies. Fraport AG and the majority-owned Group companies in Germany and abroad are covered against risks of environmental damage from accidents for up to € 32 million.

All of the IT systems of critical importance to the company are always installed in duplicate and are optionally housed at separate locations. It goes without saying that residual risks resulting from the architecture and operation of the IT facilities cannot be completely eliminated.

Due to the ongoing development of new technologies and the expansion program, there is an underlying risk potential for IT systems. Fraport takes account of this situation by implementing an active IT security management. The requirements for IT security are specified in the IT security policy and security guidelines which must be followed throughout the Group. Compliance with these guidelines is verified regularly. Insurance cover is obtained for damage claims relating to residual risks wherever possible and appropriate.

Overall risk evaluation

The overall evaluation of the risk situation revealed that the continued existence of the Fraport Group is not at risk as far as its assets and liquidity are concerned and that no risks which might jeopardize the company's existence are apparent for the foreseeable future. However, if the airport expansion was not feasible as planned due to the remaining legal risks, most of the capital expenditure already capitalized would be impaired and Frankfurt airport would be weakened in its market position as an international hub in the long-term.

Business opportunities

Opportunities from the development of the general economic situation

After the 2008 / 2009 global financial and economic crisis which had, at times, dramatic consequences on global air traffic, came an unexpectedly strong economic upturn during 2010 / 2011, especially in Germany. Given the powerful growth in passenger traffic, Frankfurt was able to overtake its pre-crisis level substantially – in 2010 and 2011 it achieved a yearly average growth of 5.3 %. The current credit crisis, which began in early summer 2011, has led to a downturn in the forces driving the global economy and in particular, the global airfreight operations.

According to expert opinion, the German economy, in comparison to other European economies, is robust enough that after a short-term slowdown in the first half of the year, it is expected to re-enter a growth phase from the second half of 2012. In the short-term, an above-average traffic development is expected for major German airports, including Frankfurt, than for other airports in Germany. Mid-term national and global general economic conditions are viewed as positive for a continued upward trend in air traffic at Frankfurt airport.

Largely independent of the current slumped economic situation, the international integration of the globalized world economy continues to increase. There is no foreseeable change in the trend of working with global purchasing, production and sales networks. Global air traffic provides the key infrastructure required for continuing the internationalization process.

This trend is supported by the dynamic development of numerous emerging nations, e. g., the BRIC countries (Brazil, Russia, India and China), in which new boom markets are being established. The rise in the standard of living in these countries is key to the disproportional high growth of air travel, not at least because transport infrastructure is often underdeveloped in these areas. Compared to Central Europe and North America, economic development in these countries was far less impacted by the last financial and economic crises and the current credit crisis, if at all.

Experience with the growth cycles has shown that market fluctuations can interrupt the upward development of world air travel in general temporarily, but so far not halt it permanently.

Opportunities in corporate strategy

With the completion of the expansion program, the capacities at the Frankfurt site are growing significantly. Qualified growth is essential if these new capacities are to be utilized in a way which fully exploits their intrinsic value. Dynamic development in passenger numbers forms the basis for positive development at the site – something that is made possible by the new Northwest Landing Runway and the step-by-step expansion of the terminal infrastructure. Sales activities, therefore, continue to focus on destinations in the Asian growth region, Latin America and Africa. On top of that, Fraport has identified 3 main growth drivers for the future:

Airport-retail

Extending and modernizing retail space in the terminals continues to be an integral part of Fraport's growth plans for retail business. Accordingly, the opening of the new Pier A-Plus in Terminal 1 in 2012 will create a total of 12,000 sqm of additional shopping and catering space. Intelligent passenger traffic flow management also aims to ensure that passengers will be able to ulitlize these newly created facilities in an optimal way.

External business

After successfully streamlining its portfolio, the External Activities & Services segment is well positioned. Fraport's know-how is represented on 4 continents. In addition to Frankfurt, 4 further airports are operated or managed through Group companies that are either fully or partially included in the consolidated financial statements. The Group rounds out its portfolio with minority shares or through management contracts in numerous airports. The profit contribution of external business to the overall profit of Fraport is set to continue to rise in the next years on the back of positive development in the existing investment portfolio. In addition, the clear goal is to expand the external business.

Airport city

Around the world, hub airports are developing into airport cities. Fraport recognized this trend at an early stage and identified sites that were worth consideration for real estate development. For instance, Fraport is intensively developing and marketing high-quality commercial space in direct proximity to Frankfurt airport. A second project involves a demand-driven expansion of CargoCity South to meet the high demand for additional logistics space at the Frankfurt site. Depending on each project, Fraport decides if and to which extent the Group will participate in its development.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The wage agreement negotiations between Fraport AG and the trade union Gewerkschaft der Flugsicherung (GdF) resulted in warning strikes at Frankfurt airport in February 2012. GdF serves as the specialist trade union, representing around 200 employees in apron control, traffic operations center and apron supervision in Frankfurt. Any further strike action may have significant impacts on the expected traffic growth at Frankfurt airport and correspondingly the results of operations.

On February 29, 2012, Fraport AG, together with the State of Hesse and representatives of the aviation industry, signed the declaration 'Together for the region – Alliance for better noise abatement 2012'. Signing this declaration requires the implementation and examination of additional measures for active and passive noise abatement and of the Casa program. To finance the additional measures for passive noise abatement, it was agreed to establish a regional fund with a volume of € 335 million. Fraport AG will contribute between € 15 million and € 20 million to this fund, with payments graduated over a period of 3 years. These amounts will be paid according to the progress of the package of measures. Moreover, Fraport AG's voluntary Casa program for the acquisition of properties in Flörsheim with low levels of flight altitude is to be expanded. Extending the sales option to include the full band of the Casa area doubles the program volume in terms of the number of residential properties affected. This Casa 2 program has a financial scope of around € 70 million.

There were no other significant events for the Fraport Group after the balance sheet date.

OUTLOOK REPORT

The Group's outlook is based on the assumption that the global economy and international air traffic will not be influenced by external shocks like terrorist attacks, wars, epidemics, natural disasters or additional turbulences on the capital markets. The statements of the expected asset, financial and earnings position take the accounting standards currently in use in the EU into consideration. It cannot be excluded, that future changes in accounting standards, in particular the application of IFRS 11, may have material effects on the reported asset, financial and earnings position (see Group notes, note 4).

Outlook 2012

Increasing uncertainties surround the development of the economic landscape
Banks and leading national and international economic research institutes are forecasting weakened growth of around 3 % for the global economy in 2012. Major risks particularly include the European financial crisis, which has a strong impact on the refinancing options offered by banks and therefore an increasing effect on the real economy. While the Asian emerging nations, the Middle East, Africa and parts of Latin America are still expected to grow at above average rates, countries within the Euro zone are expected at best to experience a slight slump in the economy of around –0.5 %. German GDP should fare slightly better with an increase of between 0 and 1 %, gaining momentum again in the second half of the year. The US economic performance is currently expected to increase by between 1.8 % and 2.7 %. Driven by the emerging nations, world trade in 2012 should go up only moderately, by approximately 4 % and as a result keep prices in the commodities / energy markets largely stable (average world-market price per barrel of crude oil in 2011: around US $ 107). Sources: TECSON (February 1, 2012), IMF (January 24, 2012), OECD (November 2011), Deutsche Bank (January 7 and 9, 2012), DekaBank (February 10, 2012)

Changes in general legal environment for German aviation
In July 2008, the EU Parliament approved the inclusion of air traffic in EU emissions trading scheme. This means that starting in 2012, every flight originating or landing at an EU airport will be included in the EU emissions trading system. The standard for the distribution of air traffic certificates are the average amount of emissions of air traffic per year between 2004 and 2006. For 2012, certificates in the amount of 97 % of this value will be distributed, in the years 2013 to 2020 only 95 %. In the period between January 1, 2012 to December 31, 2012, according to a distribution basis, 85 % of these certificates will be allocated free of charge to the individual air traffic companies. Between January 1, 2013 and December 31, 2020 it will be 82 %. 15 % of these certificates are auctioned by EU member states. The formal distribution of the free certificates for the individual aircraft operators is carried out by the member states. The inclusion of air traffic in the greenhouse gas emission trading system affects airlines first and foremost. Airports are also affected indirectly, as

additional costs of air traffic could result in a limited growth dynamic. If individual countries or airlines in those individual countries do not participate in the emissions trading scheme, the relative competitiveness of European airlines (and indirectly as a consequence, European airports) could be impacted.

At the beginning of December 2011, the EU Commission published a draft with regard to the so-called “Airport Package”. The directive includes different liberalization elements, among others, including regulations about market access for ground handling services on EU airports, a revision of the Slot-Directive as well as a draft for a directive concerning the noise-related operating restrictions. Given the very early stage of the EU legislative proceedings, the resulting effects cannot yet be estimated.

The Directive 2009 / 12 / EC came into effect due to a legislative initiative of the EU Commission concerning a uniform legal framework for airport charges in March 2009. According to Article 13, the implementation into national law should be carried out by March 15, 2011. The draft of the 14th law concerning the amendment of the air traffic law is currently still in the legislative proceedings, after the passing of the resolution through the Federal Government, the Federal Council took a formal stand to it in the first round. The moment in which the law comes into force depends on the future course of the legislative proceedings. We expect that the implementation law with regards to airport charges will be closely modeled to the EU Directive and the procedures and principles which have already been practiced, for example, the execution of consultations as well as the non-discriminating and transparent organization of airport charges will be stipulated.

In September 2009, the EU Commission formally agreed on the expansion of their influence on airports and aircraft movements / air traffic control. Resulting from the resolution it is foreseen that the European Aviation Safety Agency (EASA), as the highest European aviation authority, will be responsible for the security oversight for all European airports as of December 2012. In order to guarantee uniformly high security standards in all EU member states and thus realizing a partial aspect of the Single European Sky Program, all regional legislations and regulations with regard to the operation and approval of airports, air traffic management and air traffic controlling services will therefore be replaced by unified EU legislation. The legislative process has not yet been concluded, thus it is not possible to definitively estimate the concrete effects on airports.

Overall, the emerging changes in Fraport Group’s legal environment could have an impact on the German aviation industry in general and therefore also affect Fraport.

Positive growth forecast for air traffic

The long-term air traffic forecasts (15 to 20 years) continue to assume an average yearly growth in global passenger figures of around 4 %. Few reliable estimates are available for 2012 due to the current uncertainties. In fact, only the IATA has released figures. In December 2011, it published relatively broad ranges of expectations for 2012 in 2 scenarios: Passengers, approximately +4 % to –1.5 % and cargo in metric tons, around 0 to –6 %.

Frankfurt airport will benefit from positive capacity effects following the inauguration of the new landing runway. Initial traffic coordination plans for the summer flight schedule 2012 show that, despite the economic uncertainties, passenger growth of around 4 % is to be anticipated for the 2012 fiscal year. Mainly due to the strikes resulting from the wage disputes between GdF and Fraport AG, significantly lower passenger growth is expected. Positive increases in passenger numbers are still anticipated for the following years, so that by fiscal year 2015 around 65 million passengers will be accommodated. After a temporary slowdown, cargo volume is also expected to increase considerably, in line with market levels in the medium-term.

In light of positive economic assumptions and a sustained optimistic outlook for tourism, an increase in passenger figures over the coming years for the fully and proportionally consolidated Group airports of **Antalya, Lima, Varna** and **Burgas** is predicted. As in 2011, organic growth in Antalya, Varna and Burgas could be influenced by the political situation in Northern Africa and the Gulf Region. In Lima, in addition to the international traffic, the increase in domestic traffic will also have an impact on the increase in volume.

Increase of the Group’s revenue and operating result

Based on the current anticipated traffic development in Frankfurt and the fully and proportionately consolidated investment airports, Fraport Group’s **revenue** is expected to amount to more than € 2.5 billion in fiscal year 2012. In addition to the incremental income due to traffic volume, the contractually fixed increase in airport charges in Frankfurt will also have a revenue-increasing effect. The opening of Pier A-Plus in October 2012 will as well have a partial positive effect on retail revenue of the fiscal year. Due to the accounting pursuant to IFRIC 12, the intensified construction activities planned in Lima as well as Varna and Burgas will have an increasing effect on the reported revenue.

However, corresponding non-staff costs will offset this effect, resulting in it being neutral with regard to EBITDA.

In connection with the positive revenue development Fraport expects – despite the strike effects – an increase in **Group EBITDA** in 2012 by minimum 5 %. The **Group's depreciation** in 2012 will significantly exceed the value from 2011 due to the inauguration of Pier A-Plus and in particular, the full year depreciation of Runway Northwest. Nevertheless, the **Group's EBIT** will exceed the value from 2011.

The **Group's financial result** will mainly be affected by declining interest income and higher interest expense. The latter will essentially result from less capitalized interest expense related to construction work. The capitalization possibilities of interest expense during the construction phase of assets will drop due to the inauguration of Runway Northwest in 2011 as well as Pier A-Plus. As a result reported interest expense will increase in 2012.

Based on the current planning the **Group's result** in 2012 will roughly be on the same level as in 2011. Subject to further strike measures by GdF the revenue and earnings figures can also be below the anticipated ones. Taking the positive long-term profit expectations into consideration, the Executive Board plans to keep the **dividends** per share stable for fiscal year 2012. The **Group's value added** contribution in 2012 will continue to be positive, however, it is expected to be lower than the value achieved in 2011.

Development in Fraport segments

The positive traffic development expected in 2012 will be reflected **in all 4 Fraport segments**. Accordingly, an increase of revenue as well as EBITDA is expected. On the EBIT segment level, the Aviation, Retail & Real Estate as well as External Activities & Services segments will also achieve positive growth rates, however, the Ground Handling segment will not be capable of increasing its EBIT in comparison to the previous year.

Supplementary to traffic growth, the **Aviation** segment will profit from the adjustment of airport charges in 2012. In the current year, in addition to the higher revenue in the retail and parking business resulting from increased traffic, the **Retail & Real Estate** segment will achieve first positive effects in terms of retail revenue from the opening of Pier A-Plus. While revenue from energy supply services is expected to be above the 2011 level, revenue from the sale of land on the Mönchhof site will be below the value attained in the previous year. In the **Ground Handling** segment, despite the positive revenue and EBITDA development due to the ground handling contract concluded in 2010 with Deutsche Lufthansa as well as the increasing volume of traffic, there will be a slight decrease in the segement EBIT. The reason for this creates higher depreciation in conjunction with the inauguration of Pier A-Plus as well as higher capital expenditure in operating equipment. The **External Activities & Services segment**, whose income and expenses are affected by the IFRIC 12 accounting regulation, will benefit in particular from the ongoing positive developments in Antalya, Lima as well as Varna and Burgas. On the contrary, higher personnel costs from the consolidated activities at the Frankfurt site as well as from the Group airports will have a negative impact. While the value added contribution in the Retail & Real Estate segment will remain on a permanent high level, the value added contribution of the External Activities & Services segment will improve. In the Aviation segment, the value added contribution will be in an increasing negative area due to the opening of the new Runway Northwest and thus higher capital costs. The value added contribution of the Ground Handling segment is expected to remain negative.

Expected assets and financial position

In the fiscal year 2012, the **assets** and **financial position** of the Fraport Group will be characterized by ongoing **capital expenditure**, among other things, in the completion of Pier A-Plus at Frankfurt airport. The capital expenditure in property, plant and equipment is expected to amount to around € 700 million. The investment activity will also be reflected in the **statement of cash flows** and the **financial position** of the Fraport Group. While the non-current assets will increase on account of the investments in property, plant and equipment, the level of current assets will decline due to the negative **free cash flow**. Both **equity** and **equity ratio** will rise as a result of planned additions to profit reserves in 2012. Overall, the **balance sheet total** at the end of the year is expected to be above the level of 2011. Despite higher equity, the **gearing ratio** will increase and exceed the value of 100 %. The reason for this is the increasing net debt which will increase disproportionately compared to equity.

Preview 2013

Continued good operational Group development expected

In case of a positive development of the economic framework conditions Fraport expects a further increase of the **Group's revenue**, **EBITDA** and **EBIT** for fiscal year 2013. Depending on the duration of the strike measures of GdF the **Group's EBT** and **result** 2013 are expected to be roughly on or above the level of 2012. This expected rise is also supported by the gradual increase in take-off and landing capacities in Frankfurt and the increase in airport charges at the site. In addition, the first full-year operation of Pier A-Plus will have positive effects on the revenue from the Retail & Real Estate segment. Adverse negative effects will be noticed in the higher **Group depreciation** in conjunction with Pier A-Plus. A deterioration for the **Group's financial result** is also expected in the year 2013. Reasons for this will be the ongoing decline in capitalized interest expenses related to construction work, which can then be traced back to the completion of Pier A-Plus in 2012, as well as lower interest income. The Executive Board aims to keep the **dividends** per share at a steady level in fiscal year 2013 if business continues to develop as currently anticipated. The **value added** contribution in 2013 is expected to be slightly above 2012.

Upwards trend in the segments despite higher depreciation

The continued passenger growth at Frankfurt airport will lead to an increase of revenue, EBITDA and EBIT in the **Aviation**, **Retail & Real Estate** and **Ground Handling** segments compared to 2012. However, the full-year operation of Pier A-Plus will lead to additional depreciation in the 3 segments. In addition to the effect of traffic volumes, the Aviation segment will once again profit from the adjustment of airport charges at the beginning of the fiscal year. Next to the increased number of passengers the Retail & Real Estate segment will have a revenue increasing effect in particular, from the full-year operation of Pier A-Plus. The ground handling contract with Deutsche Lufthansa will also have a positive impact on the result development of the Ground Handling segment in the fiscal year 2013 which at the same time will also profit from the increased traffic volumes. A positive development is also expected for 2013 in the **External Activities & Services** segment. In conjunction with the accounting regulation IFRIC 12 and the expected lower investment volume in Varna and Burgas, the reported segment revenue however, will be below the amount of 2012. Adjusted for the accounting regulation, the organic revenue development will continue to increase in comparison with the previous year which in particular, can be traced back to the continuing positive development in Antalya, Lima as well as Varna and Burgas. In 2013 a growth compared to 2012 is assumed for the EBITDA and EBIT of the segment. The value added contribution of the Retail & Real Estate as well as External Activities & Services segments will remain positive in 2013. Negative values are continued to be expected for the Aviation and Ground Handling segments.

A high investment level continues to impact assets and financial position

The **capital expenditure** at Frankfurt airport will continue to impact Fraport Group's **assets** and **financial position** in fiscal year 2013. After the inauguration of Pier A-Plus, the focus of the capital expenditure will be placed on the start of construction of Terminal 3 as well as on other modernization investments in the existing terminals, in particular, Terminal 1 C. In conjunction with the planned redemption of long-term debts, the **balance sheet total** in 2013 is expected to be below the level of 2012 despite additions to the long-term assets. **Equity** and **equity ratio** will continue to increase in 2013 as a result of planned additions to profit reserves. **Free cash flow** is expected to be negative, resulting in a further increase of net debt in 2013. The **gearing ratio** is expected to be higher than the value in 2012 based on the disproportionate increase of net indebtedness compared to equity.

General statement on the outlook report

Despite increasing uncertainties, the business prospects for 2012 and 2013 are positive

The expected economic downturn as well as the introduction of the EU emissions trading scheme in 2012 will have a curbing effect on the passenger development. However, the capacity increase through Runway Northwest will improve the competitive position of Frankfurt airport and thus the Fraport Group. The fully and/or proportionately consolidated Group airports will continue to contribute towards the Group-wide success. Therefore, in the medium-term, a sustainable growth in passenger traffic is expected.

On account of the increase in passenger figures, Fraport expects an increase in the Group's revenue, EBITDA and EBIT in the coming years. In addition to the traffic increase, in particular, the opening of Pier A-Plus will have a positive impact on the operational earnings development. The "future contract 2018", valid for the permanent staff of Fraport AG, will in the medium-term lead to a disproportionate lower development of personnel costs.

In the case of scheduled operational development, the Group's result will – despite increasing depreciation and a sustainably declining financial result – maintain the level of fiscal year 2011 and improve in the medium-term.

Currently no major risks can be recognized for the financing of the capital expenditure program at Frankfurt airport and in the external business. For information on potential further risks to the future development of Fraport Group please refer to the opportunity and risk report, starting page 69.

Frankfurt am Main, March 5, 2012
Fraport AG
Frankfurt Airport Services Worldwide
The Executive Board

Dr. Schulte

Mai

Schmitz

Dr. Zieschang

Where the statements made in this document relate to the future rather than the past, these statements are based on a number of assumptions about future events and are subject to a number of uncertainties and other factors, many of which are beyond the control of Fraport AG Frankfurt Airport Services Worldwide and which could have the effect that the actual results will differ materially from these statements. These factors include not only the competitive environment in liberalized markets, regulatory changes, the success of business operations, as well as a substantial deterioration of basic economic conditions in the markets in which Fraport AG Frankfurt Airport Services Worldwide and its investments operate. Readers are cautioned not to rely to an inappropriately large extent on statements made about the future.

Consolidated financial statements for the fiscal year 2011

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CONSOLIDATED INCOME STATEMENT

€ million	Notes	2011	2010
Revenue	(5)	**2,371.2**	**2,194.6**
Change in work-in-process	(6)	0.4	0.4
Other internal work capitalized	(7)	40.3	36.9
Other operating income	(8)	40.9	52.1
Total revenue		**2,452.8**	**2,284.0**
Cost of materials	(9)	–541.1	–491.1
Personnel expenses	(10)	–906.3	–880.4
Depreciation and amortization	(11)	–305.7	–279.7
Other operating expenses	(12)	–203.1	–201.9
Operating result		**496.6**	**430.9**
Interest income	(13)	47.3	44.8
Interest expenses	(13)	–191.7	–182.5
Result from associated companies	(14)	11.5	7.0
Other financial result	(15)	–16.4	–21.5
Financial result		**–149.3**	**–152.2**
Result from ordinary operations		**347.3**	**278.7**
Taxes on income	(16)	–96.5	–7.2
Group result		**250.8**	**271.5**
thereof profit attributable to non-controlling interests		10.4	8.6
thereof profit attributable to shareholders of Fraport AG		240.4	262.9
Earnings per € 10 share in €	(17)		
basic		2.62	2.86
diluted		2.60	2.85
EBIT (= Operating result)		**496.6**	**430.9**
EBITDA (= EBIT + depreciation and amortization)		**802.3**	**710.6**

GRAPHIC 41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	2011	2010
Group result	**250.8**	**271.5**
Fair value changes of derivatives		
Changes directly recognized in equity	– 70.0	– 54.5
thereof realized gains (+) / losses (–)	– 24.9	– 35.8
	– 45.1	**– 18.7**
(Deferred taxes related to those items	13.5	5.4)
Fair value changes of financial instruments held for sale		
Changes directly recognized in equity	10.6	26.8
thereof realized gains (+) / losses (–)	– 0.4	– 1.2
	11.0	**28.0**
(Deferred taxes related to those items	– 6.6	– 0.5)
Foreign currency translation of subsidiaries	3.2	3.1
Income and expenses from associated companies accounted for using the equity method directly recognized in equity	– 3.2	5.4
(Deferred taxes related to those items	1.9	0.0)
Deferred taxes on other result	8.8	4.9
Other result after deferred taxes	**– 25.3**	**22.7**
Comprehensive income	**225.5**	**294.2**
thereof attributable to non-controlling interests	10.9	9.4
thereof attributable to shareholders of Fraport AG	214.6	284.8

GRAPHIC 42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

€ million	Notes	Balance at Dec. 31, 2011	Balance at Dec. 31, 2010
Non-current assets			
Goodwill	(18)	38.6	38.6
Investments in airport operating project	(19)	1,067.1	1,073.4
Other intangible assets	(20)	43.6	32.4
Property, plant and equipment	(21)	5,643.8	5,013.3
Investment property	(22)	74.6	34.0
Investments in associated companies	(23)	138.0	97.1
Other financial assets	(24)	648.6	394.6
Other receivables and financial assets	(25)	33.5	20.9
Income tax receivable	(26)	29.6	29.6
Deferred tax assets	(27)	48.2	43.1
		7,765.6	**6,777.0**
Current assets			
Inventories	(28)	81.4	77.9
Trade accounts receivable	(29)	163.9	178.3
Other receivables and financial assets	(25)	280.2	319.2
Income tax receivable	(26)	6.2	5.5
Cash and cash equivalents	(30)	927.1	1,812.6
		1,458.8	**2,393.5**
		9,224.4	**9,170.5**

GRAPHIC 43

LIABILITIES AND EQUITY

€ million	Notes	Balance at Dec. 31, 2011	Balance at Dec. 31, 2010
Shareholders' equity			
Issued capital	(31)	918.8	918.4
Capital reserves	(31)	584.7	582.0
Revenue reserves	(31)	1,317.9	1,217.7
Equity attributable to shareholders of Fraport AG	(31)	2,821.4	2,718.1
Non-controlling interests	(32)	29.4	21.2
		2,850.8	**2,739.3**
Non-current liabilities			
Financial liabilities	(33)	4,034.0	4,256.6
Trade accounts payable	(34)	64.9	60.0
Other liabilities	(35)	1,001.0	949.2
Deferred tax liabilities	(36)	106.9	105.5
Provisions for pensions and similar obligations	(37)	22.9	22.1
Provisions for income taxes	(38)	68.1	68.0
Other provisions	(39)	214.8	147.0
		5,512.6	**5,608.4**
Current liabilities			
Financial liabilities	(33)	219.9	151.8
Trade accounts payable	(34)	228.9	274.6
Other liabilities	(35)	187.4	180.5
Provisions for income taxes	(38)	2.4	12.9
Other provisions	(39)	222.4	203.0
		861.0	**822.8**
		9,224.4	**9,170.5**

GRAPHIC 44

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Notes	2011	2010
Profit attributable to shareholders of Fraport AG		**240.4**	**262.9**
Profit attributable to non-controlling interests		10.4	8.6
Adjustments for			
Taxes on income	(16)	96.5	7.2
Depreciation	(11)	305.7	279.7
Interest result	(13)	144.4	137.7
Gains / losses from disposals of non-current assets		4.8	11.4
Others		1.6	6.0
Fair value changes in associated companies	(14)	–11.5	–7.0
Changes in inventories	(28)	–3.5	7.4
Changes in receivables and other financial assets	(25)	7.4	–27.7
Changes in liabilities	(34–35)	–20.6	37.8
Changes in provisions	(37–39)	10.0	14.1
Operational activities		**785.6**	**738.1**
Financial activities			
Interest paid		–133.7	–128.0
Interest received		59.6	26.5
Taxes on income paid		–92.7	–69.1
Cash flow from operating activities	(42)	**618.8**	**567.5**
Investments in airport operating projects	(19)	–101.4	–73.4
Capital expenditures for other intangible assets	(20)	–10.0	–6.0
Capital expenditures for property, plant and equipment	(21)	–794.9	–779.1
Investment property	(22)	–62.6	–0.1
Capital expenditures for associated companies	(23)	–31.6	–13.8
Dividends from associated companies	(23)	3.9	1.8
Loans to affiliated companies[1]	(23)	–77.9	–15.8
Proceeds from disposal of non-current assets		2.1	9.8
Acquisition of consolidated companies		0.0	0.3
Disposal of consolidated companies	(2)	3.2	0.0
Cash flow used in investing activities without investments in cash deposits and securities		**–1,069.2**	**–876.3**
Financial investments in securities and promissory note loans	(24)	–385.0	–185.1
Proceeds from disposal of securities and promissory note loans		223.3	482.2
Decrease of time deposits with a duration of more than 3 months	(30)	921.1	97.3
Cash flow used in investing activities	(42)	**–309.8**	**–481.9**
Dividends paid to shareholders of Fraport AG	(31)	–114.8	–105.5
Dividends paid to non-controlling interests		–2.7	–10.1
Capital increase	(31)	2.1	4.2
Cash inflow from long-term financial liabilities	(33)	0.0	135.8
Repayment of long-term financial liabilities		–261.9	–46.6
Changes in short-term financial liabilities		102.7	39.5
Cash flow used in / from financing activities	(42)	**–274.6**	**17.3**
Consolidation effects on cash and cash equivalents		0.0	0.9
Change in restricted cash	(30)	–1.9	–82.4
Change in cash and cash equivalents		**32.5**	**21.4**
Cash and cash equivalents on January 1		99.1	73.9
Foreign currency translation effects on cash and cash equivalents		1.2	3.8
Cash and cash equivalents on December 31	(42), (30)	**132.8**	**99.1**

[1] This refers to joint ventures, associated companies and investments

GRAPHIC 45

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Notes	Issued capital	Capital reserve
Balance at January 1, 2011		**918.4**	**582.0**
Foreign currency translation effects		–	–
Income and expenses from associated companies directly recognized in equity		–	–
Fair value changes of financial assets held for sale		–	–
Fair value changes of derivatives		–	–
Net gain (+) / Net costs (–) directly recognized in equity		0.0	0.0
Issue of shares for employee investment plan		0.4	1.7
Management Stock Options Plan			
Capital increase for exercise of options		–	–
Value of performed services (fair value)		–	1.0
Distributions		–	–
Group result		–	–
Consolidation activities / other changes		–	–
Balance at December 31, 2011	(31), (32)	**918.8**	**584.7**
Balance at January 1, 2010		**917.7**	**578.3**
Foreign currency translation effects		–	–
Income and expenses from associated companies directly recognized in equity		–	–
Fair value changes of financial assets held for sale		–	–
Fair value changes of derivatives		–	–
Net gain (+) / Net costs (–) directly recognized in equity		0.0	0.0
Issue of shares for employee investment plan		0.6	1.6
Transfer of treasury shares		0.1	0.1
Management Stock Options Plan			
Capital increase for exercise of options		–	–
Value of performed services (fair value)		–	2.0
Distributions		–	–
Group result		–	–
Consolidation activities / other changes		–	–
Balance at December 31, 2010	(31), (32)	**918.4**	**582.0**

	Revenue reserves	Foreign currency reserve	Financial instru-ments	Total revenue reserves	Equity attributable to shareholders of Fraport AG	Non-con-trolling interests	Equity (total)
	1,258.9	**2.5**	**–43.7**	**1,217.7**	**2,718.1**	**21.2**	**2,739.3**
	–	2.7	–	2.7	2.7	0.5	3.2
	–	6.3	–7.6	–1.3	–1.3	–	–1.3
	–	–	4.4	4.4	4.4	–	4.4
	–	–	–31.6	–31.6	–31.6	–	–31.6
	0.0	9.0	–34.8	–25.8	–25.8	0.5	–25.3
	–	–	–	–	2.1	–	2.1
	–	–	–	–	0.0	–	0.0
	–	–	–	–	1.0	–	1.0
	–114.8	–	–	–114.8	–114.8	–2.7	–117.5
	240.4	–	–	240.4	240.4	10.4	250.8
	0.4	–	–	0.4	0.4	–	0.4
	1,384.9	**11.5**	**–78.5**	**1,317.9**	**2,821.4**	**29.4**	**2,850.8**
	1,102.3	**–5.2**	**–57.9**	**1,039.2**	**2,535.2**	**22.6**	**2,557.8**
	–	2.3	–	2.3	2.3	0.8	3.1
	–	5.4	–	5.4	5.4	–	5.4
	–	–	27.5	27.5	27.5	–	27.5
	–	–	–13.3	–13.3	–13.3	–	–13.3
	0.0	7.7	14.2	21.9	21.9	0.8	22.7
	–	–	–	–	2.2	–	2.2
	–	–	–	–	0.2	–	0.2
	–	–	–	–	0.0	–	0.0
	–	–	–	–	2.0	–	2.0
	–105.5	–	–	–105.5	–105.5	–10.1	–115.6
	262.9	–	–	262.9	262.9	8.6	271.5
	–0.8	–	–	–0.8	–0.8	–0.7	–1.5
	1,258.9	**2.5**	**–43.7**	**1,217.7**	**2,718.1**	**21.2**	**2,739.3**

GRAPHIC 46

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS
(Notes 18 – 24)

€ million	Goodwill	Investments in airport operating projects	Other intangible assets	Lands, land rights and buildings including buildings on leased lands	Technical equipment and machinery	Other equipment, operating and office equipment	Construction in progress
Acquisition / production costs							
Balance at January 1, 2011	**135.2**	**1,260.3**	**120.2**	**4,407.3**	**1,758.4**	**369.1**	**1,925.5**
Foreign currency translation effects		10.9				0.2	
Additions		51.1	10.0	177.8	268.4	38.8	391.1
Disposals			– 5.3	– 23.8	– 23.7	– 18.9	– 10.8
Changes in consolidation				– 0.9	– 5.1	– 0.3	
Reclassifications			11.5	713.0	569.7	6.8	– 1,289.9
Balance at December 31, 2011	**135.2**	**1,322.3**	**136.4**	**5,273.4**	**2,567.7**	**395.7**	**1,015.9**
Accumulated depreciations							
Balance at January 1, 2011	**96.6**	**186.9**	**87.8**	**1,865.9**	**1,324.9**	**255.1**	**1.1**
Foreign currency translation effects		3.1				0.2	
Impairment losses in accordance to IAS 36				6.0			
Additions		65.2	10.6	121.0	66.9	28.9	
Disposals			– 5.0	– 16.7	– 22.2	– 18.6	
Changes in consolidation				– 0.6	– 3.5	– 0.1	
Reclassifications			– 0.6	– 0.6	1.1	0.1	
Write-ups							
Balance at December 31, 2011	**96.6**	**255.2**	**92.8**	**1,975.0**	**1,367.2**	**265.6**	**1.1**
Net book values							
Balance at December 31, 2011	**38.6**	**1,067.1**	**43.6**	**3,298.4**	**1,200.5**	**130.1**	**1,014.8**
Acquisition / production costs							
Balance at January 1, 2010	**136.6**	**1,215.1**	**124.5**	**4,157.1**	**1,712.3**	**366.0**	**1,594.9**
Foreign currency translation effects		22.0	0.3			0.6	
Additions		23.2	6.0	184.5	59.6	25.7	511.7
Disposals	– 1.4		– 13.1	– 40.8	– 45.1	– 27.5	– 36.2
Changes in consolidation							
Reclassifications			2.5	106.5	31.6	4.3	– 144.9
Balance at December 31, 2010	**135.2**	**1,260.3**	**120.2**	**4,407.3**	**1,758.4**	**369.1**	**1,925.5**
Accumulated depreciations							
Balance at January 1, 2010	**96.6**	**116.7**	**90.5**	**1,777.6**	**1,312.4**	**252.8**	**1.1**
Foreign currency translation effects		2.7	0.2			0.3	
Impairment losses in accordance to IAS 36							
Additions		67.5	9.4	118.2	55.8	28.8	
Disposals			– 12.2	– 29.8	– 43.6	– 26.8	
Changes in consolidation							
Reclassifications			– 0.1	– 0.1	0.3		
Write-ups							
Balance at December 31, 2010	**96.6**	**186.9**	**87.8**	**1,865.9**	**1,324.9**	**255.1**	**1.1**
Net book values							
Balance at December 31, 2010	**38.6**	**1,073.4**	**32.4**	**2,541.4**	**433.5**	**114.0**	**1,924.4**

[1] This refers to joint ventures. associated companies and investments

Property, plant and equipment (total)	Investment property	Investments in associated companies	Other investments	Available for sale securities	At fair value securities	Loans to affiliated companies [1]	Other loans	Other financial assets (total)
8,460.3	40.1	167.8	52.4	221.6	0.9	84.1	94.3	453.3
0.2		9.3						0.0
876.1	62.6	43.1		294.2		77.9	25.2	397.3
−77.2	−0.1	−3.9		−12.2		−0.2	−2.0	−14.4
−6.3								0.0
−0.4	−15.1	−7.6		−84.7			−55.4	−140.1
9,252.7	87.5	208.7	52.4	418.9	0.9	161.8	62.1	696.1
3,447.0	6.1	70.7	12.5	−36.5	0.0	64.2	18.5	58.7
0.2								0.0
6.0	6.8							0.0
216.8	0.3							0.0
−57.5				0.4				0.4
−4.2								0.0
0.6								0.0
0.0	−0.3		−20.4	8.8				−11.6
3,608.9	12.9	70.7	−7.9	−27.3	0.0	64.2	18.5	47.5
5,643.8	74.6	138.0	60.3	446.2	0.9	97.6	43.6	648.6
7,830.3	40.9	143.6	52.4	229.9	20.9	71.9	182.1	557.2
0.6		5.4						0.0
781.5	0.1	22.2		126.1		15.8	59.0	200.9
−149.6		−3.4		−86.5		−0.1	−1.8	−88.4
0.0						0.4		0.4
−2.5	−0.9			−47.9	−20.0	−3.9	−145.0	−216.8
8,460.3	40.1	167.8	52.4	221.6	0.9	84.1	94.3	453.3
3,343.9	6.2	70.7	12.5	−9.2	0.4	68.1	10.7	82.5
0.3								0.0
0.0							7.8	7.8
202.8								0.0
−100.2				−1.0				−1.0
0.0								0.0
0.2	−0.1				−0.4	−3.9		−4.3
0.0				−26.3				−26.3
3,447.0	6.1	70.7	12.5	−36.5	0.0	64.2	18.5	58.7
5,013.3	34.0	97.1	39.9	258.1	0.9	19.9	75.8	394.6

GRAPHIC 47

SEGMENT REPORTING
(Note 41)

SEGMENT REPORTING

€ million		Aviation	Retail & Real Estate	Ground Handling	External Activities & Services	Adjust-ments	Group
Revenue	2011	774.9	444.7	655.5	496.1		2,371.2
	2010	693.9	403.1	658.6	439.0		2,194.6
Other income	2011	31.7	14.8	17.9	17.2		81.6
	2010	35.0	26.3	16.0	12.1		89.4
Third-party revenue	**2011**	**806.6**	**459.5**	**673.4**	**513.3**	–	**2,452.8**
	2010	**728.9**	**429.4**	**674.6**	**451.1**	–	**2,284.0**
Inter-segment revenue	2011	67.6	195.2	27.7	327.6	–618.1	–
	2010	59.0	189.4	22.7	299.3	–570.4	–
Total revenue	2011	874.2	654.7	701.1	840.9	–618.1	2,452.8
	2010	787.9	618.8	697.3	750.4	–570.4	2,284.0
Segment result / EBIT	**2011**	**96.1**	**232.1**	**20.3**	**148.1**	**0.0**	**496.6**
	2010	**56.4**	**227.9**	**11.0**	**135.6**	**0.0**	**430.9**
Depreciation and amortization of segment assets	2011	91.7	73.2	34.2	106.6	–	305.7
	2010	75.2	66.8	33.1	104.6	–	279.7
EBITDA	**2011**	**187.8**	**305.3**	**54.5**	**254.7**	–	**802.3**
	2010	**131.6**	**294.7**	**44.1**	**240.2**	–	**710.6**
Share of results from associated companies accounted for using the equity method	2011	0.0	0.0	1.5	10.0	–	11.5
	2010	0.0	0.3	0.9	5.8	–	7.0
Income from investments	2011	0.0	0.0	0.0	0.0	–	0.0
	2010	0.0	0.0	0.0	0.0	–	0.0
Book values of segment assets	2011	4,023.2	2,483.1	705.9	1,928.2	84.0	9,224.4
	2010	4,238.3	2,385.5	719.5	1,749.0	78.2	9,170.5
Segment liabilities	2011	2,531.9	1,665.1	538.9	1,460.3	177.4	6,373.6
	2010	2,490.0	1,739.5	542.5	1,472.8	186.4	6,431.2
Acquisition costs of additions to property, plant and equipment,investments in airport operating projects, goodwill, intangible assets and investment property	2011	526.0	269.7	78.4	125.7	–	999.8
	2010	476.8	199.0	63.2	71.8	–	810.8
Other significant non-cash expenses	2011	136.1	38.3	8.4	9.3	–	192.1
	2010	53.4	42.2	9.5	8.9	–	114.0
Investments in associated companies accounted for using the equity method	2011	0.0	0.0	2.6	135.4	–	138.0
	2010	0.0	0.0	1.9	95.2	–	97.1

GRAPHIC 48

GEOGRAPHICAL INFORMATION

€ million		Germany	Rest of Europe	Asia	Rest of World	Adjust-ments	Group
Revenue	2011	1,953.3	83.9	159.8	174.2		2,371.2
	2010	1,850.2	47.1	148.7	148.6		2,194.6
Other income	2011	77.0	3.3	1.0	0.3		81.6
	2010	87.4	0.6	1.2	0.2		89.4
Third-party revenue	**2011**	**2,030.3**	**87.2**	**160.8**	**174.5**	**–**	**2,452.8**
	2010	**1,937.6**	**47.7**	**149.9**	**148.8**	**–**	**2,284.0**
Book values of segment assets	2011	7,586.2	215.5	983.9	354.8	84.0	9,224.4
	2010	7,606.9	204.8	951.5	329.1	78.2	9,170.5
Acquisition costs of additions to property, plant and equipment, investments in airport operating projects, goodwill, intangible assets and investment property	2011	937.9	38.5	9.0	14.4	–	999.8
	2010	782.5	11.2	12.6	4.5	–	810.8

GRAPHIC 49

Group notes for the fiscal year 2011

NOTES TO THE CONSOLIDATION AND ACCOUNTING POLICIES

1 _ Basic principles followed in preparation of the consolidated financial statements

Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main (hereinafter referred to as Fraport AG) prepared its consolidated financial statements as of December 31, 2011, in accordance with the standards issued by the International Accounting Standards Board (IASB).

We have applied the International Financial Reporting Standards (IFRS) for the consolidated financial statements and the interpretations about them issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union (EU), in force on the balance sheet date, completely and without any restrictions in recognition, measurement and disclosure in the 2011 consolidated financial statements. Pursuant to Section 315a (1) of the German Commercial Code (HGB), the supplementary disclosures in the notes to the financial statements were provided applying Sections 313, 314 HGB.

As the capital market-oriented parent company of the Fraport Group, Fraport AG must prepare its consolidated financial statements in accordance with IFRS pursuant to Directive (EC) No. 1606 / 2002 of the European Parliament and the Council dated July 19, 2002 (new version dated April 9, 2008), regarding the application of IFRS.

The income statement is prepared according to the nature of expenditure method.

The consolidated financial statements are prepared in Euros. All figures are in € million unless stated otherwise.

The business activities and the organization of the Fraport Group are presented in the management report.

The consolidated financial statements of Fraport AG for the 2011 fiscal year were approved for publication by the Executive Board on March 5, 2012.

2 _ Companies included in consolidation and balance sheet date

The consolidated financial statements include Fraport AG as well as all affiliated companies (in full) and joint ventures (on a proportionate basis). Investments in associated companies are accounted for using the equity method in the consolidated financial statements.

Companies whose financial and business policies can be determined by Fraport AG are considered affiliated companies. Inclusion in the consolidated financial statements commences on the date when control is obtained. Joint ventures are directly or indirectly managed by Fraport AG in conjunction with other partners. Companies in which the Fraport Group has invested and where it is able to exercise major influence on financial and business policies are considered associated companies.

The fiscal year of Fraport AG and all consolidated companies is the calendar year.

The consolidated financial statements of Fraport AG are dominated by the parent company. The companies included in the consolidated financial statements changed as follows during the fiscal year 2011: — GRAPHIC 50

The following companies were added to the companies included in consolidation: Fraport Casa GmbH, FRA – Vorfeldkontrolle GmbH, FRA – Verkehrszentrale GmbH, FRA – Vorfeldaufsicht GmbH und FRA – Positionsaufsicht GmbH. All of the companies have their headquarters in Neu-Isenburg.

With effect from December 6, 2011, Fraport AG sold the wholly-owned subsidiary Fraport Ground Services Austria GmbH, Schwechat / Austria. Profit from the deconsolidation amounted to € 2.6 million and was shown under other operating income.

COMPANIES INCLUDED IN CONSOLIDATION

	Germany	Other countries	Total
Fraport AG	1	**0**	**1**
Fully consolidated subsidiaries			
Dec. 31, 2010	19	15	34
Additions	5	0	5
Disposals	0	–1	–1
Dec. 31, 2011	**24**	**14**	**38**
Joint ventures using proportionate consolidation			
Dec. 31, 2010	7	6	13
Additions	0	0	0
Disposals	0	0	0
Dec. 31, 2011	**7**	**6**	**13**
Companies consolidated excluding associates on Dec. 31, 2010	**27**	**21**	**48**
Companies consolidated excluding associates on Dec. 31, 2011	**32**	**20**	**52**
Investments in associates using the equity method for accounting			
Dec. 31, 2010	3	3	6
Additions	0	0	0
Disposals	0	0	0
Dec. 31, 2011	**3**	**3**	**6**
Group companies including associates on Dec. 31, 2010	**30**	**24**	**54**
Group companies including associates on Dec. 31, 2011	**35**	**23**	**58**

GRAPHIC 50

CHANGES IN THE COMPANIES INCLUDED IN CONSOLIDATION

	December 31, 2011		December 31, 2010	
€ million	Additions	Disposals	Additions	Disposals
Non-current assets	4.2	–2.1	0.0	0.0
Current assets	17.3	–1.9	33.4	0.0
Cash and cash equivalents	0.1	–1.8	1.2	0.0
Non-current liabilities	0.0	–1.1	9.2	0.0
Current liabilities	0.5	–3.7	20.9	0.0

GRAPHIC 51

The companies GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt / Main KG, Frankfurt am Main and FSG Flughafen-Service GmbH, Frankfurt am Main, in which Fraport AG holds 40 % and 33.33 % respectively, have been included in the consolidated financial statements as affiliated companies. Due to contractual stipulations, Fraport AG has actual control over these companies.

Fraport AG holds a 52 % capital share in the equity of the company N*ICE Aircraft Services & Support GmbH, Frankfurt am Main. This company is only consolidated on a proportionate basis, of 52 %, due to joint management and control, which were contractually agreed.

A complete list of shareholdings for the Fraport Group pursuant to Section 313 (2) HGB is found at the end of the Group notes.

The **changes in the companies included in consolidation** have the following impact on the consolidated financial statements (before consolidation adjustments): GRAPHIC 51

The changes in the companies included in consolidation relate in particular to the sale of Fraport Ground Services Austria GmbH and the establishment of Fraport Casa GmbH. The changes in the companies included in consolidation during the previous year relate to the acquisition of additional shares in Grundstücksgesellschaft Gateway Gardens GmbH and its inclusion as a joint venture. These changes in the companies included in consolidation affected the result for the year before consolidation adjustments by generating a profit of € 0.9 million (previous year: a profit of € 9.4 thousand).

The **joint ventures** have the following proportionate impact on the consolidated financial position and the consolidated income statement (before consolidation adjustments):

JOINT VENTURES

€ million	2011	2010
Non-current assets	630.6	674.5
Current assets	152.7	148.5
Shareholders' equity	– 32.4	– 50.3
Non-current liabilities	728.9	788.5
Current liabilities	86.9	84.8
Income	182.3	192.7
Expenses	158.2	164.0

GRAPHIC 52

Foundation of investments

Fraport Casa GmbH

On September 7, 2011, Fraport AG founded the wholly-owned Fraport Casa GmbH subsidiary, based in Neu-Isenburg, for the purchase, sale, rental, lease and management of real estate with a nominal capital of € 1.0 million. The company was consolidated in the Fraport Group immediately at its foundation.

FRA – Companies

On December 5, 2011, Fraport AG founded the following 4 wholly-owned subsidiaries: FRA – Vorfeldkontrolle GmbH, FRA – Verkehrszentrale GmbH, FRA – Vorfeldaufsicht GmbH and FRA – Positionsaufsicht GmbH. The companies all have their headquarters in Neu-Isenburg and were each provided with a capital stock of € 25.0 thousand. The purpose of the companies is the provision of airport related services. The subsidiaries were included in the Fraport Group immediately at their foundation.

3 _ Consolidation principles

Acquisition accounting of all business combinations uses the purchase method.

All identifiable acquired assets and the acquired liabilities, including contingent liabilities, are recorded at fair value on the acquisition date. The acquisition cost for business combinations corresponds to the fair value of the transferred assets and liabilities. Incidental acquisition costs are recorded as expenses as they are incurred. Adjustments to conditional purchase price payments recorded as liabilities on the acquisition date are recorded through profit or loss in subsequent reporting. Non-controlling interests are valued at fair value or the corresponding proportion of the identifiable net assets of the acquired company. In the case of step-by-step company acquisitions, the shares already held in the acquired company are revalued through profit or loss at fair value on the date that control is obtained.

Goodwill is recorded insofar as the sum of the consideration that is transferred, the amount of all non-controlling interests in the acquired company and the equity that was previously held and revalued on the acquisition date is higher than the balance of the acquired and revalued identifiable assets and liabilities. If the comparison results in a lower amount, a gain on acquisition at a price below the fair value is recorded after the assigned values are reviewed.

Fraport has included its share of the assets, liabilities and shareholders' equity (after consolidation) and the income and expense items of joint ventures using proportionate consolidation in the consolidated financial statements.

Initial measurement of associated companies is carried out at fair value at the time of acquisition, similarly to acquisition accounting for subsidiaries and joint ventures. Subsequent changes in the shareholders' equity of the associated companies and the adjustment of the difference from initial valuation change the amount accounted for at equity.

Inter-company profits and losses on deliveries between companies included in the consolidated financial statements were minimal. Elimination was waived based on immateriality, since the impact on the assets and earnings of the Group would have been negligible.

Loans, receivables and liabilities, contingent liabilities and other financial commitments between companies included in the consolidated financial statements, internal expenses and income as well as income from Group investments are eliminated.

Currency translation

Annual financial statements of companies outside Germany denominated in foreign currencies are translated on the basis of the functional currency concept in accordance with IAS 21. A distinction has to be made in this context between economically independent and economically dependent companies.

The assets and liabilities of the consolidated companies are translated at the exchange rate on the balance sheet date and equity at the historical exchange rate, whereas the expenses and income are translated at annual average exchange rates, since the companies are financially, economically and organizationally independent. Foreign currency translation differences are included directly in equity without affecting profit or loss.

The following exchange rates were used for the material currency translation purposes: —— GRAPHIC 53

Business transactions in foreign currencies are valued at the exchange rate on the date of the business transaction. Measurement of the resulting assets and liabilities that are nominally bound in the foreign currency on the balance sheet date takes place at the exchange rate on the balance sheet date. Translation differences are generally recorded through profit or loss.

4 _ Accounting principles

Uniform accounting policies

The financial statements of the Fraport Group are based on accounting policies that are applied consistently throughout the Group.

Recognition of income and expenses

Revenue and other income are recognized in accordance with IAS 18 when the goods have been delivered or the service rendered, when it is reasonably probable that an economic benefit will be received and when this benefit can be quantified reliably. In addition, the significant risks and rewards must have been transferred to the buyer.

Income and expenses from the same transactions and / or events are recognized in the same period.

Traffic charges for the provision of the airport infrastructure are divided into those subject to regulation (according to Section 43a [1] of the German Air Traffic Licensing Act [LuftVZO]), which include among others landing and take-off charges, parking charges, passenger and security charges and other charges not subject to authorization, such as ground handling services and ground handling infrastructure.

In addition, the Fraport Group mainly generates revenue from revenue-based payments, renting, car parking and security services.

In the context of the airport operating projects in other countries (see note 49), income and expenses from the operation of airport infrastructure and the provision of construction and expansion services are generated.

EXCHANGE RATES

in €	Exchange rate on December 31, 2011	Average exchange rate 2011	Exchange rate on December 31, 2010	Average exchange rate 2010
1 US-Dollar (US $)	0.7729	0.7184	0.7484	0.7543
1 Turkish New Lira (TRY)	0.4093	0.4278	0.4832	0.5009
1 Renminbi Yuan (CNY)	0.1226	0.1112	0.1134	0.1115
1 Hong Kong Dollar (HKD)	0.0995	0.0923	0.0963	0.0971
1 New Sol (PEN)	0.2863	0.2608	0.2666	0.2669
100 Russian Rouble (RUB)	2.3943	2.4459	2.4498	2.4837

—— GRAPHIC 53

Revenue from the operation of airport infrastructure is recognized in accordance with IAS 18 when the services have been rendered, when it is reasonably probable that an economic benefit will be received and when this benefit can be quantified reliably.

Income and expenses from the provision of construction and expansion services are recorded pursuant to IAS 11. The contract costs are expensed as incurred according to IAS 11.32, since the result of production orders cannot be estimated reliably. Revenue from customer-specific contract production is recorded in the amount of the incurred contract costs expected to be recovered.

Judgment and uncertainty of estimates

The presentation of the asset, financial and earnings position in the consolidated financial statements depends on accounting and valuation methods as well as assumptions and estimates. Actual amounts may deviate from the estimates.

The listed material estimates and corresponding assumptions as well as the uncertainties associated with the accounting and valuation methods selected are essential in order to understand the underlying financial reporting risks as well as the impact these estimates, assumptions and uncertainties may have on the consolidated financial statements.

These assumptions and estimates relate, amongst other things, to accounting policies and the measurement of provisions. Material parameters for the measurement of provisions for pensions and similar obligations are the anticipated return on plan assets and the discount factor as well as trend factors of key valuation parameters.

When a purchased company is consolidated for the first time, all identifiable assets, liabilities and contingent liabilities are to be recognized at their fair value at the time of acquisition. One of the main estimates relates to the determination of the fair value of these assets and liabilities at the time of acquisition. The measurement is usually based on independent expert reports. Marketable assets are recognized at market or stock exchange prices. If intangible assets are identified, the fair value is usually measured by an independent external expert using appropriate measurement methods which are primarily based on future expected cash flows. These measurements are considerably influenced by assumptions about the developments of future cash flows as well as the applied discount rates.

The impairment test for goodwill and other assets within the scope of IAS 36 is based on assumptions about future developments. Fraport AG carries out these tests once a year and also when there are reasons to believe that goodwill has been impaired. In the case of cash generating units, the recoverable amount is determined. This corresponds to the higher of fair value less costs to sell and value in use. The measurement of the value in use includes adjustments and estimates regarding the forecasting and discounting of future cash flows. The underlying assumptions could change on account of unforeseeable events and may therefore impact asset, financial and earnings position.

In connection with the write-down on items of property, plant and equipment in the Ground Handling segment carried out in previous years (€ 20.0 million), it may be possible for the underlying assumptions to change in the future, which would make it necessary to considerably adjust the carrying amount of these assets.

Deferred tax assets are recognized if it is probable that future tax benefits can be realized. The actual tax on earnings in future fiscal years and therefore the actual usability of deferred tax assets could differ from the forecasts at the time the deferred tax assets are recognized.

In addition, material estimates and assumptions are each presented in relation to the accounting and valuation methods for specific end-of-year items listed below.

Goodwill

After the initial recognition of goodwill acquired in the course of a business combination (see note 3), it is measured at acquisition cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in the course of a business combination is assigned to the cash generating units of the Group on the acquisition date. The companies within the Fraport Group constitute independent cash generating units to which goodwill is allocated. Goodwill impairment testing is performed by comparing the recoverable amount of a cash generating unit to its carrying amount including goodwill. The recoverable amount corresponds to the higher of the fair value less cost to sell and the value in use. Since net selling prices for the cash generating units in the Fraport Group cannot be reliably determined, the value in use is based on a company valuation model (discounted cash flow method). All goodwill items are tested for impairment at least once a year in accordance with IAS 36.88-99. Goodwill is not written up when the reasons for impairment losses are eliminated. Goodwill is not subject to regular depreciation.

Investments in airport operating projects

To allow for better transparency, investments in airport operating projects are presented separately. These consist of concessions for the operation of airports in Varna and Burgas (Bulgaria), Lima (Peru) and Antalya (Turkey) acquired within the scope of service concession agreements (see note 49). The service concession agreements for the airport and / or terminal operating projects fall under IFRIC 12.17 and are recognized according to the intangible asset model, since Fraport receives the right in each case to charge airport users a fee in exchange for the obligation to pay concession fees and provide construction and expansion services. The obligations to pay concession fees that are not variable but contractually fixed in amount based on the agreements are recorded as financial liabilities. These liabilities are initially recognized at fair value using a risk-adjusted discount rate. Airport operation rights received as consideration are recorded as intangible assets at the same amount and reported under investments in airport operating projects. The rights received as consideration for construction and expansion services are recognized at the cost of production in the period in which the production costs are incurred. Income and expenses from construction and expansion services are generally recorded pursuant to IFRIC 12.14 and in accordance with IAS 11.

The recognized financial liabilities are subsequently measured at amortized cost using the effective interest method. Subsequent measurement of the capitalized rights is at the cost of acquisition or production less cumulative regular depreciation over the term of the concessions.

Impairment losses are recognized in accordance with IAS 36, where necessary.

Intangible assets

Acquired intangible assets (IAS 38) are recognized at cost. Their useful life is limited. They are amortized over their useful lives using the straight line method. Impairment losses are recognized in accordance with IAS 36, where necessary. If the recoverable amount of the asset later exceeds the carrying amount after an impairment loss has been recognized, the asset is written up to a maximum of the recoverable amount. The write-up through profit or loss is limited to the amortized carrying amount that would have resulted if no impairment losses had been recognized in the past.

Property, plant and equipment

Property, plant and equipment (IAS 16) are recognized at cost less straight-line depreciation and any impairment losses under IAS 36, where applicable. If the recoverable amount of the asset later exceeds the carrying amount after an impairment loss has been recognized pursuant to IAS 36, the asset is written up to a maximum of the recoverable amount. The write-up through profit or loss is limited to the amortized carrying amount that would have resulted if no impairment losses had been recognized in the past. Subsequent acquisition costs are capitalized. Costs of conversion essentially include all direct costs including appropriate overheads. As of January 1, 2009, the borrowing costs of all qualifying assets produced after January 1, 2000 (see IAS 23 “Borrowing Costs”), are recognized.

Within the scope of the acquisition of built-upon land, including buildings and facilities that are in temporary use, the cost of the buildings and facilities is determined using the income capitalization approach at the respective applicable market interest rate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is measured and depreciated separately with regard to its useful life and the appropriate depreciation method.

Government grants and third-party grants related to assets are included in liabilities and are released straight-line over the useful life of the asset for which the grant has been given. Grants related to income are included as other operating income through profit or loss (IAS 20).

Investment property

Investment property (IAS 40) includes property held to earn lease revenue or held for long-term capital appreciation, which is not owner-occupied; it also consists of land held for a currently undetermined future use.

If land as yet held for an undetermined use is now defined as being held for sale and development has begun, it is transferred to inventories; if it is intended for owner-occupation, it is transferred to property, plant and equipment.

Investment property is measured initially at cost. Subsequent measurement is at cost less regular straight-line depreciation and impairment losses under IAS 36, where applicable. As of January 1, 2009, the borrowing costs of all investment property that constitutes qualifying assets produced after January 1, 2000 (see IAS 23 "Borrowing Costs"), are recognized.

Borrowing costs

Effective January 1, 2009, borrowing costs that relate to the acquisition, construction or production of a qualifying asset (IAS 23) are required to be capitalized as part of the cost of such assets. Qualifying assets whose production began after January 1, 2000, are recognized. Due to the scope of Fraport's capital expenditures, qualifying assets are determined on the basis of planned investment measures. If the volume of the planned measures exceeds € 25 million and if the construction period is more than one year, all assets produced as part of the measure are recognized as qualifying assets. Fraport includes interest, financing charges in respect to financing leases and exchange differences in borrowing costs to the extent that they are regarded as an adjustment to interest costs.

Regular depreciation

Depreciation is determined by the straight-line method on the basis of the following useful lives, which apply throughout the Group:

REGULAR DEPRECIATION

	Years
Investments in airport operating projects	17–35 Years
Other intangible assets	3–25 Years
Buildings (structural parts)	30–80 Years
Technical buildings	20–40 Years
Building equipment	12–38 Years
Ground equipment	5–50 Years
Flight operating areas	
Take-off / landing runways	20 Years
Aprons	50 Years
Taxiway bridges	80 Years
Taxiways	20 Years
Other technical equipment and machinery	3–33 Years
Vehicles	4–20 Years
Other equipment, operating and office equipment	3–25 Years

GRAPHIC 54

The expected useful life of investment property corresponds to the expected useful life of the property which is part of property, plant and equipment.

Impairment of assets pursuant to IAS 36

Impairment losses on assets are recognized according to IAS 36. Assets are tested for impairment in case of indications of an impairment loss. An impairment loss is recognized for assets when the recoverable amount of the asset has fallen below its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows of funds from the use and subsequent disposal of the asset.

Regardless of indicators for possible impairment losses, assets are subject to an annual impairment test pursuant to IAS 36.

Since it is not generally possible in the Fraport Group to allocate cash flows to individual assets, so-called cash generating units are recognized. A cash generating unit is defined as the smallest identifiable group of assets that generates cash in- and outflows that are largely independent of the cash in- and outflows from other assets or groups of assets.

Leasing

Agreements that transfer the right to use a specific asset for a specified period of time in exchange for compensation are deemed to be leases. Fraport is both a lessor and a lessee. A decision whether economic ownership is assigned to the lessor (operating lease) or the lessee (finance lease) is made based on which party bears the risks and opportunities associated with the respective leased asset.

Finance lease

If economic ownership can be attributed to the Fraport Group as lessee, the lease is recognized at the inception of the lease at the present value of the minimum lease payments plus any incidental costs that are paid or at the fair value of the lease object if this value is lower. The asset is depreciated on a linear basis over its useful life or the lease term, if this is shorter. Impairment losses are recorded against the carrying amount of the capitalized leased asset. If economic ownership cannot be attributed to the Fraport Group as the lessor, a receivable equivalent to the present value of the lease payments is recognized.

Operate lease

If economic ownership of the leased assets remains with the lessor and Fraport AG assumes the role of the lessee, lease payments are considered on a linear basis over the lease term. If Fraport assumes the role of the lessor, leased assets are recognized at the cost of acquisition or production and amortized accordingly. Lease revenue is generally recognized on a linear basis over the lease term.

Investments in associated companies

Investments in associated companies are recognized at the pro rata share of equity including goodwill.

Other financial assets

Other financial assets include securities in non-current assets, loans and other investments. Other financial assets are recognized at fair value at the settlement date, i.e. at the time the asset is created or transferred. Non-current low-interest or interest-free loans are recognized at their present value.

The subsequent measurement of financial assets depends on the respective category according to IAS 39 (see note 40).

Loans are assigned to the “loans and receivables” category. These financial instruments are measured at amortized cost according to the effective interest method.

Other investments are assigned to the “available for sale” category on the balance sheet date. Due to the lack of an active market, they are generally measured at cost. They will be assigned at fair values as long as they can be reliably calculated and the gains or losses are included directly in equity without affecting profit or loss.

Hybrid financial instruments with inseparable embedded derivatives are designated as at “fair value option”. They are measured at fair value. Gains or losses are recorded through profit or loss.

Other securities are assigned to the “available for sale” category. Subsequent measurement is at fair value, taking into account the effective interest method and gains or losses are included directly in equity without affecting profit or loss.

Inventories

In addition to work-in-process, raw materials and supplies, the inventories include the property held for sale within the normal operating cycle.

Work-in-process, raw materials and supplies are measured at the lower of cost or net realizable value. Cost is generally calculated using the average cost method. Manufacturing cost includes direct costs and production overheads.

Property held for sale within the ordinary course of business is also measured at the lower of cost or net realizable value.

The subsequent cost required for land development is estimated for the entire marketable land area on the basis of specific cost unit rates for individual development measures. Depending on the land sales recognized in the respective fiscal year, the development costs are allocated on a pro rata basis to the remaining land area to be sold. Net realizable value is the estimated selling price less the costs incurred until the time of sale, discounted over the planned selling period.

The opinion of an external expert regarding the fair value of the land being sold, as well as information about prior land sales, forms the basis for the calculation of the estimated selling price.

As of January 1, 2009, the borrowing costs of all qualifying assets produced after January 1, 2000 (see IAS 23 “Borrowing Costs”), are recognized.

If a write-down made in previous periods is no longer necessary, a write-up is recognized (IAS 2).

Receivables and other assets

Receivables and other assets mainly consist of trade accounts receivable, receivables from banks, other receivables, derivatives and marketable securities. These assets are recognized at cost, which is usually the same as fair value, at the settlement date, i.e. at the time the asset is created or economic ownership is transferred. Non-current low-interest or non-interest bearing receivables are recognized at their present value at the time of origination or acquisition.

Trade accounts receivable, receivables from banks and all other receivables with fixed or ascertainable payments that are not listed in an active market are assigned to the “loans and receivables” category. Subsequent measurement is carried out at amortized cost, based on the effective interest method. Receivables in foreign currencies are translated at the exchange rate on the balance sheet date.

Securities are assigned to the “available for sale” category. They are measured at fair value according to the effective interest method. Gains or losses are included directly in equity without affecting profit or loss.

Hybrid financial instruments with inseparable embedded derivatives are designated as at “fair value option”. They are measured at fair value. Gains or losses are recorded through profit or loss.

Impairment of financial assets

On each balance sheet date, the carrying amounts of financial assets which are not measured at fair value through profit or loss are assessed to see whether there is any objective evidence (such as considerable financial difficulties of the debtor, highly probable insolvency proceedings against the debtor, a permanent decline of the fair value below amortized cost) that the asset may be impaired.

In general, impairment losses are recognized by reducing the value of the receivable or the financial asset.

The impairment of trade accounts receivable is recognized in an item-by-item allowance account through profit or loss. If there is an indication in subsequent periods that the reasons for an impairment loss no longer exist, a reversal is recognized through profit or loss. If a receivable already impaired is designated as non-recoverable, the asset is derecognized.

Cash and cash equivalents

Cash and cash equivalents basically include cash, cash accounts and short-term cash investments with banks maturing in 3 months or less. Cash and cash equivalents with a term to maturity of more than 3 months from the time of acquisition are recorded in this item if their values do not fluctuate significantly and they can be liquidated at any time without the risk of incurring losses. Cash and cash equivalents are recognized at nominal value. Cash in foreign currencies is translated at the exchange rate on the balance sheet date.

Treasury shares

Repurchased treasury shares are deducted from the issued capital and the capital reserves (IAS 32).

Recognition of income taxes

Income taxes are recognized using the liability method according to IAS 12. All tax expenses and refunds directly related to income are recorded as income taxes. These also include penalties and interest on arrears from the date it appears probable that a reduction of taxes will be denied.

Ongoing taxes are recognized on the date when the liability for income taxes is incurred.

Deferred taxes are accounted for under IAS 12 using the liability method based on temporary differences on a case by case basis. Deferred taxes are recognized for temporary differences between the IFRS balance sheets of the single entities and their tax bases and differences arising from unused loss carry-forwards and consolidation adjustments. The recognition of goodwill that is not deductible for tax purposes does not lead to deferred taxes.

If the carrying amount of an asset in the IFRS financial position exceeds its tax base (e. g. non-current assets depreciated or amortized on a linear basis) and if the difference is temporary, a deferred tax liability is recognized. Under IFRS deferred tax assets are recognized for financial position differences and for the carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred taxes are calculated at future tax rates insofar as these have already been legally established and / or the legislative process is largely completed. Changes in deferred taxes on the balance sheet generally lead to deferred tax income or expense. When transactions resulting in a change to deferred taxes are recorded directly in equity, the change to deferred taxes is also included directly in equity.

Provisions for pensions and similar obligations

The provisions for pensions relate to performance-oriented plans and have been calculated in accordance with IAS 19 under the application of actuarial methods and an interest rate of 4.49 % (previous year: 4.5 %). Actuarial gains or losses are recognized through profit or loss. As in the previous year, the calculations did not include salary increases for the active members of the Executive Board. As far as former members of the Executive Board are concerned, pension increase assumptions are based on German legislation about the adjustment of salary and pension payments by the federal and state governments for 2003 / 2004 (BBVAnpG). In the dynamic sampling of the relevant remuneration for employees not subject to collective agreements and managing employees, 11.0 % was included in the calculation as in the previous year. The calculation of provisions for pensions was based on the 2005G mortality tables of Professor Heubeck.

A description of the plan is found in note 52.

Tax provisions

Provisions for current tax are recognized for tax expected to be payable in the year under review and / or previous years taking into account anticipated risks.

Other provisions

Other provisions and accruals are recognized in the amount required to settle the obligations. They are recognized to the extent that there is a current commitment to third parties. In addition, they must be the result of a past event, lead to a future outflow of resources and more likely than not be needed to settle the obligation (IAS 37).

Non-current provisions with terms of more than one year are discounted at a capital market interest rate with a matching maturity, taking future cost increases into account, provided that the effect of the time value of money is material.

Liabilities

Liabilities are recognized in the amount of the consideration received. Liabilities in foreign currencies are translated at the exchange rate on the balance sheet date. Non-current low-interest or non-interest bearing liabilities are carried at their present value at the time of addition.

Finance lease liabilities are reported at the lower of the present value of the minimum lease payments and the fair value of the leased asset.

Subsequent measurement is based on the effective interest method at amortized cost.

Derivative financial instruments, hedging transactions

The Fraport Group uses derivative financial instruments to hedge existing and future interest and exchange rate risks as well as raw material price risks (diesel). Derivative financial instruments with positive or negative market values are measured at fair value in accordance with IAS 39. Gains or losses on cash flow hedges are recorded in the reserve for financial instruments without affecting profit or loss. Corresponding to this, deferred taxes on the fair value of cash flow hedges are also included directly in shareholders' equity. The effectiveness of the cash flow hedges is assessed on a regular basis. Ineffective cash flow hedges are recorded through profit or loss.

If the criteria for a cash flow hedge are not met, the derivative financial instruments are designated as held for trading. In this case, the changes in the fair value and the related deferred taxes are recognized through profit or loss.

Derivative financial instruments are recognized at the trade date.

Stock options

The subscription rights issued on shares of Fraport AG in connection with the contingent capital have been recognized and measured in accordance with IFRS 2. Performance takes place by issuing shares. The measurement of the share-based payments is based on fair value on the date the option is granted. The cost of the payment is allocated as personnel expenses over the period during which employees have an unrestricted claim to the instruments.

Virtual stock options

Virtual stock options are being issued effective January 1, 2010, as part of compensation for the Executive Board and managing employees. This virtual stock options program (LTIP) replaces the prior stock options program (Fraport Management Stock Options Plan 2005). They are paid out in cash immediately at the end of the performance period of 4 years. The measurement of virtual shares is at fair value under IFRS 2. Up to the end of the performance period, the fair value is determined on each reporting date and on the date of performance and is recorded in personnel expenses on a pro rata basis.

Miscellaneous

Fraport AG operates its own electricity supply system. On July 19, 2007, the Hessian Ministry of Economics, Transport and Regional Development (HMWVL) confirmed that Fraport AG's electricity supply system complies with the requirements for a spot network in accordance with Section 110 (1) no. 1 of the German Energy Industry Act old version (EnWG a.F.). Based on the given spot network, approved by the authorities, Fraport AG did not have to comply with extensive regulations under EnWG when preparing the annual financial statements or in its corporate governance.

As a result of the amendment to the EnWG, extensive new requirements came into force in August 2011, including the general discontinuation of the spot network status. Fraport AG therefore made an application for a closed distribution grid which, in comparison to spot network status is more limited but brings considerable improvements compared to networks in the general supply.

Following the new regulations of the EnWG amendments, one of the fundamental changes for Fraport AG is the obligation to create and disclose separate activity reports according to the guidelines set out in the EnWG.

According to the Federal Network Agency, the regulations will come into force beginning in the 2012 fiscal year.

The application of the new EnWG regulations during the preparation of the annual financial statements will result in additional but not significant expenses.

New standards, interpretations and changes

Of the new standards, interpretations and changes, Fraport has first applied those for which application was mandatory; i.e., those applicable to fiscal years beginning on or before January 1, 2011. Fraport did not exercise the option to apply standards, interpretations and changes early.

The IASB published the revised IAS 32 "Financial Instruments: Presentation" on October 8, 2009. The amendment provides rules on the classification of rights issues in currencies other than the functional currency. The changes must be applied to fiscal years beginning on or after February 1, 2010. The changes to the IAS had no material impact on the asset, financial and earnings position of the Fraport Group.

On November 4, 2009 the IASB published the revised IAS 24 "Related Party Disclosures". A significant part of the amendments is the introduction of an exemption from the declaration of transactions with certain related parties. All transactions with public authorities that can control, jointly manage or significantly influence the reporting entity will be affected by the exemption. All transactions with the companies that are controlled, jointly managed or could be significantly influenced by the same public authorities will also be affected by the exemption. Following the amendment, detailed disclosures are required only for individual material transactions. For individual non-material transactions that are collectively significant, only quantitative or qualitative indicators are required, the effects of which will be declared. Furthermore, the amendment to IAS 24 has altered the definition of a related party in that symmetry will now be achieved. For example, 2 entities that are related from the point of view of one of the entities are now also related parties from the point of view of the other entity. The revised IAS 24 became mandatory for the first time in fiscal years beginning on or after January 1, 2011. The extent of reporting on related parties, especially public sector entities, will remain the same for the Fraport Group. The relief provisions of IAS 24.25 were not utilized. The application of the standard did not have an impact on the reporting of the asset, financial and earnings position of the Fraport Group.

The IASB published an amendment to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" on November 26, 2009. The amendment becomes relevant when a benefit plan includes a minimum funding requirement and the company is making voluntary prepaid contributions. In such a case, the benefit from these prepayments is recognized as an asset. The amendment of IFRIC 14 applies to reporting periods beginning on or after January 1, 2011. The application of the revised interpretation did not have a significant impact on the asset, financial and earnings position of the Fraport Group.

On November 26, 2009, the IFRIC published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". IFRIC 19 becomes relevant when a company settles a financial liability by issuing shares or other equity instruments. The interpretation clarifies that the equity instruments issued to extinguish a financial liability to a creditor constitute part of the "consideration paid" in accordance with IAS 39.41. The corresponding equity instruments are in principle to be measured at fair value. Where this cannot be reliably determined, the equity instruments will be measured at the fair value of the liability extinguished. The difference between the carrying value of the financial liability to be extinguished and the initial measurement of the equity instruments issued is to be recognized in profit and loss. IFRIC 19 was applied to financial years starting on or after July 1, 2010. The application of the revised interpretation did not have a significant impact on the asset, financial and earnings position of the Fraport Group.

On May 6, 2010, the IASB published the "Improvements to IFRS 2008-2010". Through the Annual Improvements Project 2008-2010, minor changes were made to a total of 6 standards and one interpretation. Given the changes to the wording in a number of IFRS, clarification of the existing regulations will follow. There are also changes that will affect accounting, recognition or measurement. The changes apply to fiscal years beginning on or after January 1, 2011. Changes to IFRS 3 and IAS 27 apply effective July 1, 2010. The application of the changes did not have a significant impact on the asset, financial and earnings position of the Fraport Group.

Standards which have not been applied prematurely

For the following new or amended standards and interpretations, which the Fraport Groups is not obliged to adopt until future fiscal years, there will be no early application. Unless otherwise specified, the effects on the Fraport Group's financial statements are assessed presently.

Standards, interpretations and amendments published and accepted into European law by the EU Commission

On October 7, 2010, the IASB published changes to IFRS 7 "Financial Instruments: Disclosures". The changes relate to expanded disclosure requirements in the context of transferring financial assets. With that, the link between financial assets that are not completely derecognized and the corresponding financial liabilities will become more comprehensible. Furthermore, the type and, especially, the risk of continuing involvement of derecognized financial assets will be better rated. Application of the changes to IFRS 7 is mandatory for fiscal years beginning on or after July 1, 2011. Comparative figures are not required in the first year of application. The future application of IFRS 7 will not have a material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

Standards, interpretations and amendments that have been published but not yet accepted into European law by the EU Commission

On November 12, 2009 the IASB published changes to IFRS 9 "Financial Instruments: Classification and Measurement" and on October 28, 2010, it released amendments to the standard. The accounting and measurement of financial instruments according to IFRS 9 will replace IAS 39. In the future, financial assets will be classified and measured in 2 groups only: amortized costs or fair value. The amortized costs group of financial assets comprises those financial assets that only plan to give rise to interest and redemption payments on specified dates and those that will be held in the context of a business model with the objective of retaining assets. All other financial assets will form the fair value group. Under certain circumstances, financial assets in the amortized costs group may – as before – instead be designated as fair value (fair value option). Value changes of financial assets in the fair value group is to be measured principally by profit or loss. However, for particular equity instruments it is possible to exercise the right to recognize value changes under other income. Claimsfor dividends from these financial assets are, however, reported as profit or loss. The regulations for financial liabilities are covered principally by IAS 39. The most significant difference concerns the recognition of value changes in fair value financial liabilities. In the future these will be split up: the part apportionable to its own credit risk will be reported under other income, while the remaining part of value changes will be reported as profit or loss. Subject to its adoption into EU law, IFRS 9 is to be first applied in fiscal years starting on or after January 1, 2015.

On December 20, 2010, the IASB published changes to IAS 12 "Income Taxes". This is an amendment in regards to calculating deferred taxes on investment property recognized at fair value (IAS 40.33). The change also includes SIC 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets". With investment property it is often difficult to assess whether to reverse existing taxable temporary differences in the context of ongoing use or in the course of sale. The amendments to IAS 12 clarify that the value of deferred taxes on the basis of the rebuttable presumption is still to occur and that the reversal by sale is occurring now. Subject to their adoption into EU law, the amendments are to be first applied in fiscal years starting on or after January 1, 2012. Earlier application is permitted. In the Fraport Group, investment property is recognized according to the acquisition cost model (IAS 40.56). The changes to IAS 12 will have no impact on the asset, financial and earnings position of the Fraport Group.

On May 12, 2011, the IASB published 5 new and revised standards that amend the regulation of consolidation and accounting of associated and joint venture investments and the associated disclosures. They are: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements" (revised 2011) and IAS 28 "Investments in Associates and Joint Ventures" (revised 2011).

IFRS 10 replaces the consolidation guidelines in the previous IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The new IAS 27 "Separate Financial Statements" (revised 2011) contains henceforth only the regulations on accounting for subsidiaries, joint ventures and associated companies in IFRS separate financial statements. In the revised IFRS 10, the term "control" has been comprehensively redefined. It now states that control is given if the potential parent company holds the decision-making power over the subsidiary, based on voting or other rights, it contributes to positive or negative returns from the subsidiary and can influence these returns with its decision-making powers. From this standard, the effects on the extent of the scope of consolidation including, among other things, special purpose entities can arise. The Fraport Group does not foresee any significant future changes to the scope of consolidation as a result of the application of IFRS 10. The effects of the new IFRS 10 regulation on the scope of consolidation will continue to be investigated on a case-by-case basis. Subject to its adoption into EU law, the new standard is to be first applied to fiscal years starting on or after January 1, 2013. IFRS 10 will be applied retroactively if the classification as subsidiary is established differently between IAS 27 / SIC–12 and IFRS 10 for an investment. Early application is currently only permitted simultaneously for IFRS 11 and IFRS 12, as well as for IAS 27 and IAS 28, which were revised in 2011.

While establishing IFRS 11 "Joint Arrangements", adjustments were also made to IAS 28. IAS 28 regulates (and always has done) the use of the equity method. The creation of IFRS 11 will greatly increase its scope, as in the future all joint ventures and not just investments in associated companies will have to be assessed using the equity method. The use of proportionate consolidation for joint ventures is therefore inapplicable. Subject to its adoption into EU law, the new standard is to be first applied to financial years starting on or after January 1, 2013. There are specific transition rules, for example for the transition from proportionate consolidation to the equity method. Early application is currently only permitted simultaneously for IFRS 10 and IFRS 12, as well as for IAS 27 and IAS 28, which were revised in 2011. Currently, all joint ventures have been included proportionally in the Fraport Group. The abolishment of proportionate consolidation and the compulsory use of the equity method will have a significant impact on the future reporting of asset, financial and earnings position. Indications of the extent to which the amendments will have an effect on the future application of IFRS 11 are covered in the report "Influence of joint ventures on the consolidated financial statement" (see note 2).

IFRS 12 "Disclosure of Interests in Other Entities" brings together the regulations for declaring an interest in subsidiaries, joint or associated companies and unconsolidated structured entities. The required declarations are considerably more extensive compared to the previous requirements of IAS 27, IAS 28 and IAS 31. The objective of IFRS 12 is to allow the users of financial statements to find the quantitative and qualitative information they require to evaluate the nature of and risks associated with, the interests in other entities as well as the effects of those interests on the asset, financial and earnings position. Subject to its adoption into EU law, the new standard is to be first applied to fiscal years starting on or after January 1, 2013.

In a letter to the IASB on December 9, 2011, the European Financial Reporting Advisory Group (EFRAG) requested that the adoption dates of IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 be postponed. The request was based on field tests carried out by the EFRAG of IFRS 10 and IFRS 11. They were convinced that the compulsory application date for the standards of periods beginning on or after January 1, 2013, would not guarantee a consistent uptake of the new regulations due, particularly, to a number of unanswered interpretation issues.

The standard IFRS 13 "Fair Value Measurement" was published on May 12, 2011. IFRS 13 sets out, in a single standard, uniform measurement bases to measure fair value. There will only be further regulations, specifically for IAS 17 and IFRS 2. According to IFRS 13, fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability. What the fair value measurement techniques acknowledge as financial assets will be introduced into a 3-tiered "fair value hierarchy" that will rank them according to observed market price. The new fair value measurements may lead to different values compared to the previous system. Subject to its adoption into EU law, the standard is to be first applied to fiscal years starting on or after January 1, 2013. Earlier application is permitted. The future application of IFRS 13 should not have a material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

On June 16, 2011, the IASB published a revision of IAS 19 "Employee Benefits". Alongside extensive benefit disclosure requirements for the employee, the following amendments are to be especially noted: Previously, IAS 19 permitted choices on how actuarial gains and losses were accounted for in financial statements. They could be listed in the profit and loss, under other income or deferred, using the so-called "corridor approach". These options will be abolished in the revision of IAS 19 and the actuarial profit and loss must be reported directly under other comprehensive income (OCI). Furthermore, the expected revenues from the plan assets were previously calculated using the subjective management expectations of the performance of the investment portfolios. With the application of the amendments to IAS 19, only one type of interest will be permitted for plan assets at the level of the current discount rate of the pension obligations. Subject to their adoption into EU law, the amendments are to be first applied to fiscal years starting on or after January 1, 2013. Earlier application is permitted. The future application of IAS 19 will have no material impact on the reporting of the asset, financial and earnings position of the Fraport Group.

On June 16, 2011, the IASB also published changes to IAS 1 "Presentation of Financial Statements". The way other income is presented in the comprehensive income is to be changed. In future, the presentation of other income that may be subsequently reclassified to profit and loss (recycling) should be kept separate from the presentation of other income that will not be reclassified. If the presentations are shown gross i.e., without netting with an effect on deferred taxes, they may no longer be shown as one total; instead, they should be divided into the 2 groups. Subject to its adoption into EU law, the amendment is to be first applied to fiscal years starting on or after July 1, 2012.

On December 16, 2011, the IASB published amendments to IAS 32 and IFRS 7. The amendment to IAS 32 clarified the requirements for the offsetting of financial instruments. The definition of the current legal right to offsetting has been expanded and clarified by the amendment. It sets out which gross settlement procedures (in relation to standards) can be accounted for as net settlements. Given this clarification, the regulations regarding the disclosures in IFRS 7 have also been expanded. Subject to its adoption into EU law, the amendments to IAS 32 are to be first applied to fiscal years starting on or after January 1, 2014. Subject to its adoption into EU law, the amendments to IFRS 7 are to be first applied to fiscal years starting on or after January 1, 2013.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5 _ Revenue

REVENUE

€ million	2011	2010
Aviation		
Airport charges	634.7	562.9
Security services	92.0	90.3
Other revenue	48.2	40.7
	774.9	**693.9**
Retail & Real Estate		
Real Estate	168.3	170.5
Retail	167.9	150.3
Parking	74.8	70.9
Other revenue	33.7	11.4
	444.7	**403.1**
Ground Handling		
Ground handling services	406.1	420.3
Infrastructure charges	246.7	225.3
Other revenue	2.7	13.0
	655.5	**658.6**
External Activities & Services	**496.1**	**439.0**
Total	**2,371.2**	**2,194.6**

GRAPHIC 55

For information on revenue please refer to the management report under "Results of Operations" as well as the segment reporting (see note 41).

The segment Retail & Real Estate includes proceeds from operating leases. The revenue-related surface rentals recognized in the fiscal year amount to € 161.6 million (previous year: € 146.7 million).

The operating leases mainly relate to the leasing of buildings, land, terminal areas and offices. The contract periods end in 2036 or earlier. No purchase option has been agreed. The residual term of hereditary building rights contracts is 41 years on average. No purchase options exist for them, either.

The cost of the leased buildings and land amounts to € 536.6 million. Accumulated depreciation totals to € 368.0 million and the depreciation charges amounted to € 15.9 million for the fiscal year (previous year: € 13.1 million).

Revenue in the External Activities & Services segment includes the proceeds of customer-specific construction and expansion contracts related to our airport operating projects abroad in the amount of € 32.4 million (previous year: € 11.2 million).

The total amount of future income from minimum lease payments arising from non-cancelable leases is as follows:

GRAPHIC 56

MINIMUM LEASE PAYMENTS

€ million	< 1 year	1–5 years	> 5 years	Total 2011
			Remaining term	
Minimum lease payments	83.5	164.7	663.3	911.5

€ million	< 1 year	1–5 years	> 5 years	Total 2010
			Remaining term	
Minimum lease payments	62.1	189.9	771.5	1,023.5

GRAPHIC 56

6_ Change in work-in-process

CHANGE IN WORK-IN-PROCESS

€ million	2011	2010
Change in work-in-process	0.4	0.4

GRAPHIC 57

7_ Other internal work capitalized

OTHER INTERNAL WORK CAPITALIZED

€ million	2011	2010
Other internal work capitalized	40.3	36.9

GRAPHIC 58

The other internal work capitalized primarily relates to engineering, planning and construction services, procured services of employees and services of commercial project managers, as well as other associated services. The other internal work capitalized was incurred essentially in connection with the extension, remodeling and modernization of the terminal buildings at Frankfurt airport and their fire protection systems. Other internal work also related to the airport expansion program and the expansion of the airport infrastructure at Frankfurt airport.

8_ Other operating income

OTHER OPERATING INCOME

€ million	2011	2010
Release of provisions	18.4	26.5
Income from deconsolidation	2.6	0.0
Release of special items for investment grants	2.2	2.2
Income from compensation payments	1.9	1.9
Gains from disposal of non-current assets	1.2	1.1
Release of allowances	0.2	0.0
Income from revaluation of assets	0.0	3.5
Income from purchase price below market value	0.0	1.1
Other items	14.4	15.8
Total	**40.9**	**52.1**

GRAPHIC 59

The release of provisions mainly relates to current provisions for rebates and refunds as well as personnel-related provisions.

The income from compensation payments mainly relates to proceeds from insurance claims.

9 _ Cost of materials

COST OF MATERIALS		
€ million	2011	2010
Cost of raw materials, consumables and supplies	– 106.5	– 107.8
Cost of purchased services	– 434.6	– 383.3
Total	**– 541.1**	**– 491.1**

GRAPHIC 60

Among other things, the cost of raw materials, consumables and supplies includes production costs for finished real estate. The realized sales proceeds are included under the real estate revenue.

In the context of the airport operating projects in other countries (see note 49) the cost of purchased services includes revenue-related concession charges in the amount of € 70.6 million (previous year: € 61.3 million), as well as contract costs for construction and extension services in the amount of € 32.4 million (previous year: € 11.2 million).

10 _ Personnel expenses and number of employees

PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES		
	2011	2010
Personnel Expenses € million		
Wages and salaries	– 732.1	– 707.5
Social security and welfare expenses	– 134.3	– 133.0
Pension expenses	– 39.9	– 39.9
Total	**– 906.3**	**– 880.4**
Average number of employees		
Permanent staff	19,401	18,627
Temporary staff (interns, students and scholars)	1,194	1,165
Total	**20,595**	**19,792**

GRAPHIC 61

The average number of staff employed during the fiscal year (excluding apprentices and employees on leave) was 20,199 in the fully consolidated companies (previous year: 19,425) and 396 (previous year: 367) in the companies using proportionate consolidation.

The increase in personnel expenses mainly relates to the companies FraSec Fraport Security Services GmbH, Frankfurt am Main, (€ +8.8 million) and APS Airport Personal Service GmbH, Frankfurt am Main, (€ +7.8 million). The average number of employees in these companies increased by 464. At Fraport AG, personnel expenses of € 646.2 million were € 2.2 million higher and the average number of employees at 11,226 was 104 higher compared to the previous year.

Additions to pension provisions and obligations arising from time-account models are included in personnel expenses.

The interest cost of the additions to pension provisions is included in personnel expenses.

11 _ Depreciation and amortization

DEPRECIATION AND AMORTIZATION		
€ million	2011	2010
Composition of depreciation and amortization		
Investments in airport operating projects	– 65.2	– 67.5
Other intangible assets	– 10.6	– 9.4
Property, plant and equipment		
regular	– 216.8	– 202.8
non-regular	– 6.0	0.0
Investment property		
regular	– 0.3	0.0
non-regular	– 6.8	0.0
Total	**– 305.7**	**– 279.7**

GRAPHIC 62

Regular depreciation

The useful lives of some assets were re-estimated in the year under review, resulting in reduced net depreciation charges of € 5.0 million (previous year: increased net depreciation charges of € 4.3 million).

Impairment of assets pursuant to IAS 36

The impairment of tangible fixed assets (€ 6.0 million) was the outcome of discontinuing the tower hitherto used by German Air Traffic Control. For information on the impairment of investment property to the sum of € 6.8 million, please see note 22.

The measurement of assets reflects future earnings expectations. The recoverable amount is the higher of the value in use or the fair value less cost to sell. Only the value in use was applied in the year under review. The value in use is determined by the entity applying the discounted cash flow method, as the fair value less cost to sell cannot be reliably determined.

Determination of the future cash flows of the cash generating units is based on the planning figures. The value in use is generally determined on the future cash flows estimated on the basis of the planning figures for the years between 2012 to 2016 and approved by the Executive Board and valid at the time the impairment tests are made and on the basis of the current long-term plans until 2020 or over the respective contractual periods in the case of investments in airport operating projects. These forecasts are based on past experiences and the market performance expected. A growth rate (of between 0.0% and 1.0%) based on the planning assumptions is taken into account in the perpetual annuity. The discount factor was a country-specific, weighted average cost of capital (WACC) of between 6.3% and 10.94% (previous year: 6.0% and 10.67%).

12_ Other operating expenses

OTHER OPERATING EXPENSES

€ million	2011	2010
Insurances	–25.6	–24.7
Rental and lease expenses	–25.4	–23.8
Consulting, legal and auditing expenses	–22.0	–17.2
Advertising costs	–21.2	–17.1
Program for the acquisition and compensation of properties with low levels of flight altitude	–14.4	–10.3
Passive noise abatement	–8.1	–0.0
Losses from disposals of non-current assets	–6.0	–12.5
Other taxes	–5.5	–9.2
Write-downs of trade accounts receivable	–4.6	–4.6
Other items	–70.3	–82.5
Total	**–203.1**	**–201.9**

GRAPHIC 63

Rental and lease expenses include minimum lease payments in the amount of € 14.5 million (previous year: € 18.2 million) as well as conditional lease payments in the amount of € 3.1 million (previous year: € 2.8 million).

Among other things, other operating expenses include: travel costs, office supplies, course and seminar fees, entertainment expenses, administration fees, postage and costs for additions to various provisions.

The consulting, legal and audit expenses include Group auditor fees (disclosed in accordance with Section 314 [1] no. 9 HGB) amounting to € 2.0 million (previous year: € 2.6 million). They are comprised as follows: GRAPHIC 64

GROUP AUDITOR FEES

	2011		2010	
€ million	Fraport AG	Consolidated companies	Fraport AG	Consolidated companies
Audit	0.9	0.4	1.0	0.4
Other certification or valuation services	0.5	0.0	0.7	0.0
Tax audit fees	0.2	0.0	0.3	0.0
Other services	0.0	0.0	0.2	0.0

GRAPHIC 64

13 _ Interest income and interest expenses

INTEREST INCOME AND INTEREST EXPENSES		
€ million	2011	2010
Other interest and similar income	47.3	44.8
Interest and similar expenses	–191.7	–182.5

GRAPHIC 65

Interest income and interest expenses for financial instruments, which are not recognized in income at fair value:

INTEREST FROM FINANCIAL INSTRUMENTS		
€ million	2011	2010
Interest income from financial instruments	45.7	43.6
Interest expenses from financial instruments	–187.4	–176.8

GRAPHIC 66

Interest income and expenses include interest paid on non-current loans and term money as well as interest expenses from interest cost added back on non-current liabilities and provisions. The net interest payments of derivative financial instruments and interest income from securities are recorded as interest income and expense.

14 _ Result from investments in associated companies

Result from associated companies breaks down as follows:

RESULT FROM INVESTMENTS IN ASSOCIATED COMPANIES		
€ million	2011	2010
Xi'an Xianyang International Airport Co., Ltd.	6.6	4.5
Thalita Trading Ltd. / Northern Capital Gateway LLC	3.4	2.9
Airmail Center Frankfurt GmbH	0.8	0.4
ASG Airport Service Gesellschaft mbH	0.7	0.5
Flughafen Hannover-Langenhagen GmbH	0.0	–1.6
Grundstücksgesellschaft Gateway Gardens GmbH (until October 31, 2010)	0.0	0.3
Total	**11.5**	**7.0**

GRAPHIC 67

15 _ Other financial result

The other financial result breaks down as follows:

OTHER FINANCIAL RESULT		
€ million	2011	2010
Income		
Income from securities and loans	2.7	2.2
Foreign currency gains, unrealized	1.1	0.9
Foreign currency gains, realized	0.2	1.0
Measurement of derivatives	0.6	0.2
Fair value measurement of securities in financial assets	0.2	1.4
Others	0.4	0.0
	5.2	**5.7**
Expenses		
Foreign currency losses, unrealized	–5.6	–10.2
Foreign currency losses, realized	–0.6	–0.3
Measurement of derivatives	–12.6	–14.2
Fair value measurement of securities in financial assets	–0.6	–0.3
Losses from disposal of financial assets	–0.4	–1.2
Others	–1.8	–1.0
	–21.6	**–27.2**
Total other financial result	**–16.4**	**–21.5**

GRAPHIC 68

16 _ Taxes on Income

Income tax expense breaks down as follows:

TAXES ON INCOME		
€ million	2011	2010
Current taxes on income	–92.0	–15.6
Deferred taxes on income	–4.5	8.4
Total	**–96.5**	**–7.2**

GRAPHIC 69

Current income tax expense consists of current income tax for the year under review and income tax for previous years. Most of the income tax expense results from the activities of Fraport AG.

Current income tax for Fraport AG includes current income tax expense for 2011 in the amount of € 70.9 million (previous year: € 90.8 million) and income tax refunds for previous years in the amount of € 1.0 million (previous year: € 90.2 million).

The tax expenses include the corporation and trade income taxes as well as the solidarity surcharge of the companies in Germany and comparable taxes on income at the companies outside Germany. The actual taxes result from the taxable profits or losses of the fiscal year to which the local tax rates of the respective Group company are applied.

Deferred taxes are generally measured on the basis of the tax rate applicable in the country concerned. A combined income tax rate of around 31 % including trade tax has been applied to German companies.

Deferred taxes are recognized for all temporary differences between the IFRS financial statements and their tax bases and for the carry-forward of unused tax losses.

The Fraport Group had tax losses carried forward in the amount of some € 7.1 million (previous year € 11.0 million) as of December 31, 2011, which could not be used based on current information. This decrease in tax loss carry-forwards which are not expected to be utilized is mainly due to the disposal of the shareholding Fraport Ground Services Austria GmbH. As of January 1, 2011, Fraport Ground Services Austria GmbH's unused loss carry-forward amounted to € 4.4 million.

Loss carry-forwards that are not expected to be utilized are mainly due to Fraport Immobilienservice und -entwicklungs GmbH & Co. KG and Pantares Tradeport Asia Ltd and can be carried forward indefinitely. The recoverability of deferred tax assets depends essentially on the probability of the future use of the losses carried forward. This depends on whether future taxable profit will be available in the periods in which the carry forward of unused tax losses can be utilized.

On December 31, 2011 deferred tax liabilities were created for the first time for temporary differences between the carrying amount of the non-distributed profit and the tax basis for particular shareholdings in the amount of € 3.5 million.

In addition, deferred taxes also result from consolidation adjustments. No deferred tax is determined for goodwill recognized and any impairment of goodwill in accordance with IAS 12.

Deferred tax assets and liabilities are netted insofar as these tax claims and obligations relate to the same tax authority and to the same taxable entity or a group of different taxable entities that is assessed jointly for income tax purposes.

Deferred taxes resulting from temporary differences between tax bases and assets / liabilities reported according to IFRS are assigned to the following financial position items: — GRAPHIC 70

The item "Other financial position items" in the amount of € 48.5 million (previous year: € 35.1 million) consists entirely of deferred taxes on financial derivatives.

In the fiscal year, deferred taxes increasing equity in the amount of € 6.8 million (previous year: € 4.9 million) from the change in the fair values of financial derivatives and securities were recognized directly in equity without affecting profit or loss.

DEFERRED TAXES ACCORDING TO FINANCIAL POSITION

€ million	2011 Deferred tax assets	2011 Deferred tax liabilities	2010 Deferred tax assets	2010 Deferred tax liabilities
Property, plant and equipment including investments in airport operating projects	1.1	–280.3	1.4	–279.8
Financial assets	0.0	–10.1	0.2	0.0
Receivables and other assets	2.9	–1.3	2.5	–1.0
Accruals	33.2	–0.1	33.6	–0.4
Pension provisions	2.7	0.0	2.7	0.0
Other provisions	16.3	–1.2	29.5	–2.5
Liabilities	179.8	–26.7	134.3	–6.0
Other financial position items	48.5	–11.5	35.1	0.0
Losses carried forward	3.9	0.0	8.9	0.0
Total individual financial statements	**288.4**	**–331.2**	**248.2**	**–289.7**
Offseting	–244.0	244.0	–205.1	205.1
Consolidation adjustments	3.8	–19.7	0.0	–20.9
Consolidated financial position	**48.2**	**–106.9**	**43.1**	**–105.5**

GRAPHIC 70

The following reconciliation shows the relationship between expected tax expense and tax expense in the consolidated income statement:

TAX RECONCILIATION

€ million	2011	2010
Earnings before taxes on income	347.3	278.7
Expected tax income / expense [1]	–107.7	–86.4
Tax effects from differences in tax rates outside Germany	8.8	5.6
Taxes on non-deductible expenses	–1.1	–1.3
Taxes relating to previous years	1.1	55.6
Permanent differences including non-deductible tax provisions	–4.9	10.6
Tax effects on consolidation adjustments that affect earnings	–0.3	–2.4
Tax effects on tax-free and taxable income from other periods	9.4	3.8
First-time application of deferred taxes on losses carried forward	0.0	7.8
Use of previously unrecognized losses carried forward	0.0	2.4
Trade tax and other effects from local taxes	–3.8	–2.5
Other	2.0	–0.4
Taxes on income according to the income statement	**–96.5**	**–7.2**

[1] Expected tax rate around 31 %, for corporation tax 15.0 % plus solidarity surcharge 5.5 % and trade tax of around 15.5 %

GRAPHIC 71

The consolidated tax rate for the fiscal year is 27.8 % (previous year: 2.6 %).

17 _ Earnings per share

The basic earnings per share for the fiscal year 2011 are calculated using the weighted average number of issued shares corresponding to € 10 of share capital each. Due to the capital increase, the number of shares outstanding during the period rose from 91,838,223 to 91,878,502 on December 31, 2011. With a weighted average number of 91,858,474 outstanding shares, the basic earnings per € 10 share amounted to € 2.62.

As a result of the rights granted to employees to buy shares (authorized capital) within the scope of the employee investment plan and of the issue of subscription rights in connection with the stock option plan (contingent capital), the diluted number of shares amounts to 92,311,336 (weighted average) and the diluted earnings per € 10 share are therefore € 2.60.

GRAPHIC 72

EARNINGS PER SHARE

	2011		2010	
	Basic	Diluted	Basic	Diluted
Profit for the year attributable to shareholders of Fraport AG (€ million)	240.4	240.4	262.9	262.9
Weighted average number of shares	91,858,474	92,311,336	91,808,388	92,301,529
Earnings per € 10 share in €	2.62	2.60	2.86	2.85

GRAPHIC 72

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

A breakdown and the development of the individual non-current asset items can be found in the consolidated statement of changes in non-current assets.

18 _ Goodwill

Goodwill arising on consolidation developed as follows in the fiscal year:

GOODWILL

€ million	Carrying amount Dec. 31, 2011	Carrying amount Dec. 31, 2010
Antalya Group	15.9	15.9
FraSec	22.4	22.4
Media	0.3	0.3
Total	**38.6**	**38.6**

GRAPHIC 73

19 _ Investments in airport operating projects

INVESTMENTS IN AIRPORT OPERATING PROJECTS

€ million	Dec. 31, 2011	Dec. 31, 2010
Investments in airport operating projects	1,067.1	1,073.4

GRAPHIC 74

The investments in airport operating projects are based on the application of IFRIC 12 (see note 4) and relate to recognized concession payments of € 833.4 million (previous year: € 867.2 million) and capital expenditure incurred of € 233.7 million (previous year: € 206.2 million), for the terminal operation at Antalya Airport of € 647.6 million (previous year: € 697.6 million) and the concession airports in Lima of € 282.8 million (previous year: € 271.6 million) as well as Varna and Burgas of € 136.7 million (previous year: € 104.2 million).

20 _ Other intangible assets

OTHER INTANGIBLE ASSETS

€ million	Dec. 31, 2011	Dec. 31, 2010
Other intangible assets	43.6	32.4

GRAPHIC 75

Other intangible assets essentially relate to software.

21 _ Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

€ million	Dec. 31, 2011	Dec. 31, 2010
Land, land rights and buildings, including buildings on leased property	3,298.4	2,541.4
Technical equipment and machinery	1,200.5	433.5
Other equipment, operating and office equipment	130.1	114.0
Construction in progress	1,014.8	1,924.4
Total	**5,643.8**	**5,013.3**

GRAPHIC 76

Additions to property, plant and equipment amounted to € 876.1 million, of which € 391.1 million was from unfinished items of property, plant and equipment, which could not be depreciated, particularly items connected with the expansion and modernization of the terminals, as well the continuation of the expansion program.

The new Northwest Landing Runway was inaugurated in October 2011. Overall, a total of € 1,485.6 million was invested in property, plant and equipment from the expansion program that was ready for operation, signed-off and able to be depreciated for the first time. Of this amount, additions during the current fiscal year amounted to € 283.4 million.

Borrowing costs of € 62.3 million were recognized (previous year: € 56.8 million). Of this amount, € 54.7 million (previous year: € 53.7 million), was used for capital expenditures whose financing could not be clearly classified for the purpose of creating a specific qualifying asset. The cost of debt for general project finance was approximately 4.6 % on average (previous year: approximately 4.3 %). Borrowing costs were mainly incurred for projects relating to the expansion of Frankfurt airport.

Additional specific project financing was obtained for measures in connection with the expansion of Pier A-Plus at Frankfurt airport. Borrowing costs totaling € 7.6 million were capitalized for this project in 2011 (previous year: € 2.8 million). The average cost of debt was around 2.5 % (previous year: 2.1 %).

Individual buildings carry mortgages of around € 17.4 million (previous year: € 20.0 million).

Finance lease assets amounting to € 75.1 million (previous year: € 62.7 million) were recognized in property, plant and equipment, as well as other intangible assets, in the year under review.

GRAPHIC 77

Other intangible assets include an agreement on the use of software licenses, which will become the property of Fraport AG after the contract expires. The contract will expire in 2013.

Land, land rights and buildings, including buildings on leased property, include an energy plant located on the premises of Fraport AG. Given the exclusive use by Fraport AG and the existence of a special lease contract, Fraport AG is considered to be the beneficial owner of the plant. The contract will expire in 2020.

This item also includes a cargo handling and office building leased from Fraport Cargo Services GmbH to the end of 2024. Since virtually all economic rights and obligations have been transferred and the contract term exceeds the material portion of the useful life, economic ownership of the building is assigned to the tenant.

Technical equipment and machinery includes an IT service agreement between the company and operational services GmbH & Co. KG for the provision of an IT structure on the Frankfurt airport site and all related services. As the network is located on the premises of Fraport AG and is of no commercial use to any other party, Fraport is considered to be the beneficial owner. Technical equipment and machinery also includes another IT service agreement with operational services GmbH & Co. KG for the provision of server and data storage capacities. The computer center required for this purpose is located on the premises of Fraport AG and Fraport AG is the sole recipient of the

FINANCE LEASE ASSETS

€ million	Carrying amount Jan. 1, 2011	Additions	Disposals	Depreciation	Carrying amount Dec. 31, 2011
Other intangible assets	0.6	0.0	0.0	0.4	0.2
Land, land rights and buildings, including buildings on leased property	29.9	0.0	0.0	2.5	27.4
Technical equipment and machinery	31.7	23.0	0.6	7.0	47.1
Other equipment, operating and office equipment	0.5	0.0	0.0	0.1	0.4
Total	**62.7**	**23.0**	**0.6**	**10.0**	**75.1**

€ million	Carrying amount Jan. 1, 2010	Additions	Disposals	Depreciation	Carrying amount Dec. 31, 2010
Other intangible assets	1.0	0.0	0.0	0.4	0.6
Land, land rights and buildings, including buildings on leased property	16.3	16.0	0.0	2.4	29.9
Technical equipment and machinery	22.1	16.2	0.0	6.6	31.7
Other equipment, operating and office equipment	0.6	0.0	0.0	0.1	0.5
Total	**40.0**	**32.2**	**0.0**	**9.5**	**62.7**

GRAPHIC 77

server and data storage services. During the fiscal year, both contracts were extended until 2018. Based on the new contractual agreements, the lease was revalued and the assets and finance lease liabilities were increased by € 23.0 million as a result.

Most of the remaining lease contracts relate to special vehicles. They expire at the earliest in 2016 (see note 35).

22_ Investment property

INVESTMENT PROPERTY		
€ million	Dec. 31, 2011	Dec. 31, 2010
Investment property	74.6	34.0

GRAPHIC 78

Investment property includes the following land and buildings situated in direct proximity to the airport.

BREAKDOWN OF INVESTMENT PROPERTY		
€ million	Dec. 31, 2011	Dec. 31, 2010
Parts of the Ticona site	45.7	22.6
Parts of the Taubengrund site in Kelsterbach	13.3	0.0
Parts of the Gateway Gardens site	7.2	7.2
Property in the city of Flörsheim situated in immediate initial approach area	4.2	0.0
Parts of the Mönchhof site	3.8	3.8
Other	0.4	0.4
Total	**74.6**	**34.0**

GRAPHIC 79

There were further down payments of € 43.1 million during the reporting year on the property at the Ticona site. The passing of title is planned for 2013. Around € 20.0 million was transferred to property, plant and equipment given the intended owner-occupation of the parts of the Ticona site already acquired. A 2011 external market value opinion was used as the basis of the recognized acquisition costs and transfer value.

The sum of € 15.2 million was earned from the acquisition of properties in areas of low levels of flight altitude, in Taubengrund in Kelsterbach. It is anticipated that certain plots of land already acquired and originally intended for owner-occupation will be leased in the future. As such, € 4.8 million was transferred out of property, plant and equipment. Given the inauguration of the new runway, an external market value opinion was carried out for the properties in Taubengrund. This resulted in impairments of € 6.8 million and the requirement to reverse impairments of € 0.3 million.

From the voluntary purchase program of property in the city of Flörsheim (an area in the flight zone of the Northwest Landing Runway), additions of € 4.2 million were acquired. The book value of acquired property corresponds to the market value that is calculated based on a market value model.

The lot on the Gateway Gardens site was acquired in 2009. The book value corresponds to the purchase price. Internal comparative appraisals were prepared in 2008 for most of the lots on the Mönchhof site. The resulting market values largely correspond to the book values.

Foreseeable restrictions on the salability arise principally for major parts of the investment property from the fact that these areas are located in the immediate vicinity of the Northwest Landing Runway. Parts of the Mönchhof site are also within a bird sanctuary.

Lease revenue from investment property during the fiscal year 2011 was negligible. The total costs incurred for the maintenance of investment property were not material.

23 _ Investments in associated companies

INVESTMENTS IN ASSOCIATED COMPANIES

€ million	Dec. 31, 2011	Dec. 31, 2010
Flughafen Hannover-Langenhagen GmbH	15.8	15.8
Xi'an Xianyang International Airport Co., Ltd.	107.8	63.1
ASG Airport Service Gesellschaft mbH	0.8	0.5
Thalita Trading Ltd.	11.8	16.3
Airmail Center Frankfurt GmbH (ACF)	1.8	1.4
Tradeport Hong Kong Ltd.	0.0	0.0
Total	**138.0**	**97.1**

GRAPHIC 80

The additions in the statement of changes in non-current assets include not only shareholdings acquired but also earnings of the associated companies; the disposals include dividends (this year Xi'an with € 3.1 million, ASG with € 0.5 million and ACF with € 0.3 million) and negative earnings.

For Tradeport Hong Kong Ltd., Hong Kong, the cumulative amount of unrecorded pro rata losses is € –2.9 million as of December 31, 2011 (previous year: € –3.2 million). The proportionate earnings in the reporting period total € +0.4 million (previous year: € +0.1 million).

Additional summarized financial information regarding the associated companies is found in the following table. This information refers to 100 % of the shares in associated companies.

INFORMATION REGARDING ASSOCIATED COMPANIES

€ million	Dec. 31, 2011	Dec. 31, 2010
Assets	1,341.5	965.8
Shareholders' equity	601.5	429.3
Liabilities	740.0	536.5
Total income	543.6	365.2
Result of the accounting period	41.9	24.9

GRAPHIC 81

24 _ Other financial assets

OTHER FINANCIAL ASSETS

€ million	Dec. 31, 2011	Dec. 31, 2010
Financial assets available for sale		
Securities in non-current assets	446.2	258.1
Other investments	60.3	39.9
Fair value options		
Securities	0.9	0.9
Loans		
Loans to investments	97.6	19.9
Other loans	43.6	75.8
Total	**648.6**	**394.6**

GRAPHIC 82

Financial investments in securities of € 294.2 million, which were classified as available for sale, were carried out in the year under review. Other changes resulted from reclassifications due to securities of € 84.7 million maturing in 2012 and changes from early disposals of € 12.2 million. Fair value decreases of € 8.8 million were also recorded in the year under review without affecting profit or loss. These fair value changes are not based on credit-worthiness since the issuers and / or issues ratings remained unchanged.

Investment securities include fund units that have been acquired exclusively for the insolvency protection of credits from the time-account models and partial retirement claims of employees of Fraport AG. In fiscal year 2011, fund units were increased by € 11.3 million, bringing total acquisition costs to € 58.2 million. These securities are measured at fair value and charged against the corresponding provisions in the amount of € 58.3 million (see note 39).

The charged securities include units in domestic or comparable foreign investment funds within the meaning of Section 1 and / or Section 2 (9) InvG of more than 10 %.

SHARE IN INVESTMENT FUNDS

€ million	Carrying amount / market value	Distribution for the fiscal year	Investment goals
Near money-market funds	15.9	–	Money-market oriented return
Mixed funds	10.3	0.2	Medium to long-term capital growth
Total	26.2	0.2	

GRAPHIC 83

NON-CURRENT AND CURRENT OTHER RECEIVABLES AND FINANCIAL ASSETS

€ million	Remaining term up to 1 year	Remaining term over 1 year	Total Dec. 31, 2011	Remaining term up to 1 year	Remaining term over 1 year	Total Dec. 31, 2010
Receivables from joint ventures	0.2	–	0.2	1.2	–	1.2
Receivables from associated companies	5.3	7.7	13.0	7.4	–	7.4
Receivables from other investments	3.4	–	3.4	2.1	–	2.1
Financial assets “fair value option” (promissory note)	–	–	–	20.4	–	20.4
Financial assets “available for sale”	138.2	–	138.2	47.9	–	47.9
Positive fair value of derivatives	0.9	–	0.9	–	–	0.0
Other assets	119.3	3.1	122.4	225.5	3.8	229.3
Accruals	12.9	22.7	35.6	14.7	17.1	31.8
Total	**280.2**	**33.5**	**313.7**	**319.2**	**20.9**	**340.1**

GRAPHIC 84

INCOME TAX RECEIVABLES

€ million	Remaining term up to 1 year	Remaining term over 1 year	Total Dec. 31, 2011	Remaining term up to 1 year	Remaining term over 1 year	Total Dec. 31, 2010
Income tax receivables	6.2	29.6	35.8	5.5	29.6	35.1

GRAPHIC 85

The change in other assets available for sale relates to shares in Delhi International Airport Private Ltd., New Delhi, India, which resulted in a derived price as fair value in the year under review.

Changes in other loans in the amount of € 25.0 million relate to additions resulting from financial investments in promissory notes. Maturing promissory notes in the amount of € 55.4 million were reclassified under current assets.

Increases in loans to investments mainly relate to payments in the amount of € 75.0 million to Northern Capital Gateway LLC (NCG), St. Petersburg, Russia, due to a shareholder loan (see note 44). The federal government has assumed a guarantee for direct investments abroad for this shareholder loan. Should the loan be cancelled prior to maturity, the interests of the Federal Government must be considered in order to protect the guarantee claims.

25 _ Non-current and current other receivables and financial assets

GRAPHIC 84

Accruals essentially relate to grants given for building costs. At Fraport AG, grants for building costs are mainly awarded to suppliers installing equipment to meet specialized requirements of Fraport AG. The suppliers own the equipment.

Promissory notes maturing in 2011 were reclassified from other financial assets to current assets (see note 24). The promissory note in the fair value option category last year was repaid as planned in the year under review. The valuation at fair value of the promissory notes generated profits of € 0.2 million (previous year: profits of € 1.1 million). No effects arose from changes in credit ratings as the credit ratings of the issuers and issues did not change.

The maximum credit risk for all financial instruments to which the fair value option is applied amounts to € 0.9 million on the balance sheet date (previous year: € 21.3 million).

Changes in financial assets available for sale resulted from reclassifications of some of these items from non-current to current financial investments in securities and additions to short-term financial investments amounting to € 138.2 million and disposals of securities maturing in the year under review of € 47.9 million.

Where applicable, the appropriate allowance was recognized for other receivables and financial assets as of the reporting date. There are no other material past due items.

26 _ Income tax receivables

GRAPHIC 85

The major item in income tax receivables relates to the corporation tax credit recognized in the fiscal year 2006.

On December 12, 2006, the revised Section 37 of the German Corporation Tax Act (KStG) became legally effective in connection with the amendments based upon the departmental draft of SE-Introductory Legislation (SEStEG).

According to section 37 (4) KStG (new version), the corporation tax credit of Fraport AG last had to be established on December 31, 2006. In accordance with Section 37 (5) KStG (new version), Fraport AG is entitled to a refund of its corporation tax credit in 10 equal annual installments during the payout period from 2008 to 2017. The refund claim generally accrued after the end of December 31, 2006 and is non-interest bearing. The first installment was refunded in 2008 and is payable on September 30th of each year.

The corporation tax credit totaled € 36.6 million on December 31, 2011 (previous year: € 42.9 million), discounted at an interest rate of 3.75 % due to its long-term nature. The present value of the claim to a tax refund amounts to € 29.3 million as of the balance sheet date (previous year: € 33.6 million). This refund claim is substantially an overpayment in the meaning of IAS 12.12.

27 _ Deferred tax assets

DEFERRED TAX ASSETS

€ million	Dec. 31, 2011	Dec. 31, 2010
Deferred tax assets	48.2	43.1

GRAPHIC 86

Deferred tax assets are recognized in accordance with IAS 12. Further explanations are given in the “Income taxes” section (see note 16).

28 _ Inventories

INVENTORIES

€ million	Dec. 31, 2011	Dec. 31, 2010
Land and buildings for sale	61.4	63.8
Raw materials, consumables and supplies	17.2	11.5
Work-in-process	1.9	1.7
Other	0.9	0.9
Total	**81.4**	**77.9**

GRAPHIC 87

Land and buildings in the immediate vicinity of the Frankfurt airport includes real estate held for sale, including the Gateway Garden site amounting to € 31.2 million (previous year: € 30.2 million) and the Mönchhof site amounting to € 30.2 million (previous year: € 33.6 million).

Based on the ongoing development of real estate held for sale, € 6.3 million was capitalized in the year under review. Carrying amount reductions in the amount of € 8.7 million are the result of property sale transactions. Borrowing costs totaling € 0.9 million were recognized (previous year: € 0.6 million). The applied cost of debt was between 1.9 % and 3.3 %, approximately (previous year: between 1.5 % and 2.7 %, approximately).

The net selling price of the parts of the Mönchhof site that are held for sale was calculated on the basis of an external market value opinion using the DCF method over the remaining planned selling period of 8 years, with a discount factor of 5 %, adequate for the risk and related to the term. In addition to the risks accounted for in the report, other discounts, particularly for unknown environmental and selling risks, were recognized. In relation to the acquisition of additional shares in Grundstücksgesellschaft Gateway Gardens GmbH, an expert opinion on the goodwill of the company was prepared in 2010. As the principles of valuation did not change significantly during the reporting year, the net selling price of company real estate held for sale was not separately determined on December 31, 2011. The net selling prices exceed the carrying amount. As a result, no impairment loss had to be recognized.

DEFAULT RISK ANALYSIS

€ million	Carrying amount	Thereof not overdue or impaired	Thereof in stated term overdue and not impaired		
			< 30 days	30–180 days	> 180 days
Dec. 31, 2011	**163.9**	**81.4**	**21.8**	**3.3**	**24.2**
Dec. 31, 2010	178.3	88.2	41.1	13.0	28.5

GRAPHIC 89

Additional costs incurred up to the date of sale mainly relate to expenditures for the further development of the property held for sale on the Mönchhof and the Gateway Gardens sites.

Property with a carrying amount of around € 8.6 million (previous year: around € 8.9 million) is to be sold in 2012. The sale of other land and property for sale (€ 52.8 million) should be realized in 2013 and later.

The development areas of Grundstücksgesellschaft Gateway Gardens GmbH carry mortgages.

Expenditures for the maintenance of real estate inventories during the year under review were minor. Selling costs mainly consist of personnel expenses incurred by Immobilienservice und -entwicklungs GmbH & Co. KG, Flörsheim am Main and Grundstücksgesellschaft Gateway Gardens GmbH.

Raw materials, consumables and supplies mainly relate to consumables for the airport operation.

29 _ Trade accounts receivable

TRADE ACCOUNTS RECEIVABLE

€ million	Dec. 31, 2011	Dec. 31, 2010
From third parties	163.9	178.3

GRAPHIC 88

The maximum default risk equaled the carrying amount of € 163.9 million as of the reporting date. The following table provides information on the extent of the default risk. GRAPHIC 89

As regards trade accounts receivable, which are neither impaired nor in default, there is no indication as of the reporting date that the debtors will not meet their payment obligations. There is no risk concentration of open trade accounts receivable.

Cash security in the amount of € 5.3 million (previous year: € 6.0 million) and non-cash security (mainly loan guarantees) in the nominal amount of € 18.0 million (previous year: € 14.9 million) were accepted as collateral for unsettled trade accounts receivable. The collateral received by the reporting date was neither sold nor passed on as security and will be returned to the respective debtor after termination of the business relationship. The collateral received will be used only in the event of the debtor's default.

As of the balance sheet date, trade accounts receivable of € 3.5 million were pledged as securities for financial liabilities (previous year: € 1.6 million).

Allowances for trade accounts receivable developed as follows in the fiscal year:

ALLOWANCES

€ million	2011	2010
Balance on January 1	**22.1**	**16.9**
Net allocations	9.9	5.5
Availments	–0.1	–0.3
Balance on December 31	**31.9**	**22.1**

GRAPHIC 90

Net additions include expenses from allowances amounting to € 4.6 million (previous year: € 4.6 million) recognized in other operating expenses, as well as revenue-reducing individual allowances and reversals.

30 _ Cash and cash equivalents

CASH AND CASH EQUIVALENTS

€ million	Dec. 31, 2011	Dec. 31, 2010
Cash and cash equivalents	927.1	1,812.6

GRAPHIC 91

The bank balances mainly include short-term deposits. The other credit balances are essentially overnight deposits.

Cash and cash equivalents include term money of € 680.0 million (previous year: € 1,601.1 million) with a term of more than 3 months from the time of acquisition. These funds are not subject to any significant fluctuations in value and can be realized at any time.

In connection with financing the concession in Antalya, € 114.3 million of bank balances (previous year: € 112.4 million) are subject to a drawing restriction.

31 _ Equity attributable to shareholders of Fraport AG

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF FRAPORT AG

€ million	Dec. 31, 2011	Dec. 31, 2010
Issued capital	918.8	918.4
Capital reserves	584.7	582.0
Revenue reserves	1,317.9	1,217.7
Total	**2,821.4**	**2,718.1**

GRAPHIC 92

Issued capital

Issued capital (less treasury shares) increased by € 0.4 million in the fiscal year and is fully paid up as of the balance sheet date.

This increase relates to the use of the authorized capital after the capital increase in return for the injection of cash to issue shares in connection with the employee investment plan.

Number of floating shares and treasury shares

The issued capital consists of 91,955,867 (previous year: 91,915,588) bearer shares with no par value, each of which accounts for € 10.00 of the share capital.

Floating and treasury share movements in accordance with Section 160 of the Stock Corporation Act (AktG): GRAPHIC 93

The new shares created under the employee investment plan were transferred on June 29, 2011, to employees for € 52.17 each.

Authorized capital

At the Annual General Meeting on May 27, 2009, the existing authorized capital was cancelled and a new authorized capital of € 5.5 million created. The new authorized capital entitles the Executive Board, with the approval of the Supervisory Board, to increase the company's share capital once or several times by up to € 5.5 million until May 26, 2014, by issuing new shares in return for cash.

Of this authorized capital, € 402,790.00 was used in 2011 for the issue of shares within the scope of the employee investment plan.

CHANGES IN AUTHORIZED CAPITAL

	Number of shares	Value per share in €
Authorized capital on December 31, 2010	493,141	10.0
Use of authorized capital for employee investment plan	–40,279	10.0
Remaining authorized capital on December 31, 2011	**452,862**	**10.0**

GRAPHIC 94

Therefore, € 4.5 million of authorized capital remained as of December 31, 2011, which can be used for issuing shares to employees of Fraport AG and companies controlled by the company. The subscription rights of the shareholders may be excluded.

Contingent capital

A contingent capital increase of € 13.9 million was approved under Sections 192 et seq. AktG at the Annual General Meeting held on March 14, 2001. The purpose of the contingent capital was expanded at the Annual General Meeting on June 1, 2005. The contingent capital increase also serves to fulfill subscription rights under the adopted Fraport Management Stock Options Plan 2005 (MSOP 2005). The Executive Board and Supervisory Board were authorized to issue up to 1,515,000 stock options to beneficiaries entitled to subscribe until August 31, 2009, in accordance with the conditions regulating the allocation of stock options. Some of the shares which were issued as part of performance-related remuneration to members of the Executive Board are subject to a vesting period of 12 or 24 months.

FLOATING AND TREASURY SHARE MOVEMENTS PURSUANT TO SECTION 160 AKTG

			Treasury shares		
	Subscribed capital Number	Floating shares Number	Number	Amount of capital stock in €	Share in capital stock in %
Balance on January 1, 2011	**91,915,588**	**91,838,223**	**77,365**	**773,650**	**0.0842**
Employee investment plan					
Capital increase (June 29, 2011)	40,279	40,279			
Balance on December 31, 2011	**91,955,867**	**91,878,502**	**77,365**	**773,650**	**0.0841**

			Treasury shares		
	Subscribed capital Number	Floating shares Number	Number	Amount of capital stock in €	Share in capital stock in %
Balance on January 1, 2010	**91,858,729**	**91,774,500**	**84,229**	**842,290**	**0.0917**
Employee investment plan					
Capital increase (June 29, 2010)	56,859	56,859			
Executive Board remuneration					
Transfer of shares to Board members		6,864	–6,864	–68,640	–0.0075
Balance on December 31, 2010	**91,915,588**	**91,838,223**	**77,365**	**773,650**	**0.0842**

GRAPHIC 93

Contingent capital totaled € 5.7 million as of December 31, 2011. No options were exercised in 2011 as the exercise limit was not reached.

The capital increase to satisfy subscription rights within the framework of the MSOP 2005 is only being carried out to the extent that the holders of subscription rights exercised their subscription rights granted in the MSOP 2005 on the basis of the authorization referred to above and the company satisfied the stock options without using treasury shares, the transfer of shares by a third party, or a cash payment.

A total of 2,016,150 subscription rights were issued from the MSOP 2001 and 2005 by the balance sheet date.

Capital reserve

The change in the capital reserve resulted from an increase of € 1.7 million from the excess in the issue amount (€ 42.17 per share) of new shares issued under the employee investment plan (total 40,279).

Personnel expenses in the amount of € 1.0 million (previous year: € 2.0 million) were incurred through the MSOP 2005 in the year under review. This amount was recognized in the capital reserve.

Revenue reserves

The revenue reserves consist not only of the reserves of Fraport AG (including the statutory reserves of € 36.5 million), but also the revenue reserves and retained earnings of the subsidiaries incorporated in the consolidated financial statements, as well as effects of consolidation adjustments.

Currency translation differences total € 11.5 million (previous year: € 2.5 million). This figure includes currency translation differences of € –9.2 million from accounting for the Philippine companies at equity, which are not charged to Group earnings until the companies are disposed of in accordance with IAS 21.

The derivative valuation reserve is € –115.6 million as of the balance sheet date (previous year: € –76.4 million). The reserve for the fair value measurement of available for sale financial assets totals € 37.1 million (previous year: € 32.7 million).

The Executive Board of Fraport AG is submitting a proposal to the Annual General Meeting for the distribution of € 115.4 million out of retained earnings. This equates to € 1.25 per share.

In the 2011 fiscal year, it was decided at the Annual General Meeting of June 1, 2011, to pay a dividend of € 1.25 per dividend qualified share. The distributed amount came to € 114.8 million (previous year: € 105.5 million).

32 _ Non-controlling interests

NON-CONTROLLING INTERESTS

€ million	Dec. 31, 2011	Dec. 31, 2010
Equity attributable to non-controlling interests (excluding the attributable profit for the year)	19.0	12.6
Profit for the year attributable to non-controlling interests	10.4	8.6
Total	**29.4**	**21.2**

GRAPHIC 95

The non-controlling interests include allocated equity and earnings of Fraport Twin Star Airport Management AD, FraCareServices GmbH, Fraport Peru S.A.C., FSG Flughafen-Service GmbH, FPS Frankfurt Passenger Services GmbH, Media Frankfurt GmbH and Lima Airport Partners S.R.L.

33 _ Non-current and current financial liabilities

GRAPHIC 96

There is a general interest rate risk for fixed-interest loans that are extended on expiry.

The fixed-rate loans include also those variable-interest rate loans whose interest rate was fixed by contracting an interest rate hedge.

Please refer to the presentation of the asset and financial situation in the Group management report for the composition of financial liabilities and additional explanations.

34 _ Trade accounts payable

GRAPHIC 97

35 _ Non-current and current other liabilities

GRAPHIC 98

The remaining other liabilities consist essentially of lease liabilities, wage and church tax, unpaid social security contributions, liabilities from deferred interest and liabilities to company employees.

Investment grants to the non-current assets include, in particular, grants for additional services provided by Fraport AG, which are billed to the users. Investment grants include government subsidies of € 11.0 million (previous year: € 12.8 million) and other grants of € 6.4 million (previous year: € 6.5 million). The government grants relate in particular to capital expenditures incurred for baggage controls at Frankfurt airport. Special items are released according to the useful life of the subsidized assets using linear amortization.

Deferred income is income received and relating to future accounting periods.

The following lease payments are due from the leases:
GRAPHIC 99

Discount rates, as in the previous year, are between 5.49 % and 6.1 %. The longest leases end in 2033. The lease payments disclosed are generally minimum lease payments.

36 _ Deferred tax liabilities

DEFERRED TAX LIABILITIES

€ million	Dec. 31, 2011	Dec. 31, 2010
Deferred tax liabilities	106.9	105.5

GRAPHIC 100

Deferred tax liabilities are recognized in compliance with IAS 12 using the temporary concept. Further explanations of deferred tax liabilities can be found in note 16 “Income taxes”.

37 _ Provisions for pensions and similar obligations

Reconciliation of the assets and liabilities recognized in the financial position: GRAPHIC 101

The pension obligations essentially include 18 (previous year: 18) vested pension benefits promised in individual agreements to the members of the Fraport AG Executive Board and their dependents. A total of 299 further benefits (167 of them non-vested) become payable to Senior Executives and employees not covered by collective agreements in connection with the Fraport AG company benefit plan. These pension commitments depend on years of service and salary. The present value of the non-vested benefits amounts to € 0.9 million (previous year: € 0.8 million).

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

	Remaining term		Total	Remaining term		Total
€ million	< 1 year	> 1 year	Dec. 31, 2011	< 1 year	> 1 year	Dec. 31, 2010
Financial liabilities	219.9	4,034.0	4,253.9	151.8	4,256.6	4,408.4

GRAPHIC 96

TRADE ACCOUNTS PAYABLE

	Remaining term		Total	Remaining term		Total
€ million	< 1 year	> 1 year	Dec. 31, 2011	< 1 year	> 1 year	Dec. 31, 2010
To third parties	228.9	64.9	293.8	274.6	60.0	334.6

GRAPHIC 97

NON-CURRENT AND CURRENT OTHER LIABILITIES

	Remaining term		Total	Remaining term		Total
€ million	< 1 year	> 1 year	Dec. 31, 2011	< 1 year	> 1 year	Dec. 31, 2010
Prepayment for orders	17.9	–	17.9	26.7	–	26.7
To joint ventures	5.6	–	5.6	2.2	–	2.2
To associated companies	0.2	–	0.2	1.4	–	1.4
To investments	4.3	–	4.3	0.8	–	0.8
Grants for assets	2.2	15.2	17.4	–	19.3	19.3
Other accruals	13.0	65.4	78.4	9.5	71.2	80.7
In connection with concession obligations	46.8	608.2	655.0	55.2	655.0	710.2
Negative fair value of derivative financial instruments	–	203.0	203.0	0.1	144.9	145.0
Other liabilities	97.4	109.2	206.6	84.6	58.8	143.4
Total	**187.4**	**1,001.0**	**1,188.4**	**180.5**	**949.2**	**1,129.7**

GRAPHIC 98

REMAINING TERMS OF LEASE PAYMENTS

		Remaining term		Total
€ million	< 1 year	1–5 years	> 5 years	Dec. 31, 2011
Lease payments	13.3	50.3	36.7	100.3
Discount amounts	4.3	11.7	5.9	21.9
Present value	**9.0**	**38.6**	**30.8**	**78.4**

		Remaining term		Total
€ million	< 1 year	1–5 years	> 5 years	Dec. 31, 2010
Lease payments	12.1	42.8	27.1	82.0
Discount amounts	3.5	8.4	6.4	18.3
Present value	**8.6**	**34.4**	**20.7**	**63.7**

GRAPHIC 99

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

€ million	2011	2010	2009	2008	2007
Present value of the obligation as of January 1	35.8	32.6	26.5 [1]	27.6	29.1
Interest cost	1.6	1.6	1.5	1.4	1.4
Current service cost	1.6	1.6	1.5	1.5	2.1
Past service cost	0.0	0.0	0.9	0.1	0.0
Benefits paid	–1.6	–1.6	–1.8	–1.5	–1.8
Actuarial (gain)/loss	0.2	1.6	4.0	–1.8	–3.2
Present value of the obligation as of December 31	**37.6**	**35.8**	**32.6**	**27.3**	**27.6**
Fair value of plan assets (qualifying insurance policy) as of December 31	**16.9**	**15.7**	**13.8**	**12.4**	**11.6**
Offsetting					
Reconciliation to assets and liabilities recognized in the financial position					
The following amounts were recognized in the financial position					
Present value of funded financial obligations	14.7	13.7	12.3	8.3	8.2
Fair value of plan assets	–16.9	–15.7	–13.8	–12.4	–11.6
Excess cover	**–2.2**	**–2.0**	**–1.5**	**–4.1**	**–3.4**
Present value of unfunded financial obligations	22.9	22.1	20.3	19.0	19.4
Unrecognized actuarial gains (losses)	0.0	0.0	0.0	0.0	0.0
Unrecognized past service cost	0.0	0.0	0.0	0.0	0.0
(Net) liabilities recognized in the financial position	**22.9**	**22.1**	**20.3**	**19.0**	**19.4**
Amounts recognized in the income statement					
Current service cost	1.6	1.6	1.5	1.5	2.1
Interest cost	1.6	1.6	1.5	1.4	1.4
Income expected from plan assets	–0.4	–0.4	–0.3	–0.2	–0.3
Net actuarial (gain)/loss from pension provision recognized in the current year	0.2	1.6	4.0	–1.8	–3.2
(Gain)/loss on plan assets	0.4	0.3	0.1	0.2	0.1
Past service cost	0.0	0.0	0.9	0.1	0.0
Expenses recognized in the income statement	**3.4**	**4.7**	**7.7**	**1.2**	**0.1**
Reconciliation of recognized net liabilities in the period					
Net liabilities at the beginning of the year	**22.1**	**20.3**	**18.3 [1]**	**19.4**	**20.6**
Change in excess cover	0.2	0.5	–2.7	0.7	1.3
Expenses recognized in the income statement	3.4	4.7	7.7	1.2	0.1
Benefits paid	–1.6	–1.6	–1.8	–1.5	–1.8
Asset value of insurance policy paid	–1.2	–1.8	–1.2	–0.8	–0.8
Net liabilities at the end of the year	**22.9**	**22.1**	**20.3**	**19.0**	**19.4**
Reconciliation development of plan assets					
Fair value of plan assets (qualifying insurance policy) at the beginning of the year	15.7	13.8	12.4	11.6	10.6
Income expected from plan assets	0.4	0.4	0.3	–0.2	0.3
(Gain)/loss on plan assets	–0.4	–0.3	–0.1	0.2	–0.1
Asset value of insurance policy paid	1.2	1.8	1.2	0.8	0.8
Fair value of plan assets (qualifying insurance policy) as of December 31	**16.9**	**15.7**	**13.8**	**12.4**	**11.6**

[1] The opening financial position has changed compared to the previous year as a result of the deconsolidation of Flughafen Frankfurt-Hahn GmbH

GRAPHIC 101

In 2011, reinsurance policy contributions of around € 1.2 million (previous year: € 1.8 million) were paid. Contributions of € 1.2 million are expected for 2012.

There are commitments to employee-financed pension benefits of € 3.3 million (previous year: € 2.9 million) for Senior Executives (15 vested rights, previous year: 15) of Fraport AG. The calculation is based on an actuarial opinion dated January 5, 2012.

Measurement is based on the provisions under IAS 19. The pension obligations on December 31, 2011, were calculated on the basis of actuarial opinions of January 5, 2012. The calculations are based on Professor Dr. Klaus Heubeck's fundamental biometric data (RT 2005 G).

A reinsurance policy was already obtained in 2005 to reduce actuarial risks and to protect pension obligations for the former and current members of the Executive Board against insolvency. The reinsurance benefits are recognized at the active value reported by the insurance company in the amount of € 16.9 million (previous year: € 15.7 million). A part (€ 14.7 million) of the present value of the defined benefit obligation (DBO) attributable to the members of the Executive Board has been offset against the asset of the reinsurance policy. The anticipated return on the reinsurance claims for the next fiscal year amounts to approximately 2.54 %. This amount corresponds to the current interest rate in the year under review. The actual income from plan assets amounts to € 0.5 million in the year under review (previous year: € 0.6 million).

Fraport AG has insured its employees for purposes of granting a company pension under the statutory insurance scheme based on a collective agreement (Altersvorsorge-TV-Kommunal – [ATV-K]) with the Zusatzversorgungskasse (top-up provision insurance scheme) for local authority and municipal employers in Wiesbaden (ZVK). The contributions are collected based on a pay-as-you-go model. The contribution rate of the ZVK Wiesbaden is as in the previous year at 6.2 % on compensation subject to mandatory top-up; thereof, the employer pays 5.7 %, with the contribution paid by the employee amounting to 0.5 %. In addition, a tax-free restructuring charge of 2.3 % of compensation subject to mandatory top-up is levied by the employer in accordance with Section 63 of the ZVK Bylaws (ZVKS). The restructuring charge increased by 0.9 percentage points to 2.3 % as of January 2010. An additional contribution of 9 % is paid for some employees included in the statutory social security insurance scheme (generally employees exempted from collective bargaining agreements and Senior Executives) for the consideration subject to ZVK that, according to Section 38 ATV-K, exceeds the upper limit defined in the collective agreement. Consideration subject to pay-as-you-go contributions totaled € 437.7 million in 2011 (previous year: € 430.9 million).

This plan is a multi-employer plan (IAS 19.7), since the companies involved share the risk of the investment and also the biometric risk.

The ZVK insurance policy is generally to be classified as a defined benefit plan (IAS 19.27). Since the plan is a defined benefit plan, the company has to account for its proportionate share of its benefit obligations in the total obligations and for the exact share in the total assets of ZVK under IAS 19.29.

If there is no sufficient information on the plan and a company also covers the risks of other insured companies (IAS 19.32b), the plan is accounted for as if it were a defined contribution plan.

For this reason, Fraport AG treated this plan as a defined contribution plan.

In the fiscal year, € 25.1 million (previous year: € 22.7 million) were recorded as contributions to defined contribution plans.

Furthermore, in accordance with German statutory provisions, contributions are also made to state-administered pension funds. The current contributions are shown as expenses for the respective year (IAS 19.46). Employer contributions made by the Fraport Group to state-administered pension funds totaled € 70.0 million (previous year: € 68.4 million).

NON-CURRENT AND CURRENT INCOME TAX PROVISIONS						
€ million	< 1 year	> 1 year	Dec. 31, 2011	< 1 year	> 1 year	Dec. 31, 2010
Income tax provisions	2.4	68.1	70.5	12.9	68.0	80.9

— GRAPHIC 102

PERSONNEL-RELATED PROVISIONS					
€ million	Jan. 1, 2011	Use	Release	Addition	Dec. 31, 2011
Personnel	**123.3**	**–53.8**	**–11.7**	**39.6**	**97.4**
thereof non-current	48.4				35.5
thereof current	74.9				61.9

— GRAPHIC 103

OTHER PROVISIONS						
€ million	Jan. 1, 2011	Use	Release	Addition	Interest effect	Dec. 31, 2011
Environment	37.9	–6.6	0.0	1.5	0.5	33.3
Others	188.8	–26.1	–6.7	145.7	4.8	306.5
Total	**226.7**	**–32.7**	**–6.7**	**147.2**	**5.3**	**339.8**
thereof non-current	98.6					179.3
thereof current	128.1					160.5

— GRAPHIC 104

38 _ Non-current and current income tax provisions

— GRAPHIC 102

Tax provisions amounting to € 70.5 million were accrued for unassessed corporation tax and trade tax, as well as for tax audit risks.

39 _ Non-current and current other provisions

The movements in the non-current and current provisions are shown in the following tables. — GRAPHIC 103,104

A large part of the personnel-related provisions were recognized for partial retirement obligations, collectively agreed performance pay schemes (former LEA), other incentive systems for the employees of Fraport AG, overtime credits, vacation not yet taken and expected severance payments.

The environmental provisions have been formed essentially for probable restoration costs for the elimination of groundwater contamination on the Frankfurt airport site, as well as for environmental pollution in the southern section of the airport.

Given the obligation to implement passive noise abatement measures at Frankfurt airport, provisions of € 86.1 million were set aside in 2011. Of that, expenses linked to the expansion program of € 78.0 million were capitalized as production costs for the Northwest Landing Runway. The remaining € 8.1 million was recorded as expenses independent of the expansion projects of the existing airport.

The provisions made last year for the purchase and compensation program for residences in areas with low levels of flight altitude (Fraport Casa) were increased in 2011 by € 14.4 million.

Clearing of land in the south of the Frankfurt airport and in the area of the Northwest Landing Runway required for the expansion was completed in 2009. This results in an obligation for Fraport AG to implement ecological compensating measures. These are included in the amount of € 56.7 million (previous year: € 52.6 million).

As in the previous year, other provisions were mainly established for rebates and refunds, legal disputes and damage claims.

FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2011

		Measured at historical costs		Measured at fair value				Dec. 31, 2011
				Recognized in income				
Measurement category according to IAS 39	Nominal volume	Loans and receivables		Fair value option	Held for trading	Available for sale	Hedging derivative	Total fair value
€ million	Liquid funds	Carrying amount	Fair value	Carrying amount [1]	Carrying amount [1]	Carrying amount [1]	Carrying amount [1]	
Assets								
Cash and cash equivalents	927.1							927.1
Trade accounts receivable		163.9	163.9					163.9
Other financial receivables and assets		97.8	97.8			138.2		236.0
Other financial assets								
Securities				0.9		446.2		447.1
Other investments						60.3		60.3
Loans to investments		97.6	97.6					97.6
Other loans		43.6	43.6					43.6
Derivative financial assets								
Hedging derivatives							0.9	0.9
Other derivatives								0.0
Total assets	**927.1**	**402.9**	**402.9**	**0.9**	**0.0**	**644.7**	**0.9**	**1,976.5**

	Other financial liabilities		Fair value option	Held for trading	IAS 17 liability		Hedging derivative	Total fair value
	Carrying amount	Fair value	Carrying amount [1]	Carrying amount [1]	Carrying amount	Fair value	Carrying amount [1]	
Liabilities								
Trade accounts payable	293.8	295.9						295.9
Other financial liabilities	750.9	734.4						734.4
Financial liabilities	4,253.9	4,201.8						4,201.8
Liabilities from finance leases					78.4	83.8		83.8
Derivative financial liabilities								
Hedging derivatives							167.8	167.8
Other derivatives				35.2				35.2
Total liabilities	**5,298.6**	**5,232.1**		**35.2**	**78.4**	**83.8**	**167.8**	**5,518.9**

[1] The carrying amount equals the fair value of the financial instruments

GRAPHIC 105

40 _ Financial instruments

Disclosures on carrying amounts and fair values

The following tables present the carrying amounts and fair values of the financial instruments as of December 31, 2011 and 2010, respectively.: GRAPHIC 105,106

Given the short maturities for cash, trade accounts receivables and other financial receivables and assets, the carrying amounts as of the reporting date are a reasonable approximation of fair value.

The measurement of unlisted securities is based on market data applicable on the measurement date using reliable and specialized sources and data providers. The values are determined using established valuation techniques.

The derivative financial instruments mainly relate to interest rate hedging transactions. The fair values of these financial instruments are determined on the basis of discounted, future anticipated cash flows, using market interest rates corresponding to the terms to maturity.

FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2010

		Measured at historical costs		Measured at fair value				Dec. 31, 2010
				Recognized in income				
Measurement category according to IAS 39	Nominal volume	Loans and receivables		Fair value option	Held for trading	Available for sale	Hedging derivative	Total fair value
€ million	Liquid funds	Carrying amount	Fair value	Carrying amount [1]	Carrying amount [1]	Carrying amount [1]	Carrying amount [1]	
Assets								
Cash and cash equivalents	1,812.6							1,812.6
Trade accounts receivable		178.3	178.3					178.3
Other financial receivables and assets		207.8	207.8	20.4		47.9		255.7
Other financial assets								
Securities				0.9		258.1		259.0
Other investments						39.9		39.9
Loans to investments		19.9	19.9					19.9
Other loans		75.8	75.8					75.8
Derivative financial assets								
Hedging derivatives							0.8	0.8
Other derivatives								0.0
Total assets	**1,812.6**	**481.8**	**481.8**	**21.3**	**0.0**	**345.9**	**0.8**	**2,642.0**

	Other financial liabilities		Fair value option	Held for trading	IAS 17 liability		Hedging derivative	Total fair value
	Carrying amount	Fair value	Carrying amount [1]	Carrying amount [1]	Carrying amount	Fair value	Carrying amount [1]	
Liabilities								
Trade accounts payable	334.6	336.3						336.3
Other financial liabilities	746.0	754.3						754.3
Financial liabilities	4,408.4	4,310.2						4,310.2
Liabilities from finance leases					63.7	68.4		68.4
Derivative financial liabilities								
Hedging derivatives							122.4	122.4
Other derivatives				22.6				22.6
Total liabilities	**5,489.0**	**5,400.8**		**22.6**	**63.7**	**68.4**	**122.4**	**5,614.2**

[1] The carrying amount equals the fair value of the financial instruments

GRAPHIC 106

In order to determine the fair value of financial liabilities, the future expected cash flows are determined and discounted based on the yield curve on the reporting date. The market risk premium for the term and respective borrower on the reporting date is added to the cash flows.

The fair values of listed securities are identical to the stock market prices on the reporting date.

There is no price quotation or market price for shares in partnerships and other unlisted investments, as there is no active market for them. The carrying amount is assumed to equal the fair value, since the fair value cannot be determined reliably. These assets are not intended for sale as of the balance sheet date.

The carrying amounts of other loans and loans to investments correspond to the respective fair values. Some of the other loans are subject to a market interest rate and their carrying amounts therefore represent a reliable measurement for their fair values. Another part of the other loans is reported at present value on the balance sheet date. Here, it is also assumed that the present value corresponds to the fair value. The remaining loans are promissory notes at fixed interest rates with a remaining term of less than 3 years added during the year under review. As the

MEASUREMENT CATEGORIES ACCORDING TO IFRS 7.27A 2011

		Level 1	Level 2	Level 3
€ million	Dec. 31, 2011	Quoted price	Derived price	Prices that are not derivable
Assets				
Other financial receivables and financial assets				
Available for sale	138.2	138.2	0.0	0.0
Fair value option	0.0	0.0	0.0	0.0
Other financial assets				
Securities available for sale	446.2	446.2	0.0	0.0
Securities fair value option	0.9	0.0	0.9	0.0
Other investments	60.0	0.0	60.0	0.0
Derivative financial assets				
Derivatives without hedging	0.0	0.0	0.0	0.0
Derivatives with hedging	0.9	0.0	0.9	0.0
Total assets	**646.2**	**584.4**	**61.8**	**0.0**
Liabilities and equity				
Derivative financial liabilities				
Derivatives without hedging	35.2	0.0	35.2	0.0
Derivatives with hedging	167.8	0.0	167.8	0.0
Total liabilities and equity	**203.0**	**0.0**	**203.0**	**0.0**

GRAPHIC 107

market interest rate has only changed insignificantly since their addition of the promissory notes and no information is available on the risk premiums of their issuers due to the lack of an active market, their carrying amounts were used as the most reliable measurement for their fair values. Fraport AG did not intend selling these promissory notes as of the balance sheet date.

Non-current trade accounts payable are recognized at their present value. Interest rates with similar terms on the date of addition are used as a basis for discounting future cash outflows. To determine fair value, the respective cash outflows are discounted at interest rates with similar terms on the reporting date. The carrying amounts of current trade accounts payable correspond to the fair value.

The financial instruments recognized at fair value in the financial position belong to the following input levels of the hierarchy within the meaning of IFRS 7.27A: GRAPHIC 107

As of December 31, 2010 the financial instruments recognized at fair value in the financial position belong to the following input levels of the hierarchy within the meaning of IFRS 7.27A: GRAPHIC 108

MEASUREMENT CATEGORIES ACCORDING TO IFRS 7.27A 2010

€ million	Dec. 31, 2010	Level 1 Quoted price	Level 2 Derived price	Level 3 Prices that are not derivable
Assets				
Other financial receivables and financial assets				
Available for sale	47.9	47.9	0.0	0.0
Fair value options	20.4	0.0	20.4	0.0
Other financial assets				
Securities available for sale	258.1	258.1	0.0	0.0
Securities fair value option	0.9	0.0	0.9	0.0
Other investments	0.0	0.0	0.0	0.0
Derivative financial assets				
Derivatives without hedging	0.0	0.0	0.0	0.0
Derivatives with hedging	0.8	0.0	0.8	0.0
Total assets	**328.1**	**306.0**	**22.1**	**0.0**
Liabilities and equity				
Derivative financial liabilities				
Derivatives without hedging	22.6	0.0	22.6	0.0
Derivatives with hedging	122.4	0.0	122.4	0.0
Total liabilities and equity	**145.0**	**0.0**	**145.0**	**0.0**

GRAPHIC 108

Net gains and losses of the measurement categories

NET GAINS AND LOSSES OF THE MEASUREMENT CATEGORIES

€ million	2011	2010
Financial assets		
Loans and receivables	–6.0	–3.9
Fair value option	0.1	1.3
Held for trading	0.0	0.0
Available for sale	–7.6	27.0
Financial liabilities		
At amortised cost	–3.1	–8.7
Held for trading	–12.6	–13.8

GRAPHIC 109

Net gains and losses consist of changes in fair value, impairment losses and reversals recognized through profit or loss, foreign currency changes and gains and losses on disposals.

Interest and dividend income to which the fair value option applies, or which are available for sale, are also included in the computation of net gains and losses. Interest and dividend income of the other categories are not included in the net gains and losses disclosed. These are included in interest income and expenses.

Gains from the valuation at fair value of financial instruments in the “available for sale” category in the amount of € 10.6 million (previous year: € 26.8 million) were recorded directly in equity without affecting profit or loss during the year under review.

In addition to the recognized fair value changes, losses on financial liabilities in the “held for trading” category also include the fair values of 2 interest rate swaps for which in the course of the fiscal year there were no hedged items.

Derivative financial instruments

With regard to its financial position accounts and planned transactions, Fraport is, in particular, subject to interest rate and currency exchange risks as well as raw materials prices. Fraport covers interest and foreign exchange rate risks by establishing naturally hedged positions, in which the values or cash flows of primary financial instruments offset each other in their timing and amount and / or by using derivative financial instruments to hedge the business transactions. Derivatives are not used for trading or speculative purposes.

Interest rate risks arise in particular from the capital requirements for capacity expansion and from existing variable-interest rate financial liabilities and assets. As part of the interest rate risk man-

DERIVATIVE FINANCIAL INSTRUMENTS

€ million	Nominal volume Dec. 31, 2011	Nominal volume Dec. 31, 2010	Fair value Dec. 31, 2011	Fair value Dec. 31, 2010	Credit risk Dec. 31, 2011	Credit risk Dec. 31, 2010
Interest rate swaps	1,463.1	1,475.2	–202.5	–144.4	0.0	0.0
Interest rate / currency swap	15.5	15.0	0.4	–0.1	0.0	0.0
Diesel fuel swaps	3,600 mt [1]	12,000 mt [1]	0.9	0.7	0.9	0.8
Currency forwards	2.1	34.2	–0.1	–0.4	0.0	0.0

[1] 12,000 mt equal 14.2 million liters

GRAPHIC 110

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ million	Other assets Dec. 31, 2011	Other assets Dec. 31, 2010	Other liabilities Dec. 31, 2011	Other liabilities Dec. 31, 2010
Interest rate swaps – cash flow hedges	0.0	0.0	167.3	121.8
Interest rate swaps – trading	0.0	0.0	35.2	22.6
Interest rate / currency swap	0.0	0.0	0.4	0.1
Diesel fuel swaps	0.9	0.8	0.0	0.1
Currency forwards – cash flow hedges	0.0	0.0	0.1	0.4

GRAPHIC 111

agement policy, interest rate derivatives were concluded in order to limit the interest rate risk arising from financial instruments with variable interest rates and assure planning security.

Within the Fraport Group, foreign currency risks mainly arise from sales in foreign currencies, which are not covered by expenses in matching currencies. This results in a cash flow risk between foreign currency revenues and the functional currency. Fraport hedges such risks by entering into currency forward contracts.

Raw material price risks in the Fraport Group mainly arise from the business operations of Ground Handling at the Frankfurt site. Price fluctuations, especially for diesel fuel, cannot be passed on to customers in terms of a naturally integrated position. This results in a cash flow risk that is hedged by concluding diesel fuel swaps for planned future diesel fuel purchases.

The Group holds 50 interest rate swaps and one interest rate / currency swap as of the reporting date. Furthermore, options were sold on 5 interest rate swaps in order to optimize financing costs. The value of the options is taken into account in the fair value of the interest rate swaps. There are also 6 forward currency contracts and 3 diesel fuel swaps. GRAPHIC 110

A credit risk (counterparty risk) arises from positive fair values of derivative transactions that have been concluded. The total of all the positive fair values of the derivatives corresponds to the maximum default risk of these business transactions. In accordance with financial risk guidelines, derivative contracts are only concluded with counterparties that have an investment grade sector credit rating in order to minimize the default and credit risks.

The fair values of the derivative financial instruments are recognized as follows in the financial position: GRAPHIC 111

43 of the interest rate swaps are already assigned to existing variable-interest-bearing liabilities. One interest rate / currency swap is assigned to a variable-interest-bearing asset denominated in a foreign currency in order to limit both the resulting interest rate and exchange rate risks.

A total of 43 interest rate swaps, the interest rate / currency swap, the currency forward contracts and the diesel fuel swaps are accounted for as cash flow hedges according to IAS 39. Changes in the fair values of these instruments are recorded in an equity sub-account without affecting profit or loss. The effectiveness of these cash flow hedges has been verified and is confirmed and documented at regular intervals. 7 interest rate swaps are classified as “held for trading.” All gains or losses resulting from this classification are recognized through profit or loss.

The payments under the cash flow hedges become due in the following years. This is also the time when the respective hedged item affects profit or loss.

INTEREST RATE SWAPS

Beginning of term	End of term	Nominal volume in € million	Fair value in € million
2005	2014	60.0	–3.0
2006	2016	70.0	–7.9
2007	2017	60.0	–8.5
2007	2019	203.1	–27.8
2008	2018	115.0	–16.4
2009	2015	45.0	–4.7
2009	2016	100.0	–11.3
2009	2017	25.0	–3.6
2009	2019	220.0	–36.4
2010	2013	15.5	–0.4
2010	2015	85.0	–9.3
2010	2017	100.0	–15.0
2010	2020	85.0	–16.4
2011	2015	70.0	–6.6
Total		**1,253.6**	**–167.3**

GRAPHIC 112

CURRENCY FORWARDS

Maturing date	Nominal volume in € million	Fair value in € million
2012	2.1	–0.1

GRAPHIC 113

DIESEL FUEL SWAPS

Hedging year	Hedging volume in mt	Fair value in € million
2012	3,600	0.9

GRAPHIC 114

Unrealized losses of € 45.1 million were recognized in equity from the change in fair value in the fiscal year (previous year: losses of € 18.7 million). Losses of € 25.6 million (previous year: losses of € 35.3 million) were transferred from equity to the financial result and gains of € 0.7 million (previous year: losses of € 0.5 million) to the operating result. In addition, the ineffectiveness of the interest rate swaps amounting to € 0.1 million was recognized through profit and loss (previous year: losses of € 0.4 million).

NOTES TO THE SEGMENT REPORTING

41 _ Notes to the segment reporting

Segment reporting in the Fraport Group according to IFRS 8 is based on internal reporting to the Executive Board.

The strategic business units of Fraport AG in Frankfurt are clearly assigned to the Aviation, Retail & Real Estate and Ground Handling segments. In addition, these segments include investments integrated in the business processes at the Frankfurt site.

The strategic business unit Traffic and Terminal Management in Frankfurt and the airport expansion are allocated to the Aviation segment. The Aviation segment also encompasses the strategic business unit Airport Security Management, combining airport and aviation security at Frankfurt.

The Retail & Real Estate segment consists of the strategic business unit Retail and Properties, comprising our retailing activities, parking facility management and the rental and marketing of real estate at the Frankfurt site.

The Ground Handling segment combines the strategic business unit Ground Services and the investments involved in these operations at the Frankfurt site.

The External Activities & Services segment encompasses the internal service units Facility Management, as well as the Information and Telecommunication services and their subsidiaries. Investments that are not integrated in the processes at the Frankfurt site and investments that carry out their business operations outside of Frankfurt are also allocated to the External Activities & Services segment. Since January 1, 2011, this segment has also included the newly created service unit "Corporate Infrastructure Management".

Corporate data at Fraport AG are divided into market-oriented business and service units on the one hand and into central units on the other hand. All the business and service units are allocated clearly to one segment each. An appropriate key is used for the central units.

The data about the investments that are not integrated in the processes at the Frankfurt site and investments that carry out their business operations outside Frankfurt are allocated to the External Activities & Services segment during the reporting process.

The investments that are integrated in the processes at the Frankfurt site are allocated to the relevant segment according to their business operations.

Inter-segment income is generated essentially by the inter-company allocation of rent for land, buildings and space, as well as maintenance services and energy services by Fraport AG. The corresponding segment assets are allocated to the Retail & Real Estate segment. The relevant units are charged on the basis of the costs incurred, including imputed interest.

Inter-segment income also reflects income that has been generated between the companies included from different segments.

Goodwill from acquisition accounting and the appropriate impairment losses, where applicable, have been allocated clearly to the segments according to the segment structure.

The reconciliation of segment assets / segment liabilities column includes the income tax assets / liabilities (including the deferred tax assets / liabilities) of the Group.

Allocation in the additional disclosures “Information on geographical areas” is according to the current main areas of operation: Germany, rest of Europe, Asia and rest of the world. The figures shown under Asia relate mainly to Turkey and the People’s Republic of China. The figures shown under rest of the world relate essentially to the USA and Peru.

Depreciation charges for the assets segment included impairments in line with IAS 36 on property, plant and equipment and investment property of € 12.8 million. Impairments accounted for € 6.7 million in the Aviation segment and € 6.1 million in the Retail & Real Estate segment. No impairments were recorded in the previous year.

Segment assets of the Retail & Real Estate segment include real estate inventories of € 61.4 million (previous year: € 63.8 million).

In fiscal year 2011, Fraport AG received revenue of € 823.5 million in all 4 segments from one customer (previous year: € 671.8 million). Further explanations about segment reporting can be found in the management report.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

42 _ Notes to the consolidated statement of cash flows

Cash flow from operating activities

Cash flow from operating activities of € 618.8 million (previous year: € 567.5 million) is the balance of cash inflows of € 785.6 million (previous year: € 738.1 million) from operational activities. They are balanced with cash outflows of € 74.1 million (previous year: € 101.5 million) from financing activities and € 92.7 million (previous year: € 69.1 million) relating to income tax.

Cash flow used in investing activities

Material capital expenditures on property, plant and equipment were once again made within the scope of the airport expansion program and the extension projects at Frankfurt airport.

Disposals of non-current and current financial assets, investment of proceeds in new financial assets and changes to cash and cash equivalents with a term to maturity of more than 3 months resulted in net cash flow used in investing activities of € 309.8 million, which was considerably lower than the previous year (€ 481.9 million).

The sale of consolidated subsidiaries relates to the sale of the whole of Fraport Ground Services Austria GmbH, Schwechat / Austria (see note 2). The acquisition of consolidated joint ventures in 2010 pertains to the purchase of further shares in Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main.

INFORMATION ON THE SALE OF SUBSIDIARIES	
€ million	
Cash and cash equivalents	1.8
Non-current assets	2.1
Current assets	1.9
Non-current liabilities	– 0.4
Current liabilities	– 3.0
Profit from sale	2.6
Selling price (settled fully with cash and cash equivalents)	**5.0**
Less sold cash and cash equivalents	– 1.8
Cash flow from the sale of subsidiaries	**3.2**

GRAPHIC 115

Cash flow used in financing activities

Cash flow used in financing activities of € 274.6 million mainly resulted from the repayment of long-term financial liabilities, including among others the early partial repayment of a promissory note loan tranche.

RECONCILIATION OF CASH AND CASH EQUIVALENTS		
€ million	Dec. 31, 2011	Dec. 31, 2010
Cash and cash equivalents according to cash flow statement	132.8	99.1
Time deposits	680.0	1,601.1
Restricted cash	114.3	112.4
Cash and cash equivalents according to the financial position	**927.1**	**1,812.6**

GRAPHIC 116

OTHER INFORMATION

43 _ Contingent liabilities

CONTINGENT LIABILITIES		
€ million	Dec. 31, 2011	Dec. 31, 2010
Guarantees	4.6	4.7
Warranty contracts	200.9	206.0
thereof performance guarantees	128.5	160.4
Others	23.8	51.6
Total	**229.3**	**262.3**

GRAPHIC 117

The performance guarantees include a joint and several liability to the Hong Kong Airport Authority in connection with the Tradeport Hong Kong Ltd. investment project amounting to € 4.0 million (US $ 5.2 million). Previous year: € 29.9 million / US $ 40.0 million.

A performance guarantee was signed between GMR Holdings Private Ltd., Fraport AG and ICICI Bank Ltd. in the amount of € 43.7 million (INR 3,000 million) to modernize, expand and operate the Delhi Airport excluding a recourse to Fraport AG. If, however, the party to the contract GMR Holdings Private Ltd. fails to perform under the contract, liability of Fraport AG may not be excluded – given the fact that Fraport AG is party to the contract. Additional guarantees provided to Delhi International Airport Private Ltd. in the amount of € 28.2 million (INR 1.7 billion) are no longer existent.

In the context of operating the airports in Varna and Burgas, Fraport AG guaranteed contractual performance of its subsidiary Fraport Twin Star Airport Management AD, established in 2006, over the amount of € 9.0 million.

The existing contract performance guarantee related to the concession agreement for the operation of the airport in Lima, Peru, amounts to € 8.9 million (US $ 11.5 million) on the balance sheet date.

In connection with the terminal operation at Antalya Airport, Fraport AG assumed a contract performance guarantee of € 35.6 million for the Antalya operating company investment.

The other warranties mainly include guarantees assumed by Fraport AG in connection with the contractual financing arrangements signed by the Antalya operating company. Thus, contingent liabilities arose for the Fraport Group in the amount of € 29.5 million.

Fraport AG is held liable in the amount of € 13.5 million for rentals payable by Lufthansa Cargo Aktiengesellschaft to Tectum 26. Vermögensverwaltungs GmbH, if Lufthansa Cargo Aktiengesellschaft exercises an extraordinary right to terminate the contract.

44 _ Other financial commitments

ORDER COMMITMENTS

€ million	Dec. 31, 2011	Dec. 31, 2010
Orders for capital expenditure in property, plant and equipment, intangible assets and investment property / others	640.0	773.9
Orders for energy supply	79.8	89.7
Total	**719.8**	**863.6**

GRAPHIC 118

OPERATING LEASES

€ million	Dec. 31, 2011	Dec. 31, 2010
Rental and leasing contracts		
up to 1 year	14.5	13.9
1 to 5 years	11.9	12.4
more than 5 years	26.7	27.2
Total	**53.1**	**53.5**

GRAPHIC 119

In view of their substance, the leases qualify as operating leases; i. e., the leased asset is attributable to the lessor.

In addition, the rental agreements and leases relate to building rental agreements and the lease of equipment. The equipment leases generally end in 2012. The building rental agreements can be terminated at short notice.

Other commitments

Revenue-related concession charges and additional obligations for capital expenditures of unspecified amounts on airport infrastructure have been stipulated based on the existing concession agreements related to the operation of the airports in Varna and Burgas (term until 2041) and Lima, Peru (minimum term until 2031) (see note 49).

There are additional financial obligations as of the balance sheet date in the amount of € 229.3 million (previous year: € 265.9 million). These mainly consist of a loan commitment to Northern Capital Gateway LCC to finance the development and modernization of Pulkovo Airport in St. Petersburg in the amount of € 74.9 million. Further capital contribution obligations to finance capital expenditures at the Delhi Indira Gandhi International Airport in India were reduced by € 16.1 million (INR 962 million) to € 21.9 million (INR 1.5 billion). The obligation arising from a long-term heat supply contract constitutes another significant component.

45 _ Stock options

Fraport Management Stock Options Plan 2005

In order to meet the requirements for variable remuneration paid to managers, the Supervisory Board and the Executive Board resolved during fiscal year 2005 to submit a proposal to the Annual General Meeting of Fraport AG for a new Fraport Management Stock Options Plan 2005 (MSOP 2005) with modified option conditions.

On June 1, 2005, the Annual General Meeting of Fraport AG passed a resolution to adopt the main points of the MSOP 2005 proposal and the necessary capital measures to implement the plan. On the whole, it was possible to issue a total volume not exceeding 1,515,000 stock options to all entitled employees up until August 31, 2009, within the scope of the Fraport MSOP 2005.

The stock options could be granted to beneficiaries once a year in up to 5 annual tranches. The prerequisite for participation in the MSOP 2005 was the direct investment in shares by employees entitled to participate (blocked deposit).

In accordance with the before-mentioned resolution, the subscription rights can be satisfied either with shares issued on the basis of restricted authorized capital or with treasury shares, or by cash settlement.

The subscription rights for the MSOP 2005 can only be exercised after a vesting period of 3 years within a further period of 2 years.

The stock options under the MSOP 2005 can only be exercised if the closing price of the Fraport share on the trading day that immediately precedes the day of exercise (“measurement day”) exceeds the original exercise price by at least 20 %.

In contrast to the previous plan, the new plan not only includes an absolute exercise limit, but also a limit linked to the relative exercise that is linked to the performance of a specific stock basket. The resulting profit attributable to the beneficiary arising from the exercise of stock options is also limited. Thus, 150% of the original exercise price for each stock option must not be exceeded.

The conditions to exercise the 1st tranche of the MSOP 2005 were first met in the 2008 fiscal year, when 44,700 options were drawn. In fiscal year 2010, 132,700 options expired because the exercise limit was not reached; while 20,900 options expired during the exercise period due to the termination of employment.

The vesting period for the 2nd tranche of the MSOP 2005 ended on April 18, 2009. However, the requirements for exercising this tranche were not met, also as a result of the exercise limit. Therefore, 148,300 options expired in fiscal year 2011. Another 68,100 options expired in the exercise period due to the termination of employment.

The vesting period for the 3rd tranche of the MSOP 2005 ended on April 17, 2010. However, as with the 2nd tranche, the requirements for exercising this tranche were not met, also as a result of the exercise limit. As a total of 32,800 options have already expired as a result of the termination of employment, only 187,150 options – or around 85.1% of the originally issued options – remain.

The vesting period for the 4th tranche of the MSOP 2005, ended on June 3, 2011. Likewise, the requirements for exercising this tranche were not met this time, also as a result of the exercise limit. As a total of 43,300 options have already expired as a result of the termination of employment, only 206,650 options – or around 82.7% of the originally issued options – remain.

As the authorization to issue subscription rights expired in 2009, no further share options were issued in 2010 and 2011.

For more information on contingent capital, see note 31.

Development of subscription rights issued: GRAPHIC 120

Since the exercise period of the 2nd tranche of the MSOP 2005 ended in 2011, the remaining 148,300 subscription rights that have not been exercised have expired. Thereof, 30,000 relate to the Executive Board, 100,450 to Senior Managers and 17,850 subscription rights to Directors of affiliated companies.

In regards to the outstanding options, the exercise requirements are not met for any of the options by the end of the reporting period. If the absolute exercise limit had been reached, it would have been possible to exercise 187,150 options in the 3rd tranche of the MSOP 2005 and 206,650 options in the

DEVELOPMENT OF THE SUBSCRIPTION RIGHTS ISSUED

	Total	Weighted average of exercise price in €	Thereof to Executive Board members	Thereof to Directors of affiliated companies	Thereof to Senior Managers of Fraport AG
Rights issued on January 1, 2011	**775,600**	**45.90**	**178,000**	**111,650**	**485,950**
Expired in 2011	–148,300	81.50	–30,000	–17,850	–100,450
Rights issued on December 31, 2011	**627,300**	**29.00**	**148,000**	**93,800**	**385,500**

GRAPHIC 120

KEY DATA FOR THE MSOP TRANCHES

	Grant date	End of vesting period	End of exercise period	Exercise threshold in €	Exercise price in €	Fair value[2] in €
Tranche 2005	June 6, 2005	June 6, 2008	March 25, 2010	39.49	32.91[1]	10.96
Tranche 2006	April 18, 2006	April 18, 2009	March 26, 2011	75.60	63.00[1]	19.27
Tranche 2007	April 17, 2007	April 17, 2010	March 24, 2012	66.12	55.10[1]	18.42
Tranche 2008	June 3, 2008	June 3, 2011	June 3, 2013	54.30	45.25[1]	13.40
Tranche 2009	April 10, 2009	April 10, 2012	March 28, 2014	30.20	25.17[1]	8.55

[1] Original exercise price at the grant date, subject to an adjustment by the relative performance goal
[2] At the grant date

GRAPHIC 121

4th tranche of the MSOP 2005. The weighted average share price for the fiscal year was € 49.15 (previous year: € 40.45). The key data for the MSOP tranches issued in the years 2005 to 2009 are shown in the table below: GRAPHIC 121

Personnel expenses in the amount of € 1.0 million (previous year: € 2.0 million) were incurred through the MSOP 2005 in the year under review. This amount was recognized in the capital reserve.

The recognition of the stock options through profit or loss is based on the fair value of each option of a tranche. A Monte-Carlo simulation is used to determine fair value. In the process, the log-normal distributed processes of the Fraport share price and the MSOP basket price are simulated to mirror the respective performance goals of the Fraport share and the comparative index and the increase in the closing price of the Fraport share by at least 20 % vs. the original exercise price.

The computation of whether the Fraport share outperforms or underperforms the index is made on the basis of a total shareholder return; i.e., on the basis of the respective share performance, taking into account cash dividends, subscription rights, capital adjustments and other exceptional rights. In addition, the Monte-Carlo simulation allows for an early exercise, taking into account blocked periods and the early exercise procedure for those entitled.

The fair value of all options to be measured in fiscal year 2011 was computed on the following basis.

Interest rate

The basis of the computations on the measurement date was a continuous zero interest rate. The interest rates were computed from the interest rate structures of government bonds maturing between 1 and 10 years.

Dividends

Discrete dividends are used in the Monte-Carlo simulation. The computation basis for future dividend payments are public estimates made by 10 banks. The arithmetic mean of these estimates is taken to determine the dividends.

Volatilities and correlation

To ensure an objective procedure, historic data is used to measure volatilities and correlations. They are determined on the basis of daily XETRA closing rates of the Fraport share and the daily rates of the MSOP basket index. The price history of the index was computed using the current weighting of the index per grant date and taking into consideration the historical closing rates of the index components.

The time frame for determining volatilities and correlations is the remaining maturity of the options.

The fair values at the time of issue are as follows:

FAIR VALUE OF THE MSOP TRANCHES

	Grant date	Fair value in €	Closing price in €
Tranche 2005	June 6, 2005	10.96	33.00
Tranche 2006	April 18, 2006	19.27	58.15
Tranche 2007	April 17, 2007	18.42	55.92
Tranche 2008	June 3,2008	13.40	43.40
Tranche 2009	April 10, 2009	8.55	27.93

GRAPHIC 122

The following volatilities and correlations were used for the computation as of the respective issue date: GRAPHIC 123

The computation for measuring the 1st tranche of the MSOP 2005 was made using a continuous zero interest rate of 2.57 % as of the issue date. Dividends were estimated to be € 0.86 in 2006 and € 0.94 in 2007.

The computation for measuring the 2nd tranche of the MSOP 2005 was made using a continuous zero interest rate of 3.65 % as of the issue date. Dividend estimates were € 1.00 for 2007 and € 1.10 for 2008.

The computation for measuring the 3rd tranche of the MSOP 2005 was made using a continuous zero interest rate of 4.06 % as of the issue date. Dividend estimates were € 1.16 for 2008 and € 1.17 for 2009.

The computation for measuring the 4th tranche of the MSOP 2005 was made using a continuous zero interest rate of 4.25 % as of the issue date. Dividend estimates were € 1.14 for 2009 and € 1.15 for 2010.

The computation for measuring the 5th tranche of the MSOP 2005 was made using a continuous zero interest rate of 2.51 % as of the issue date. Dividend estimates were € 1.15 for 2010 and € 1.18 for 2011.

VOLATILITIES AND CORRELATIONS

	Grant date	Volatility Fraport	Volatility MSOP basket	Correlation Fraport / MSOP basket
Tranche 2005	June 6, 2005	34.04 %	22.55 %	0.2880
Tranche 2006	April 18, 2006	32.34 %	20.78 %	0.2925
Tranche 2007	April 17, 2007	29.69 %	21.18 %	0.3095
Tranche 2008	June 3, 2008	27.69 %	15.03 %	0.4215
Tranche 2009	April 10, 2009	33.75 %	20.38 %	0.5382

GRAPHIC 123

An annual increase of € 0.01 is expected for the next years to come.

46 _ Long-Term Incentive Program (LTIP)

The LTIP for the Executive Board and Senior Managers was introduced effective January 1, 2010, to replace the previous MSOP 2005.

A certain number of virtual shares (so-called performance shares) is allocated annually depending on certain performance objectives. Target achievement is measured over 4 years (performance period); payment in cash takes place immediately at the end of the 4-year performance period.

The number of virtual shares actually allocated depends on the extent to which 2 performance targets are met:

_ Earnings per share (EPS) (target weighting 70 %)
  This internal performance target is determined by comparing the actual average EPS in the performance period to the weighted average budget EPS at the start of the period.
_ Total shareholder return MDAX (TSR) (target weighting 30 %)
  The TSR measures the development of shares over a certain period of time subject to dividends and share price developments. Therefore, it constitutes a market-dependent performance target.

The amount of the actual tranche is limited to 150 % of the target tranche (virtual shares approved).

A total of 79,325 virtual shares were issued in the 2011 fiscal year. A provision for the LTIP in the amount of € 2.9 million (previous year: € 1.3 million) is reported as of December 31, 2011.

Expenses reported in the fiscal year amount to € 1.6 million (previous year: € 1.3 million).

Development of virtual shares issued:

GRAPHIC 124

Virtual share conditions

The virtual shares in the 2011 tranche were issued on January 1, 2011. Their term is 4 years up to December 31, 2014.

The payout per virtual share corresponds to the weighted average closing price of the Fraport share in XETRA trading on the first 30 stock market trading days immediately following the last day of the performance period.

A claim to LTIP payments is established with the approval by the Supervisory Board of the consolidated financial statements for the last fiscal year of the performance period. Payments are then made within one month.

The measurement of the virtual shares takes place on the basis of the fair value per share for a tranche. A Monte-Carlo simulation is used to determine the fair value. In the process, the log-normal distributed processes of the Fraport share price are simulated to determine the relevant payment according to the respective performance goals.

The fair value of virtual shares to be measured in the 2010 and 2011 fiscal years is calculated based on the following assumptions:

The basis of the computations on the respective measurement date is a continuous zero interest rate. The interest rates were computed from the interest rate structures of government bonds maturing between 1 and 10 years.

DEVELOPMENT OF VIRTUAL SHARES ISSUED

Tranche	Issued	Thereof to Executive Board	Thereof to Senior Managers of Fraport AG	Thereof Directors of affiliated companies	Thereof expired	Fair value Dec. 31, 2011
Fiscal year 2010	95,935	29,550	53,335	13,050	4,200	€ 47.88
Fiscal year 2011	79,325	29,550	39,150	10,625	3,000	€ 38.93
Amount of issued virtual shares as of Dec. 31, 2011	175,260	59,100	92,485	23,675	7,200	

GRAPHIC 124

VALUATION PARAMETERS (LTIP)

	Tranche 2011		Tranche 2010	
Tranche	Jan. 1, 2011	Dec. 31, 2011	Jan. 1, 2010	Dec. 31, 2011
Fair value	€ 42.34	€ 38.93	€ 31.68	€ 47.88
Target achievement, earnings per share	100.00%	110.44%	100.00%	202.59%
Rank Total Shareholder Return MDAX	25	25	25	25
Interest rate end of period share price	1.60%	0.36%	2.23%	0.15%
Interest rate at time of payment	1.65%	0.39%	2.28%	0.17%
Dividend 2010			€ 1.15	
Dividend 2011	€ 1.15		€ 1.15	
Dividend 2012	€ 1.18	€ 1.27	€ 1.17	€ 1.27
Dividend 2013	€ 1.23	€ 1.31	€ 1.18	€ 1.31
Dividend 2014	€ 1.24	€ 1.49		€ 1.49
Dividend 2015		€ 1.56		€ 1.56
Volatility Fraport	37.83%	33.36%	38.55%	27.75%

GRAPHIC 125

The computation basis for future dividend payments are public estimates made by 10 banks. The arithmetic mean of these estimates is taken to determine the dividends.

Historic volatility is used for the calculations. The calculations are based on the daily XETRA closing price for Fraport AG.

The remaining term of the LTIP is used as the time horizon to determine volatility. GRAPHIC 125

47 _ Risk management

Fraport is exposed to market price risks due to changes in exchange rates, interest rates and other prices. The Group is additionally exposed to credit risks. There are also liquidity risks arising in connection with credit and market price risks, or resulting from a worsening of the operating business or disturbances on the financial markets. It is the objective of financial risk management to limit these risks by current operating and finance-related activities. Depending on a risk assessment, selected hedging instruments are used. In general, Fraport hedges only those risks that affect the Group's cash flows. All derivative financial instruments are used as hedging instruments; i.e., they are not used for trading purposes.

Reporting to the Executive Board of updated risk positions is made once per quarter as part of the early risk recognition system. In addition, updated reporting of all material financial risk positions is provided in the monthly finance report to the Chief Financial Officer and in the monthly Treasury Committee Meeting (TCM) held between Treasury, Financial Risk Controlling and the Chief Financial Officer (CFO).

Fraport has prepared internal guidelines that deal with the processes of risk control and regulate the use of financial instruments; they include the unambiguous segregation of functions in respect of operating financial activities, their settlement and accounting and the control of the financial instruments. The guidelines, which are the basis of the risk management processes, aim to limit and control the risks appropriately and monitor them. Both the guidelines and the systems are regularly reviewed and adjusted to current market and product developments.

Credit risk

Fraport is subject to default risks from its operating business and certain financial positions. The default risks arising from financial positions are controlled by a broad diversification of counterparties and issuers, as well as a regular verification of their credit ratings. It is the company's risk policy that financial assets and derivative transactions are only carried out with issuers and counterparties with an investment grade credit rating. If the credit rating is downgraded to non-investment grade during the asset's holding period or the term of the derivative, a decision will be made on a case-by-case basis on the further progress of the asset or derivative, taking into account the remaining term.

The maximum credit risk on the financial position date is mainly reflected by the carrying amounts of the assets reported on the financial position (see note 25 for the credit risk on financial instruments in the "Fair value option" category). The credit risk on securities in non-current and current assets is equal to the amount of debt instruments. On the balance sheet date, the securities were broken down as follows:

BREAKDOWN OF SECURITIES

€ million	Dec. 31, 2011	Dec. 31, 2010
Equity instruments	73.7	84.0
Debt instruments	606.1	459.1

GRAPHIC 126

Securities that represent debt instruments have the following long-term issuer ratings:

ISSUER RATINGS, DEBT INSTRUMENTS

€ million	Dec. 31, 2011
AAA	20.5
AA+	23.3
AA	0.0
AA–	0.0
A+	156.4
A	148.4
A-	49.2
BBB+	86.9
BBB	42.1
BBB–	54.4
BB+	10.0
N/A (short-term A-3)	14.9
Total	**606.1**

GRAPHIC 127

In the previous year, the securities had the following issuer ratings:

ISSUER RATINGS, DEBT INSTRUMENTS (PREVIOUS YEAR)

€ million	Dec. 31, 2010
AAA	44.0
AA+	42.8
AA	36.8
AA–	109.1
A+	60.9
A	70.5
A–	70.0
BBB+	25.0
Total	**459.1**

GRAPHIC 128

The credit risk on liquid funds applies solely with regard to banks. Current cash investments are maintained with banks. The banks where liquid funds are deposited have the following short-term issuer ratings:

ISSUER RATINGS, LIQUID FUNDS

€ million	Dec. 31, 2011
A-1+	56.7
A-1	615.2
A-2	1.4
A-3	0.6
P-1	11.7
P-2	237.6
P-3	1.2
F-1+	0.7
N/A	2.0
Total	**927.1**

GRAPHIC 129

In the previous year, the banks where liquid funds were deposited had the following issuer ratings:

ISSUER RATINGS, LIQUID FUNDS (PREVIOUS YEAR)

€ million	Dec. 31, 2010
A-1	815.5
A-2	825.4
A-3	1.2
P-1	5.5
P-2	130.1
P-3	2.9
N/A	32.0
Total	**1,812.6**

GRAPHIC 130

Liquidity risk

Fraport generates financial funds mainly through its operating business and external financing. The funds are primarily used to finance capital expenditure for items of property, plant and equipment.

The operating cash flows, the available liquid funds (including cash and cash equivalents and short-term realizable securities and other financial instruments), as well as current and non-current credit lines and loan commitments, give sufficient flexibility to ensure the liquidity of the Fraport Group.

Given the diversity both of the financing sources and the liquid funds and financial assets, there is no risk of concentration in liquidity.

The operating liquidity management comprises a cash concentration process, which combines daily the liquid funds of most of the companies controlled in Germany. This allows optimum control of liquidity surpluses and requirements in line with the needs of individual companies. Short and medium-term liquidity management includes the maturities of financial assets and financial liabilities and estimates of the operating cash flow.

The following list of maturities shows how the liability cash flows as of December 31, 2011, influence the Group's liquidity.

GRAPHIC 131

The liquidity profile as of December 31, 2010, was as follows:

GRAPHIC 132

All financial instruments that are subject to agreements as of the reporting date were included to determine the undiscounted payments. If a contractual partner can release a payment at different points of time, the earliest deadline was taken into account. The respective forward interest rates derived from the interest rate on the balance sheet date were used to determine the interest payments on primary financial liabilities bearing interest at variable rates and the net payments on derivative financial instruments. For payments in connection with diesel fuel swaps and currency forward contracts, the corresponding fixed reference prices as on the balance sheet date were used.

Financial liabilities of certain Group companies abroad with a nominal value of € 400.8 million include clauses stipulating that among others certain debt service coverage ratios and control indicators for debt ratio and credit periods must be complied with. These financial liabilities, however, result from independent project financing activities and do not include any recourse for the Fraport AG as such. Failure to comply with the agreed credit clauses may lead to restrictions on the distribution of dividends and/or to the early redeem of loans. Additionally, there are contractually agreed clauses for specific earmarked and/or project-related subsidized loans issued by business development banks under public law and taken out by Fraport AG in the amount of € 980.0 million. These clauses relate, among other things, to changes in the shareholder structure and control of the company. If these have a proven effect on the borrowing capacity of Fraport AG, the creditors have the right to recall the loans early.

There are currently no indications of any failure to comply with essential borrowing terms and conditions.

LIQUIDITY PROFILE AS OF DECEMBER 31, 2011

		2012		2013		2014–2018		2019–2023		2024 et seq.	
€ million	Total [1]	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment
Primary financial instruments											
Financial liabilities	5,241.6	142.9	187.2	122.3	185.4	573.0	2,344.7	114.7	1,368.5	52.9	150.0
Finance leases	100.3	4.3	9.0	3.8	9.6	10.2	46.8	2.1	7.4	1.5	5.6
Concessions payable	1,297.1	21.3	46.8	24.5	43.8	162.7	182.7	212.7	139.5	220.9	242.2
Trade accounts payable	303.7	1.1	228.9	1.0	38.7	4.2	11.9	2.7	8.0	1.0	6.2
Loan commitments	75.4		29.5		35.5		10.4				
Derivative financial instruments											
Interest swaps	214.5	39.8		48.8		117.0		8.5		0.4	
Diesel fuel swaps											
Currency forwards											
Incoming payments	2.1		2.1								
Outgoing payments	2.1		2.1								

[1] Total of interest and repayments

GRAPHIC 131

LIQUIDITY PROFILE AS OF DECEMBER 31, 2010

		2011		2012		2013–2017		2018–2022		2023 ff.	
€ million	Total [1]	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment
Primary financial instruments											
Financial liabilities	5,750.4	143.4	118.2	151.7	34.5	786.9	2,120.5	222.5	1,961.0	61.7	150.0
Finance leases	82.0	3.5	8.6	2.9	9.2	7.5	30.6	2.6	9.6	1.8	5.7
Concessions payable	1,370.2	17.9	55.2	21.3	46.8	149.9	194.2	204.4	146.4	266.5	267.6
Trade accounts payable	345.6	1.3	273.8	1.0	33.3	4.2	12.0	3.0	8.0	1.4	7.6
Loan commitments	142.8		66.1		29.8		46.9				
Derivative financial instruments											
Interest swaps	155.3	45.3		39.7		67.9		2.4			
Diesel fuel swaps	0.3		0.3								
Currency forwards											
Incoming payments	34.3		34.3								
Outgoing payments	34.1		34.1								

[1] Total of interest and repayments

GRAPHIC 132

CURRENCY SENSITIVITY

	Dec. 31, 2011		Dec. 31, 2010	
Risk in € million	Gain	Loss	Gain	Loss
EUR/TRY	0.47	0.53	0.40	0.43
US $/PEN	0.50	0.52	0.45	0.46
EUR/SAR	0.16	0.16	0.22	0.22

GRAPHIC 133

Currency risk

The international focus of the Fraport Group makes its operating business, the financial results reported and the cash flows subject to foreign currency risks. Only the transaction risks affecting cash flows are actively controlled. These mainly apply between the Euro (EUR) and Turkish New Lira (TRY) or Saudi Riyal (SAR), as well as between the US Dollar (US $) and Peruvian Nuevo Sol (PEN). Transaction risks primarily originate from business operations when cash receipts from revenue are not offset by expenditures in matching currencies. To reduce the foreign currency effects in the operating business, the transaction risk is regularly assessed and hedged in part by using derivative financial instruments. Entering into financial instrument transactions is the responsibility of the Group companies in close coordination with the Treasury of Fraport AG. Hedging mainly involves the use of currency forward contracts.

The transaction risks are assessed by means of sensitivity analyses. The calculation rates on which the analyses are based are the result of the mean value for the respective exchange rate in the period under review, less or in addition to a standard deviation. If we take these assumptions as a basis, the profit for the period would have been affected in the year under review as follows:
— GRAPHIC 133

In addition there are effects in the Group from the translation of foreign currency assets or liabilities in Euros and / or from the consolidation of Group companies not accounted for in Euros. These risks are met as best as possible by applying natural hedging.

Interest rate risk

The Fraport Group is exposed to interest rate risk on a variety of primary and derivative financial assets and liabilities, as well as future planned capital requirements.

In regards to assets and liabilities that are currently held, the objective of refinancing at matching maturities is generally pursued. The interest rate risk arising in the next 12 months is relevant for control. It is assessed every quarter and reported to the financial risk committee. Sensitivity analyses are prepared to determine the risk. These show the effects of changes in market interest rates on interest payments, interest income and expenses, other profit or loss portions and equity. Interest rate changes are defined to be the maximum fluctuation of the key interest rate in the past for the respective currency and the respective period of time and / or the maximum fluctuation of the 10-year swap rate in the past. The deviation in absolute terms is taken into consideration.

To limit the interest rate risks, derivative financial instruments, such as interest rate swaps and swap options, are used.

The sensitivity analyses are based on the following assumptions:

Changes in market rates of primary financial instruments with fixed interest rates affect profit or loss, or equity, only if the instruments are measured at fair value. The sensitivity analysis for these financial instruments assumes a parallel shift of the interest rate by 169 basis points in a period of 12 months.

As a result, the financial instruments measured at amortized cost with fixed interest rates do not affect profit or loss for the period, or the equity of the Fraport Group.

Market rate changes in primary variable-rate financial instruments, which are not designated hedged items in a cash flow hedge of interest rate exposures, affect net interest income and expense and are therefore included in profit-or-loss-related sensitivities. The respective net financial position for each currency is taken into account in the process. The interest rate sensitivity analyses are based on the following assumptions: €: 3.25 percentage points; US $: 4.75 percentage points; TRY: 10.25 percentage points; Swiss francs (CHF): 2.50 percentage points; PEN: 6.70 percentage points; Saudi Riyal (SAR): 4.50 percentage points; Canadian Dollar (CAD): 3.75 percentage points; Bulgarian Lew (BGN): 5.22 percentage points. The individual sensitivities are then aggregated to become one profit or loss related sensitivity in €.

Changes in market rates of financial instruments which were designated as hedging instruments in an interest-rate related cash flow hedge affect equity and are therefore included in the equity-related sensitivity computations. The maximum variability is taken to be a parallel shift of the interest rate by 169 basis points over a period of 12 months.

Changes in market rates of interest rate derivatives, which are not part of a hedging relationship under IAS 39, affect the other financial result and are therefore included in the profit or loss related sensitivities. The maximum variability is taken to be a parallel shift of the interest rate by 169 basis points over a period of 12 months.

Based on the portfolios and the structure of the consolidated financial position as of December 31, 2011 and the assumptions made, the profit or loss related sensitivity is € 10.7 million in case of an increase (decrease) in the market interest rate (previous year: € 28.9 million). The financial result would therefore have hypothetically increased (decreased) by € 10.7 million. This hypothetical effect on profit or loss would result from the potential effects of interest rate derivatives of € 24.5 million (previous year: € 23.2 million) and an increase (decrease) in the interest result from primary variable-rate net financial positions of € –13.8 million (previous year: € 5.7 million).

INTEREST SENSITIVITY

€ million	Dec. 31, 2011	Dec. 31, 2010
Interest sensitivity	10.7	28.9
thereof derivative financial instruments	24.5	23.2
thereof primary financial instruments	–13.8	5.7

GRAPHIC 134

The equity-related sensitivity is € 97.6 million (previous year € 116.4 million). By applying the assumptions made, an increase (decrease) in interest rates would result in an increase (decrease) in equity by € 97.6 million.

Other price risks

The Fraport Group also has financial assets and diesel fuel swaps in its portfolio, which are subject to other price risks. Risk variables are share prices and commodity prices. Changes in these risk variables initially result merely in a change in the market value of the financial instruments and do not affect cash flows. To quantify other price risks, sensitivity analyses are also prepared. The calculation rates on which the analyses are based are the result of the mean rate in the period under review, less or in addition to a standard deviation.

Based on the portfolio in the consolidated financial position as of December 31, 2011 and the assumptions made, the equity related sensitivity amounts to € 5.2 million (previous year: € 7.3 million). When applying the assumptions made, a change in the fair value measurement of the financial assets and diesel fuel swaps would have resulted in a corresponding increase or decrease in equity of € 5.2 million (previous year: € 7.3 million).

Capital management

The Group's objectives with a view to capital management are ensuring the Group's continued existence and a sustained increase in the company's value. As a capital market-oriented company with continuing capital expenditure requirements, the company monitors the development of its debt using financial ratios, which relate EBITDA to its net debt and / or interest expense. As long as the company remains within the following margins, there is sufficient access to debt capital sources at reasonable cost from today's point of view.

The components of the control indicators are defined as follows:

NET DEBT =
Current financial liabilities:
+ Non-current financial liabilities
– Cash and cash equivalents
– Current realizable assets in "other financial assets" and "other receivables and financial assets"

EBITDA =
Operating result + depreciation and amortization

INTEREST EXPENSE =
Interest expense

The financial ratios developed as follows in the period under review:

FINANCIAL DEBT RATIOS

Key figures	Corridor	Dec. 31, 2011	Dec. 31, 2010
Net Debt / EBITDA	max. 4–6 x	3.3	2.9
EBITDA / Interest Expense	min. 3–4 x	4.2	3.9

GRAPHIC 135

48 _ Related party disclosures

Under IAS 24 (Related Party Disclosures), Fraport must disclose relationships to related parties, unless they are already included in the consolidated financial statements of Fraport AG.

A related party is a person or entity that is related to the entity preparing its financial statements (the reporting entity).

A person or a close member of that person's family is related to a reporting entity if that person has control or joint control over the reporting entity; has significant influence over the reporting entity; or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is also related to a reporting entity if, among other things, both entities belong to the same group or one entity is an associate or joint venture of the other entity (IAS 24.9 a, b).

A related party transaction is a transfer of resources, services, or obligations between the reporting entity and a related party or person, regardless of whether a price is charged for such transfer.

The shareholdings of the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH and the consortium agreement signed between these shareholders, mean that Fraport AG is a company controlled by these shareholders.

Fraport AG has numerous business relationships with the State of Hesse and the city of Frankfurt and their majority-owned investments. Related companies and authorities with which major business relations are maintained are Landesbetrieb Hessen-Forst, Mainova AG and Messe Frankfurt Venue GmbH & Co. KG.

Furthermore, the disclosure requirements according to IAS 24 extend to business transactions with associated companies as well as business transactions with persons exercising significant influence on the financial and business policies of Fraport AG, including close relatives or intermediate companies.

All transactions between the related parties have been concluded at conditions customary in the market as between unrelated third parties. The services rendered to authorities are generally based on cost prices. Prices are reviewed by Federal Government authorities. The following table shows the scope of the business relationships: GRAPHIC 136

Total remuneration of € 1,785 thousand (previous year: € 1,510 thousand) was paid to level one Managers (Strategic Business Unit Managers) and the Managers of the Strategic Service Divisions. See notes 52, 53 and 54 for relationships to members of the Executive Board and Supervisory Board.

RELATED PARTY DISCLOSURES

		Majority shareholders				
€ million		State of Hesse	Stadtwerke Frankfurt am Main Holding GmbH	Joint ventures	Associated companies	Companies controlled by majority shareholders
Revenue	**2011**	1.3	0.2	3.0	6.8	12.8
	2010	1.4	0.2	5.1	10.2	10.7
Purchased goods and services	**2011**	9.9	8.2	7.6	10.6	88.5
	2010	2.7	10.8	6.4	16.1	80.4
Interest	**2011**	–0.9	–	0.1	6.7	–
	2010	–1.3	–	0.1	0.7	–
Accounts receivable	**2011**	–	–	0.2	13.0	0.2
	2010	0.4	–	1.2	7.4	0.1
Loans	**2011**	–	–	6.7	90.9	–
	2010	–	–	4.1	15.8	–
Accounts payable	**2011**	27.5	–	5.6	0.2	26.3
	2010	28.8	–	2.2	1.4	32.3

GRAPHIC 136

49 _ Operating permit and service concession arrangements

The following companies in the Fraport Group have been granted service concessions or similar permits, which give the public access to important economic and social facilities:

Fraport AG

In agreement with the German Federal Minister of Transport, the Hessian Minister of Labor, Economics and Transport approved operations at Frankfurt airport in accordance with Section 7 as amended on August 21, 1936, of the German Air Transport Law on December 20, 1957 and charged a non-recurring fee for this. This permit does not expire at any specific time and was amended following the planning approval process of September 28, 2011, for the expansion of the airport, in particular regarding the Northwest Landing Runway.

The right to operate the airport is linked to various obligations that are specified in the permit. Fraport AG is required, among other things, to keep the airport in good operating condition at all times, to provide and maintain the equipment and signs needed to monitor and control air traffic at the airport and to guarantee the availability of fire protection systems that take account of the special operating conditions. The restrictions on night flights that were initially made in 1971 and have been updated since (the amendments and extensions to the authorization passed on September 28, 2011, were further amended on October 25, 2011) have been tightened. Daytime operational restrictions on aircraft for civil aviation purposes at Frankfurt airport that did not comply with ICAO noise protection regulations have also been tightened. Furthermore, there are statutory requirements for passive noise abatement as a result of the construction work around the airport and the Northwest Landing Runway.

The company charges the airlines that fly to Frankfurt airport what are known as "traffic fees" for provision of the transport infrastructure. These traffic fees are divided up into airport fees that require approval and other fees that do not require approval.

_ The airport fees that require approval under Section 43a (1) of the German Air Transport Authorization Regulations (LuftVZO) are divided into take-off and landing charges, including noise components and emission fees, parking fees and passenger and security fees. The amount of the fees is specified in a related fee table.

In December 2009, Fraport AG and airline representatives agreed on the development of airport fees for 2010 and 2011 at Frankfurt airport. The fees were raised by 4% on July 1, 2010 and by 3% on October 1, 2010. On April 1, 2011, they were increased by an additional 3% and another 2.5% on October 1, 2011. On February 19, 2010, an agreement was also reached on airport fees for 2012 to 2015. The contract is based on anticipated traffic development at Frankfurt airport and stipulates an annual fee increase of 2.9% for 2012 through 2015. If the passenger development exceeds or falls below forecast figures, the contract calls provides for a bonus-malus approach.

The fee table effective April 1, 2011 and October 1, 2011, was approved by the Hessian Ministry of Economics, Transport and Regional Development (HMWVL) and published in the Air Transport Bulletin (NfL) on February 10, 2011. Airport fees accounted for 34.6% of Fraport AG's revenue in the year under review.

_ The remaining fees not subject to approval are classified as fees for central ground handling infrastructure facilities and ground handling fees. In accordance with EU regulations, ground services on the apron were opened up to competition on November 1, 1999 (opened up in practice on April 15, 2000), by issuing a permit to another third-party ground handling company along with Fraport AG. The services in the area of central ground handling infrastructure facilities continue to be excluded from competition (monopoly sector) and are completely segregated from the ground handling services when they are offset with the airlines. Of Fraport AG's revenue in 2011, 17.9% was generated by ground handling services and 13.5%, by infrastructure fees.

Above and beyond the traffic fees, Fraport AG generates revenue essentially from revenue-based payments, renting and parking and security services. The proceeds from these operations – which do not require approval – accounted for 34.0% of Fraport AG's revenue in the year under review.

Fraport IC Ictas Antalya Airport Terminal Investment and Management Inc. (franchisee)

In April 2007, the consortium in which Fraport AG holds an interest won the bidding procedure to operate the terminals at Antalya airport for 17 years. The consortium and the Turkish airport authority (DHMI – franchisor) signed the concession agreement on May 22, 2007. Since September 14, 2007, Fraport AG and IC Yatirim Holding A.S. have been jointly managing the

International Terminal 1 previously managed by Fraport AG, as well as the Domestic and CIP terminals. On September 23, 2009, the Fraport consortium also took over operation of the second international terminal previously operated by IC Holding and Celebi Holding. The concession for the operation of all 3 terminals and the right to use all assets listed in the concession agreement extends to the end of 2024.

The franchisee is obliged in this context to provide the terminal services in compliance with the international standards, as well as the procedures and principles specified in the concession agreement. In regard to the authorized use of infrastructure, the franchisee is obligated to perform maintenance and capacity expansions (as required). Distributed over the term of the concession agreement, the franchisee also pays a concession fee of € 2.01 billion net.

In exchange, the franchisee receives the right to use the existing and future terminal infrastructure to operate the airport and the right to generate revenue from passenger fees paid by the airlines and from other services related to terminal operations. Airport fees are regulated by the franchisor.

At the end of the concession term, the franchisee is required to return all assets specified in the concession agreement to the franchisor in proper operating condition.

In accordance with the concession agreement, the franchisee deposited a performance bond amounting to € 142.8 million at the beginning of the concession period to the benefit of the franchisor. This performance bond was issued by a Turkish bank, secured in part by corporate guarantees given by the shareholders. The proportion guaranteed to the bank by Fraport AG in the form of a corporate guarantee was € 35.7 million. Following official approval of the new domestic terminal (Terminal 3) by the franchisor, the performance bond was reduced by € 0.5 million to € 142.3 million as agreed in 2011. The proportion guaranteed by Fraport AG has reduced proportionally by € 0.1 million to € 35.6 million.

Fraport Twin Star Airport Management AD

Fraport Twin Star Airport Management AD (franchisee) and the Republic of Bulgaria (franchisor), represented by its Minister of Transport, signed a concession agreement on September 10, 2006, on the operation and management of the Bulgarian airports in Varna and Burgas on the Black Sea.

According to the concession agreement, the franchisee is obligated to render various airport services and to improve services in line with international standards, national laws and the provisions stipulated in the concession agreement. In addition, the franchisee is obligated to invest € 313.6 million in the expansion and a capacity increase of the airports in Varna and Burgas and to maintain the assets ceded for use. In addition, the franchisee pays an annual concession charge of 19.2% of total revenue, at least 19.2% of BGN 57 million (€ 29.1 million), adjusted by increases or decreases in the national inflation rate, to the franchisor. The franchisee paid an additional non-recurring concession charge in the amount of € 3.0 million to the franchisor after conclusion of the agreement. In return, the franchisee receives the right to use the existing and future infrastructure for airport operations and the right to generate revenues, in particular through airport fees (passenger, landing and parking fees) and for ground handling services. Airport fees are regulated by the franchisor.

The concession agreement started on November 10, 2006 and has a duration of 35 years.

The franchisee undertakes to procure a performance bond to the franchisor, issued by a bank rated BB- or higher, in the annual amount of € 15.0 million in the first 10 years and in the annual amount of € 7.5 million during the remaining term of the agreement.

At the end of the concession term, the infrastructure pursuant to the contract that is essential for airport operations must be returned to the franchisor in proper operating condition without receiving any consideration in return.

Lima Airport Partners S.R.L. (LAP)

On February 14, 2001, LAP (franchisee) and the Peruvian Government (franchisor), represented by its Minister of Transportation (MTC), signed the concession agreement for Jorge Chavez International Airport on the operation, expansion, maintenance, and use of the Jorge Chavez International Airport in Lima (Peru).

The term of the concession agreement is 30 years. The contract may be renewed for another 10 years. Further renewals are possible under certain circumstances; the overall concession term must not exceed 60 years, however.

In addition to operating and maintaining the airport infrastructure, the franchisee is obligated vis-a-vis the franchisor to invest at least US $ 110 million for the remodeling of the airport and in particular the terminal and to build a second landing runway. The contractual amount of US $ 110 million has been invested already. Construction work on the second landing runway has not yet begun.

The franchisee is also obligated to pay concession charges. The concession fee is the higher of 2 amounts: either the contractually fixed minimum payment (basic payment of US $ 15 million per year, inflation-fed by US CPI) or 46.511 % of total revenue after deduction and transfer to Corpac (Aviation Regulatory Authority) of 50 % of landing fees and 20 % of the international passenger fees (TUUA). In addition, a regulatory fee of 1 % of the same assessment basis becomes due. In return, the franchisee receives the right to use the existing and future infrastructure for airport operations and the right to generate revenue, in particular through airport fees (passenger, landing and parking fees) and for ground handling and other services. Airport fees are regulated by the franchisor.

At the end of the contract term, the infrastructure pursuant to the contract that is essential for airport operations must be returned to the franchisor by the franchisee in the contractually defined operational condition. The franchisee has the right to have the residual carrying amount of said infrastructure reimbursed by the franchisor for a limited period of time. This does not apply if the concession agreement is terminated early.

50 _ Information on shareholdings according to the Securities Trading Act (WpHG)

Changes in Fraport AG's shareholder structure in fiscal year 2011 were as follows:

Taube Hodson Stonex Partners LLP, London, Great Britain, informed us that, on April 29, 2011, their voting rights in Fraport AG Frankfurt Airport Services Worldwide fell below the threshold of 3 % and on that day amounted to 2.995 % (2,753,171 votes). According to Section 22 (1) sentence 1, no 6 WpHG, 2.995 % of the voting rights (2,753,171 votes) are allocated.

Artio Global Management LLC (previously Julius Baer Investment Management LLC), New York, USA, informed us in accordance with Section 21 (1) WpHG that on June 13, 2011, their voting rights fell below the threshold of 10 % and on that day amounted to 9.96 % (9,157,669 votes). Of these, 9.96 % of the voting shares (9,157,669 voting shares) are allocable to it in accordance with Section 22 (1) sentence 1, no 6 WpHG.

Artio Global Holdings LLC, New York, USA, informed us in accordance with Section 21 (1) WpHG that on June 13, 2011, their voting rights in our company fell below the threshold of 10 % and on that day amounted to 9.96 % (9,157,669 votes). Of these, 9.96 % of the voting shares (9,157,669 voting shares) are allocable to it in accordance with Section 22 (1) sentence 1 no 6 in conjunction with Section 22 (1) sentence 2 WpHG.

Artio Global Investors Inc. (previously Julius Baer Americas, Inc.), New York, USA, informed us in accordance with Section 21 (1) WpHG, that on June 13, 2011, the voting rights in our company fell below the threshold of 10 % and on that day amounted to 9.96 % (9,157,669 votes). Of these, 9.96 % of the voting shares (9,157,669 voting shares) are allocable to it in accordance with Section 22 (1) sentence 1, no 6 in conjunction with Section 22 (1) sentence 2 WpHG.

As of December 31, 2011, the shareholder structure of Fraport AG was as follows:

The total voting rights held by the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH in Fraport AG calculated in accordance with Section 22 (2) WpHG amounted to 51.60 % as of December 31, 2011. They were attributed as follows: State of Hesse 31.49 % and Stadtwerke Frankfurt am Main Holding GmbH 20.11 %.

The voting rights in Fraport AG owned by the City of Frankfurt am Main are held indirectly via the Stadtwerke Frankfurt am Main Holding GmbH subsidiary.

According to the last official report in accordance with the WpHG or disclosures from individual shareholders, the remaining voting rights in Fraport AG were allocated as follows (as of December 31, 2011): Artio Global Investors Inc. 9.96 % and Deutsche Lufthansa AG 9.92 %. The relative holdings of the shareholders were adapted to the current total number of shares on the balance sheet date and may therefore differ from the figures given at the time of reporting or from shareholders' own disclosures.

There are no reports for the remaining 28.52 % (remaining free float).

51 _ Statement issued by the Executive Board and the Supervisory Board of Fraport AG in accordance with Section 161 AktG

On December 12, 2011, the Executive Board and the Supervisory Board of Fraport AG issued the Statement of Compliance with the Corporate Governance Code pursuant to Section 161 AktG and made it available to the public on a permanent basis on the company website www.fraport.com in the Corporate Governance subsection of the Investor Relations section.

52 _ Notes to the Executive Board and Supervisory Board

Remuneration Report

The German Act on the Appropriateness of Executive Board Remuneration (VorstAG) came into effect on August 5, 2009, creating concrete requirements for remuneration of Executive Board members. Remuneration is to be in proportion to the tasks of the position and the company's situation and in line with a transparent and sustainable corporate governance approach which focuses on the long-term. Executive Board remuneration shall be set by the Supervisory Board upon the recommendation of its executive committee.

The Executive Board members' contracts were revised accordingly on January 1, 2010. Remuneration is comprised as follows:

- Non-performance-related components (fixed salary and compensation in kind)
- Performance-related components with a short and mid-term incentive effect (bonus)
- Performance-related components with long-term incentive effect (Long-Term Strategy Award and Long-Term Incentive Program)

Generally, the Supervisory Board was guided by the principle that in the ordinary course of business, members of the Executive Board shall receive a fixed annual salary, which makes up approximately 35 % of total remuneration. The bonus payment should also amount to approximately 35 % of total remuneration. The Long-Term Strategy Award should account for approximately 10 % of total remuneration and the share of the Long-Term Incentive Program about 20 %.

In addition to these components, there are still stock options outstanding, issued in previous years, that have a long-term incentive effect within the scope of the still running stock option plan (see note 45). The last time stock options were issued was in 2009. In addition, Executive Board members received endowments to pension benefit payments.

Non-performance-related components

During the term of their employment agreement (generally 5 years), Executive Board members, as a rule, receive a fixed annual salary for the entire period.

The amount of the fixed salary shall be reviewed annually for reasonableness.

The fixed annual remuneration also covers any activity performed by an Executive Board member for companies in which Fraport AG holds an indirect or a direct interest of more than 25 % of the shares (so-called other board functions related to Group companies).

If an Executive Board member has such other board functions at Group companies, the remuneration he or she receives from such investees is credited against the bonus. The emoluments received by Dr. Zieschang as a member of the Supervisory Board of Flughafen Hannover-Langenhagen GmbH and by Mr. Peter Schmitz as a member of the Supervisory Board of ASG Airport Service Gesellschaft mbH have been credited against the respective 2011 bonus payments from Fraport AG.

In addition, the remuneration for Executive Board members includes compensation in kind and other remuneration. Compensation in kind is the pecuniary benefit subject to wage tax from using a company car with driver. This compensation in kind is generally available to all Executive Board members in the same way; the amount of compensation depends on the personal situation.

Executive Board members also receive half of the total contributions toward their pension insurance in the case of voluntary insurance and in the case of statutory insurance, half of the total statutory contributions.

Performance-related components

Without a long-term incentive effect (bonus)

The bonus is dependent on EBITDA and ROFRA of the Fraport Group for the respective fiscal year. EBITDA is the Group operating result, ROFRA the interest on Group assets; i.e., the total return on capital (Return on Fraport assets). Both key figures (EBITDA and ROFRA) are recognized parameters for measuring the success of a company.

The actual bonus for an Executive Board member is calculated by multiplying EBITDA and ROFRA, each minus a basic allowance, by an individual multiplier for each Executive Board member, stipulated in each employment contract and adding the results. The bonus amount for one fiscal year is capped at 175 % of the bonus paid in 2009, or if the member was appointed during the year or the employment contract was amended in 2009, an amount extrapolated for the entire year. 50 % of anticipated bonus payments are paid out monthly during the fiscal year. The remaining bonus payments are payable within one month after the Supervisory Board has approved the respective consolidated annual results.

50 % of the calculated bonus payments have a conditional payback provision. If EBITDA and ROFRA in the following year do not reach at least an average of 70 % of the corresponding key figures for the fiscal year in question, the Executive Board member has to pay back 30 % of the bonus to Fraport AG. Should the same apply to the second year after the relevant fiscal year, 20 % of the bonus has to be repaid. A possible repayment obligation exists for each following year separately and must be individually reviewed each year for compliance.

If the Supervisory Board is of the opinion that the relevant business figures have decreased due to influences outside of the Executive Board's control, it can grant a bonus at its discretion or waive the full or partial repayment, based on the Executive Board member's performance. If an Executive Board member holds an active position for less than one fiscal year, a pro rata bonus payment is made.

With a long-term incentive effect (Long-Term Strategy Award, LSA)

With the LSA an additional long-term incentive effect is being created that takes into reasonable consideration the long-term interests of the main stakeholders of Fraport AG, specifically employees, customers and shareholders.

As part of the LSA, each Executive Board member is promised a prospective financial reward for one fiscal year – first in 2013 for the year 2010. After 3 fiscal years have expired (the fiscal year in question and the 2 following years), it is determined to which extent the targets have been met and the actual payment is calculated based on these results. The paid payment amount can exceed or fall below the prospective amount, but is capped at 125 % of the originally stated amount. Performance targets are customer satisfaction, sustained employee development and share performance. All 3 targets are equally important under the LSA. As in the previous year, for 2014 a prospective sum of € 120 thousand has been promised to the Chairman of the Executive Board, while a prospective sum of € 90 thousand each has been promised to the other members of the Executive Board.

Customer satisfaction is evaluated on an annual basis using an established assessment system, for airlines, real estate management, retail properties and passengers. Whether or not a target has been met is determined by comparing the corresponding data (in percentage points) at the beginning of the three-year period with the average achieved over the same period. If the actual result exceeds or falls below the target by 2 full percentage points, the bonus paid for customer satisfaction is increased or decreased correspondingly.

Sustained employee development relates to employee satisfaction and the development of headcount. The Supervisory Board decides to which extent the target has been met. Its decision is based on the results of the employee satisfaction barometer (an annual survey among Fraport AG employees) and the responsible development of headcount in view of the economic situation of the Group.

For the share performance target, the Fraport share price development over the corresponding three-year period is compared with the average MDAX development and a share basket, which includes the shares of the operators of Paris, Zurich and Vienna airports. The payment for this target is again determined by comparing the reference value calculated at the beginning of the three-year period with the actual development. Positive or negative deviations increase or decrease the prospective bonus correspondingly.

The right to the LSA bonus payment accrues once the consolidated financial statements for the last fiscal year of the performance period have been approved by the company's Supervisory Board.

If an Executive Board member leaves Fraport AG before the end of a three-year period, the performance targets are still calculated once this period has expired. The award for the entire period is then paid on a pro rata basis for the amount of time the Executive Board member actually worked for the company. There is no right to payment for a three-year period which has not yet expired at the time the employment contract has been legally terminated due to extraordinary circumstances in the control of the Executive Board member (termination by request of the Executive Board member without cause pursuant to Section 626 of the German Civil Code [Bürgerliches Gesetzbuch – BGB], termination for cause within the control of the Executive Board member in accordance with Section 626 BGB) or the Executive Board member has been removed from his or her office for cause pursuant to Section 84 (3) AktG. If an Executive Board member joins the company during the course of a fiscal year, the Supervisory Board shall decide if and to which extent the Executive Board member may be entitled to participate in the LSA program for this fiscal year.

Long-Term Incentive program (LTIP)

The LTIP is a virtual stock options program. Beginning in fiscal year 2010, the Executive Board members of Fraport AG are promised each fiscal year a contractually stipulated amount of virtual shares within their employment agreements, so-called performance shares, on the condition and addiction that they meet predefined performance targets (the so-called target tranche). After 4 fiscal years – the performance period – it will be determined to which extent these performance targets have been met and the number of performance shares actually are due to the Executive Board member, the so-called actual tranche. The actual tranche can exceed or fall below the target tranche, but is capped at 150 % of the target tranche. The value of the allocated performance shares is calculated on the basis of the average current share price at the end of the performance period and converted into the actual LTIP bonus payment. The two performance targets "earnings per share" (EPS) and "rank total shareholder return MDAX" are relevant for deriving the actual tranche from the target tranche, with EPS being weighted at 70 % and rank total shareholder return MDAX at 30 %. For the fiscal year 2011, as in 2010, 9,000 performance shares were allocated to Dr. Stefan Schulte as a target tranche and to Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang, each 6,850 performance shares.

In order to determine to what extent the EPS performance target has been met, the weighted average target EPS during the performance period, based on the strategic development planning applicable at the time of the award, is compared with average EPS actually achieved during the performance period. For the calculation, the first fiscal year accounts for 40 %, the second for 30 %, the third for 20 % and the fourth for 10 %. If targets have been met 100 % over the performance period, the actual tranche corresponds to the target tranche. If the actual EPS differs from the target EPS, the number of allocated performance shares is adjusted accordingly. If the actual EPS falls below the target EPS by more than 25 percentage points, no performance shares are issued for the EPS performance target. If the actual EPS falls below the target EPS by 25 percentage points, the actual tranche amounts to 50 % of the target tranche. If the actual EPS exceeds the target EPS by 25 percentage points, the actual tranche amounts to 150 % of the target tranche. Intermediate values can be calculated using a straight-line method. Any performance exceeding the targets by more than 25 percentage points is not taken into account. To which extent the rank total shareholder return MDAX performance target has been met is calculated by determining the weighted average rank of Fraport AG amongst all companies listed in the MDAX in relation to the total shareholder return (share price development and dividends) over the performance period. Just as with the EPS performance target, the 4 relevant fiscal years will be weighted digressively. The actual tranche shall equal the target tranche if Fraport AG, during the performance period, ranks number 25 among total shareholder return MDAX with its weighted average. For each rank exceeding or falling below 25, the actual tranche is increased or reduced by 2.5 percentage points. If Fraport AG ranks worse than 45, no performance shares will be issued for the rank total shareholder return MDAX performance target; if Fraport AG ranks better than 5, there will not be a further increase in the number of performance shares issued over 5th place.

The relevant share price used for calculating the LTIP payment shall correspond to the weighted average of company's closing share price in XETRA or a similarly situated trading system at the Frankfurt Stock Exchange during the first 30 trading days directly subsequent to the last day of the performance period. The LTIP bonus is due to be paid once the consolidated financial statements for the last fiscal year of the performance period have been approved by the company's Supervisory Board.

The rules for LTIP entitlements of former Executive Board members are largely the same as for the LSA. In addition, a former Executive Board member is not entitled to any performance shares for a target tranche whose performance period has lasted less than 12 months at the time the employment contract was legally terminated.

The LTIP fair value accrual allocation resulted in the following expense for the fiscal year: Dr. Stefan Schulte € 181.9 thousand (previous year: € 121.1 thousand), Herbert Mai, Peter Schmitz and Dr. Matthias Zieschang each € 138.5 thousand (previous year: € 92.2 thousand).

Pension commitments

The Executive Board members are entitled to pension benefits and provision for surviving dependents. An Executive Board member is generally entitled to retirement benefits if he or she becomes permanently invalid or retires from office during the duration of, or upon expiry of, his or her employment agreement. If an Executive Board member dies, benefits are paid for his or her surviving dependents. These amount to 60 % of the pension for the widower or widow; children entitled to receive benefits receive 12 % each. If no widow's pension is paid, the children each receive 20 % of the pension.

Upon retirement, income from active employment as well as retirement pension payments from previous or, where applicable, later employment relationships shall be credited against accrued retirement pay up until reaching 60 years of age, insofar as without such credit the total of these emoluments and the retirement pension would exceed 75 % of the fixed salary (100 % of the fixed salary if Fraport AG wishes the employment to be terminated or not be extended). Effective January 1 of each year, the pensions are adjusted at discretion, taking into account the interests of the former Executive Board member and the company's performance. The adjustment obligation shall be considered to be satisfied if the adjustment does not fall below the increase in the consumer price index for the cost of living for private households in Germany.

The pension of an Executive Board member is defined by the percentage of a contractually agreed basis of assessment, with the percentage rising annually by 1.5 % or 2.0 % up to a limit of 75 %, dependent on the duration of time a Executive Board member is appointed.

As of December 31, 2011, Dr. Schulte is entitled to 54.0 % of his fixed annual gross salary. Mr. Mai is entitled to 55.0 % of his contractually agreed basis of assessment as of December 31, 2011. As of December 31, 2011, Dr. Zieschang is entitled to 36.0 % of his fixed annual gross salary.

Mr. Schmitz is entitled to 34.0 % of his fixed annual gross salary as of December 31, 2011. The basic account commitment (guideline 2 of the Fraport capital account plan – "Kapitalkontenplan Fraport" – concerning the company benefit plan for Senior Executives, dated February 26, 2002), to which Mr. Schmitz is entitled under Fraport AG's company benefit plan up to December 31, 2008, shall be credited pro rata temporis against pension payments over a period of 8 years after the employment contract has been terminated or expires.

In the event of invalidity, the pension rate for Dr. Schulte, Mr. Mai, Mr. Schmitz and Dr. Zieschang shall amount to at least 55 % of their respective fixed annual gross salaries or rather the contractually agreed basis of assessment.

The right to pensions of the former Executive Board members is also determined by a percentage of a contractually agreed fixed basis of assessment.

Moreover, each member of the Executive Board has entered into a 2-year restrictive covenant. During this term, reasonable compensation in the form of an annual gross salary (fixed salary) pursuant to Section 90a HGB shall be paid. Payments shall be made monthly. The compensation shall be credited against any retirement payments owed by Fraport AG, inasmuch as the compensation together with the retirement payments and other generated income exceed 100 % of the last fixed salary received.

No other benefits have been promised to Executive Board members, should their employment be terminated.

Executive Board remuneration 2011

The following remuneration was paid to the members of the Executive Board: — GRAPHIC 137, 138

The bonus includes the payments on account for the fiscal year 2011 and the addition to the bonus provision in 2011.

The Supervisory Board will decide on the final bonus for 2011 in fiscal year 2012.

LTIP is carried at fair value as of January 1, 2011 (time of offer).

REMUNERATION OF THE EXECUTIVE BOARD 2011

	Remuneration paid out in cash			
	Non-performance-related components		Performance-related component without long-term incentive effect	
in € '000	Fixed salary	In kind and other	Bonus	Total
Dr. Stefan Schulte	415.0	24.4	682.9	1,122.3
Herbert Mai	300.0	33.7	482.0	815.7
Peter Schmitz	300.0	37.5	482.0	819.5
Dr. Matthias Zieschang	320.0	38.7	530.2	888.9
Total	**1,335.0**	**134.3**	**2,177.1**	**3,646.4**

GRAPHIC 137

REMUNERATION OF THE EXECUTIVE BOARD 2011

	Share-related remuneration
	Performance-related component with long-term incentive effect
in € '000	LTIP
Dr. Stefan Schulte	381.1
Herbert Mai	290.0
Peter Schmitz	290.0
Dr. Matthias Zieschang	290.0
Total	**1,251.1**

GRAPHIC 138

REMUNERATION OF THE EXECUTIVE BOARD 2010

	Remuneration paid out in cash			
	Non-performance-related components		Performance-related component without long-term incentive effect	
in € '000	Fixed salary	In kind and other	Bonus	Total
Dr. Stefan Schulte	415.0	18.7	605.4	1,039.1
Herbert Mai	300.0	26.4	427.2	753.6
Peter Schmitz	300.0	28.4	427.2	755.6
Dr. Matthias Zieschang	320.0	32.6	470.0	822.6
Total	**1,335.0**	**106.1**	**1,929.8**	**3,370.9**

GRAPHIC 139

REMUNERATION OF THE EXECUTIVE BOARD 2010

	Share-related remuneration
	Performance-related component with long-term incentive effect
in € '000	LTIP
Dr. Stefan Schulte	285.1
Herbert Mai	217.0
Peter Schmitz	217.0
Dr. Matthias Zieschang	217.0
Total	**936.1**

GRAPHIC 140

PRIOR YEARS COMPONENTS WITH LONG-TERM INCENTIVE ELEMENTS (MSOP)

	MSOP 2005 3rd tranche (2007) Number	MSOP 2005 4th tranche (2008) Number	MSOP 2005 5th tranche (2009) Number	Portfolio total Number	Expenses in 2011 in € '000
Dr. Stefan Schulte	17,000	17,000	17,000	51,000	81.0
Herbert Mai	15,000	15,000	15,000	45,000	71.4
Peter Schmitz	0	0	7,000	7,000	19.8
Dr. Matthias Zieschang	15,000	15,000	15,000	45,000	71.4
Total	**47,000**	**47,000**	**54,000**	**148,000**	**243.6**

GRAPHIC 141

The following remuneration was paid to the members of the Executive Board in 2010: GRAPHIC 139, 140

Prior year components with long-term incentive effects are divided among Executive Board members as follows: GRAPHIC 141

The expenses resulted from the stock options recognized as expenses in accordance with IFRS 2. These are the 4th and 5th tranches from MSOP 2005 that remain in the portfolio.

Pension obligations

There are also future pension obligations of € 27,367 thousand, of which € 20,210 thousand are allotted to the pension obligations owed to former Executive Board members and their dependents. Current pension payments amount to € 1,528 thousand in 2011.

Pension obligations to currently active Executive Board members are as follows:

PENSION OBLIGATIONS ACTIVE EXECUTIVE BOARDS

in € '000	Obligation Dec. 31, 2010	Change 2011	Obligation Dec. 31, 2011
Dr. Stefan Schulte	2,226	380	2,606
Herbert Mai	1,936	281	2,217
Peter Schmitz	1,199	133	1,332
Dr. Matthias Zieschang	708	294	1,002
Total	**6,069**	**1,088**	**7,157**

GRAPHIC 142

Transactions with Fraport AG shares and stock options by members of the Executive Board and their spouses as well as first-degree relatives in fiscal year 2011 were published according to Section 15a WpHG.

Other agreements

Each member of the Executive Board has entered into an obligation to purchase shares in Fraport AG amounting to at least half a year's fixed gross salary (cumulative cost at the time of purchase) and hold them for the duration of their contract of employment. Already existing portfolios containing Fraport AG shares are taken into account. The obligation to purchase and hold shares is reduced pro rata if the employment contract has a term of less than 5 years. If the Executive Board member is reappointed, the equivalent value of the shares a Executive Board member is obliged to hold is increased to at least a full year's gross salary.

Dr. Matthias Zieschang's appointment to the Executive Board was extended until March 31, 2017.

Prof. Dr. Bender continues to render consultation services to Fraport AG even after his departure from the company. The consulting agreement, which ended on August 31, 2011, was extended for another 2 years and now ends on August 31, 2013. For this and other tasks, Fraport AG shall supply Prof. Dr. Bender with offices, office equipment and supplies and an assistant until August 31, 2013. Prof. Dr. Bender shall not receive a salary from Fraport AG for his activities. Until August 31, 2011, travel expenses were reimbursed upon authorization and approval of the trip according to the applicable company guidelines. After this time, travel expenses were no longer reimbursed.

Prof. Dr. Bender also receives pension payments of € 242.2 thousand. Prof. Dr. Bender has agreed that the post-employment restrictive covenant, which applies for 2 years after the employment agreement ends, shall be extended for an additional 2 years up to August 31, 2013. Prof. Dr. Bender waives the right to compensation as set out in Section 90a HGB payable by Fraport AG from January 2011.

Other benefits

Executive Board members have as other benefits the option of private use of a company vehicle with a driver, private use of a company cell phone, a D & O liability insurance with a deductible pursuant to Section 93 (2) sentence 3 AktG, an accident insurance and a life-time entitlement to use the VIP service of Fraport AG, as well as access to a parking spot at Frankfurt airport. Fraport AG reimburses travel costs for company trips and other business expenses in line with regulations in general use at Fraport AG.

Remuneration of the Supervisory Board 2011

The remuneration of the Supervisory Board was adjusted by the shareholders at the Annual General Meeting held on May 27, 2009 and is laid down in Section 12 of the Statutes of Fraport AG. According to this, every member of the Supervisory Board shall receive € 15,000 for each full fiscal year, the Chairman and the Chairman of the finance and audit committee shall receive twice that amount, the Vice Chairman and the Chairmen of the other committees shall each receive one and a half times this amount. For their membership in a committee, Supervisory Board members receive an additional, fixed fee of € 3,750 for each full fiscal year. This amount does not increase by being a member of several committees. In addition, every member receives € 400 for each meeting and incurred expenses are refunded. Notwithstanding members of the finance and audit committee receive € 800 for every meeting they attend (see note 54).

All active members of the Supervisory Board received an aggregate remuneration of € 534.7 thousand in 2011 (previous year: € 519.2 thousand).

Remuneration of the Economic Advisory Board in 2011

Every member of the Economic Advisory Board receives a remuneration of € 5,000 for every year of membership, with the Chairman receiving twice that amount. Travel expenses are reimbursed.

In fiscal year 2011, aggregate remuneration of the Economic Advisory Board amounted to € 92.5 thousand (previous year: € 78.0 thousand).

53 _ Executive Board

Members of the Executive Board

Memberships in mandatory Supervisory Boards and comparable control bodies

CHAIRMAN OF THE EXECUTIVE BOARD

Dr. Stefan Schulte

Member of the Supervisory Board:
_ Deutsche Post AG

EXECUTIVE DIRECTOR LABOR RELATIONS

Herbert Mai

Chairman of the Supervisory Board:
_ Fraport Cargo Services GmbH

Member of the Supervisory Board:
_ Gateway Gardens Projektentwicklungs GmbH

Chairman of the Shareholders' Meeting:
_ Airport Cater Service GmbH
(from April 1, 2011)

Member of the Shareholders Committee:
_ MIRUS Grundstücks-Verwaltungsgesellschaft KG

EXECUTIVE DIRECTOR OPERATIONS

Peter Schmitz

Chairman of the Supervisory Board:
_ ASG Airport Service Gesellschaft mbH
(until December 31, 2010)

Vice Chairman of the Supervisory Board:
_ Fraport Cargo Service GmbH

Member of the Shareholders' Meeting:
_ ASG Airport Service Gesellschaft mbH
(until December 31, 2010)
_ Fraport Cargo Services GmbH

EXECUTIVE DIRECTOR CONTROLLING AND FINANCE

Dr. Matthias Zieschang

Vice Chairman of the Supervisory Board:
_ Shanghai Frankfurt Airport Consulting Services Co. Ltd.

Member of the Supervisory Board:
_ Fraport IC Ictas Antalya Havalimani Terminal
_ Flughafen Hannover-Langenhagen GmbH

Member of the Shareholders' Meeting:
_ Flughafen Hannover-Langenhagen GmbH

Member of the Administrative Board:
_ Frankfurter Sparkasse

54_ Supervisory Board

Members of the Supervisory Board

Membership in mandatory Supervisory Boards and comparable control bodies

CHAIRMAN

Karlheinz Weimar

FORMER FINANCE MINISTER OF THE STATE OF HESSE

(Remuneration 2011: € 38,550
2010: € 37,750)

Member of the Executive Committee:

_ Bundesanstalt für Finanzmarktstabilisierung (from July 1, 2011)

Member of the Advisory Board:

_ Höchster Porzellan-Manufaktur GmbH

Vice Chairman of the Administrative Board:

_ Landesbank Hessen-Thüringen Girozentrale (until July 1, 2011)

Member of the Economic and Infrastructure Bank Committee:

_ Wirtschafts- und Infrastrukturbank Hessen (until July 1, 2011)

Member of the Supervisory Board:

_ DIAMOS AG (until July 1, 2011)

VICE CHAIRMAN

Gerold Schaub

DEPUTY REGIONAL DIRECTOR TRAFFIC VER.DI HESSE

(Remuneration 2011: € 33,450
2010: € 31,450)

Vice Chairman of the Supervisory Board:

_ LSG Lufthansa Service Holding GmbH

Member of the Supervisory Board:

_ LSG Sky Chefs Deutschland GmbH (until June 30, 2011)

Ismail Aydin

VICE CHAIRMAN OF THE WORKS COUNCIL

(Remuneration 2011: € 22,750
2010: € 22,350)

Dr. Manfred Bischoff

CHAIRMAN OF THE SUPERVISORY BOARD OF DAIMLER AG

(Remuneration 2011: € 21,550
2010: € 21,550)

Chairman of the Supervisory Board:

_ Daimler AG
_ SMS GmbH
_ Voith GmbH

Member of the Board or Supervisory Board:

_ Royal KPN N. V.
_ Unicredit S.p.A.

Jutta Ebeling
MAYOR OF THE CITY OF FRANKFURT AM MAIN
(from June 1, 2011)
(Remuneration 2011: € 13,825)

Member of the Supervisory Board:
_ Alte Oper Frankfurt Konzert- und Kongresszentrum GmbH
_ Gas-Union GmbH
_ Mainova AG
_ Messe Frankfurt GmbH
_ Wirtschaftsförderung Frankfurt – Frankfurt Economic Development GmbH

Chairperson of the Works Commission:
_ Kita Frankfurt
_ Volkshochschule Frankfurt am Main

Member of the Works Commission:
_ Städtische Kliniken Frankfurt am Main – Höchst (until August 28, 2011)
_ Kommunale Kinder-, Jugend- und Familienhilfe Frankfurt am Main

Dr. Margarete Haase
MEMBER OF THE EXECUTIVE BOARD DEUTZ AG
(Remuneration 2011: € 26,750)

Membership in comparable domestic and foreign control bodies according to Section 125 AktG:
_ DEUTZ (Dalian) Engine Co. Ltd.

Member of the Supervisory Board:
_ ElringKlinger AG (from May 31, 2011)
_ ZF Friedrichshafen AG (from January 1, 2012)

Jörg-Uwe Hahn
MINISTER OF JUSTICE, FOR INTEGRATION AND EUROPE OF THE STATE OF HESSE
(Remuneration 2011: € 32,250
2010: € 31,450)

Vice Chairman of the Supervisory Board:
_ ALEA Hoch- und Industriebau AG

Member of the Supervisory Board:
_ HA Hessen Agentur GmbH
_ hr-Senderservice GmbH

Member of the Advisory Board:
_ ÖD-Beirat DBV-Winterthur

Erdal Kina
MEMBER OF THE WORKS COUNCIL
(Remuneration 2011: € 22,750
2010: € 22,350)

Lothar Klemm
FORMER HESSIAN GOVERNMENT MINISTER
(Remuneration 2011: € 30,350
2010: € 28,350)

Chairman of the Supervisory Board:
_ ZIV-Zentrum für integrierte Verkehrssysteme GmbH (until August 1, 2011)
_ REA Mobile AG (until February 11, 2011)
_ Dietz AG
_ Variolog AG (from May 3, 2011)

Member of the Supervisory Board:
_ IQB Career Services AG

Stefan H. Lauer

MEMBER OF THE EXECUTIVE BOARD DEUTSCHE LUFTHANSA AG

(Remuneration 2011: € 16,600
2010: € 7,050)

Chairman of the Supervisory Board:
_ Austrian Airlines AG
_ Lufthansa Flight Training GmbH
_ Germanwings GmbH (from December 1, 2011)

Member of the Supervisory Board:
_ LSG Lufthansa Service Holding AG
_ Lufthansa Cargo AG
_ Pensions-Sicherungs-Verein VVaG
_ ESMT European School of Management and Technology GmbH
_ Germanwings GmbH (November 1, 2011 to November 30, 2011)

Member of the Administrative Board:
_ Swiss International Air Lines AG
_ Landesbank Hessen-Thüringen Girozentrale

Member of the Board of Directors:
_ Aircraft Maintenance and Engineering Corp. (Vice Chairman)
_ British Midland Ltd. (Chairman) (until September 9, 2011)
_ SN Airholding SA / NV
_ Günes Ekspres Havacilik A.S. (Sun Express) (Vice Chairman)

Arno Prangenberg

AUDITOR, TAX CONSULTANT

(Remuneration 2011: € 25,550
2010: € 26,350)

Gabriele Rieken

MEMBER OF THE WORKS COUNCIL

(Remuneration 2011: € 24,350
2010: € 24,350)

Petra Rossbrey

FULLY AUTHORIZED REPRESENTATIVE FINANCE AND ADMINISTRATION OF GCS GESELLSCHAFT FÜR CLEANING SERVICES MBH & CO. AIRPORT FRANKFURT / MAIN KG

(Remuneration 2011: € 26,750
2010: € 26,350)

Member of the Advisory Board:
_ Energy Air GmbH

Dr. h. c. Petra Roth

MAYOR OF THE CITY OF FRANKFURT AM MAIN
(Remuneration 2011: € 25,950
2010: € 24,750)

Chairperson of the Supervisory Board:
_ Frankfurter Aufbau AG (Group mandate)
_ Mainova AG (Group mandate)
_ ABG Frankfurt Holding Wohnungsbau- und Beteiligungsgesellschaft mbH (Group mandate)
_ Messe Frankfurt GmbH (Group mandate)
_ Stadtwerke Frankfurt am Main Holding GmbH (Group mandate)
_ Stadtwerke Verkehrsgesellschaft Frankfurt am Main GmbH (Group mandate)
_ Thüga Holding GmbH & Co. KGaA (Group mandate)

Member of Voluntary Corporate Control Bodies:
_ Alte Oper Frankfurt Konzert- und Kongresszentrum GmbH
_ Dom Römer GmbH
_ Gas-Union GmbH
_ House of Logistics & Mobility GmbH (HOLM) (from November 1, 2010)
_ Grontmij A & T GmbH
_ Rhein-Main-Verkehrsverbund GmbH
_ Rhein-Main-Verkehrsverbund Service GmbH
_ FIZ Frankfurter Innovationszentrum Biotechnologie GmbH
_ Städtische Bühnen Frankfurt am Main GmbH
_ The Forsythe Company gGmbH

Member of the Administrative Board:
_ Landesbank Hessen-Thüringen Girozentrale

Member of the Support Commission:
_ Sparkassenzweckverband Nassau

Member of the Executive Board:
_ Deutscher Sparkassen- und Giroverband

Member of the Advisory Board:
_ E.ON Ruhrgas AG (until December 31, 2010)
_ Deutsche Vermögensberatung AG
_ Thüga AG

Member of the Television Board:
_ Zweites Deutsches Fernsehen

Prof. Klaus-Dieter Scheurle

SECRETARY OF STATE AT THE FEDERAL MINISTRY OF TRANSPORT, BUILDING AND URBAN DEVELOPMENT
(Remuneration 2011: € 16,600
2010: € 6,200)

Chairman of the Supervisory Board:
_ Deutsche Flugsicherung GmbH

Member of the Supervisory Board:
_ Deutsche Bahn AG
_ DB Mobility Logistics AG

Hans-Jürgen Schmidt

1. STATE VICE CHAIRMAN KOMBA GEWERKSCHAFT HESSEN

CHAIRMAN
KOMBA GEWERKSCHAFT KREISVERBAND
FLUGHAFEN FRANKFURT / MAIN

MEMBER OF THE WORKS COUNCIL
(Remuneration 2011: € 26,750
2010: € 25,550)

Werner Schmidt

MEMBER OF THE WORKS COUNCIL
(Remuneration 2011: € 24,750
2010: € 22,350)

Chairman of the Executive Board:
_ Arbeitsgemeinschaft unabhängiger Flughafenbeschäftigter (AUF e.V.)

Vice Chairman of the Executive Board:
_ komba gewerkschaft, Kreisverband Flughafen Frankfurt / Main

Member of the Supervisory Board:
_ SMW Abwasser GmbH (until May 31, 2011)
_ FraSec GmbH

Member of the Association Council:
_ Riedwerke Kreis Groß-Gerau (until May 31, 2011)

Lutz Sikorski

COUNCILOR OF THE CITY OF FRANKFURT AM MAIN
(until January 5, 2011)
(Remuneration 2010: € 22,350)

Chairman of the Supervisory Board:
_ traffiQ Lokale Nahverkehrsgesellschaft Frankfurt am Main mbH
_ RTW Planungsgesellschaft mbH
_ FES Frankfurter Entsorgungs- und Service GmbH

Member of the Supervisory Board:
_ Messe Frankfurt GmbH
_ ivm GmbH
_ Gateway Gardens Projektentwicklungs GmbH
_ Sportpark Stadion Frankfurt Gesellschaft für Projektentwicklungen mbH
_ FSV Frankfurt 1899 Fußball GmbH
_ FAAG (Frankfurter Aufbau AG)

Edgar Stejskal

CHAIRMAN OF THE GROUP WORKS COUNCIL
(Remuneration 2011: € 29,550
2010: € 28,750)

Member of the Supervisory Board:
_ Airmail Center Frankfurt GmbH

Christian Strenger

(Remuneration 2011: € 44,550
2010: € 42,550)

Chairman of the Supervisory Board:
_ The Germany Funds (USA)

Member of the Supervisory Board:
_ DWS Investment GmbH
_ Evonik Industries AG
_ TUI AG

Peter Wichtel

MEMBER OF THE GERMAN BUNDESTAG
(Remuneration 2011: € 31,050
2010: € 30,250)

Member of the Executive Board:
_ Unfallkasse Hessen

Member of the Supervisory Board:
_ operational services GmbH & Co. KG

55 _ Disclosure of shareholdings according to Section 313 (2) HGB

SUBSIDIARIES

Name of the company	Registered office		Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
AirIT Services AG	Lautzenhausen	2011	100.0	1,748	324	
		2010	100.0	1,479	275	
Airport Assekuranz Vermittlungs-GmbH	Neu-Isenburg	2011	100.0	97,786	5,351	
		2010	100.0	17,388	1,486	
Airport Cater Service GmbH	Frankfurt a. M.	2011	100.0	26	0	
		2010	100.0	26	0	
Air-Transport IT Services, Inc.	Orlando / U.S.A.	2011	100.0	5,037	742	
		2010	100.0	4,349	1,655	
Antalya Havalimani Uluslararasi Terminal Isletmeciligi Anonim Sirketi	Istanbul / Turkey	2011	100.0	45,547	362	
		2010	100.0	53,366	– 40	
APS Airport Personal Service GmbH	Frankfurt a. M.	2011	100.0	2,831	2,281	
		2010	100.0	1,461	911	
Energy Air GmbH	Frankfurt a. M.	2011	100.0	2,700	2,601	
		2010	100.0	2,132	2,012	
Flughafen Frankfurt Main (Greece) Monoprosopi EPE	Athens / Greece	2011	100.0	77	– 5	1
		2010	100.0	83	– 6	1
FraCareServices GmbH	Frankfurt a. M.	2011	51.0	1,427	139	
		2010	51.0	1,288	114	
Fraport Airport Operations India Private Ltd.	Bangalore / India	2011	100.0	2	0	1
		2010	100.0	2	0	1
Fraport Asia Ltd.	Hong Kong / China	2011	100.0	90,533	2,814	
		2010	100.0	54,142	1,057	
Fraport Cargo Services GmbH	Frankfurt a. M.	2011	100.0	30,302	16,074	
		2010	100.0	19,875	4,952	
Fraport Casa GmbH	Neu-Isenburg	2011	100.0	20,979	– 21	2
Fraport Immobilienservice und -entwicklungs GmbH & Co. KG	Flörsheim a. M.	2011	100.0	11,533	11,158	3, 4
		2010	100.0	12,727	5,792	3, 4
Fraport Malta Business Services Ltd.	St. Julians / Malta	2011	100.0	68,033	1,561	
		2010	100.0	66,565	988	
Fraport Malta Ltd.	St. Julians / Malta	2011	100.0	70,961	2,258	
		2010	100.0	68,703	1,426	
Fraport Objekte 162 163 GmbH	Flörsheim a. M.	2011	100.0	23	1	
		2010	100.0	22	1	
Fraport (Philippines) Services, Inc.	Manila / Philippines	2011	99.99	– 3,331	0	1
		2010	99.99	– 3,242	0	1
Fraport Peru S.A.C.	Lima / Peru	2011	99.99	405	84	
		2010	99.99	290	118	
FPS Frankfurt Passenger Services GmbH	Frankfurt a. M.	2011	51.0	412	178	
		2010	51.0	233	138	
Fraport Objekt Mönchhof GmbH	Flörsheim a. M.	2011	100.0	23	1	
		2010	100.0	22	1	
Fraport Real Estate Mönchhof GmbH & Co. KG	Flörsheim a. M.	2011	100.0	4,406	9,282	3, 4
		2010	100.0	6,002	3,186	3, 4
Fraport Real Estate Verwaltungs GmbH	Flörsheim a. M.	2011	100.0	24	3	
		2010	100.0	22	3	
Fraport Real Estate 162 163 GmbH & Co. KG	Flörsheim a. M.	2011	100.0	4,515	1,212	3, 4
		2010	100.0	4,423	952	3, 4

SUBSIDIARIES

Name of the company	Registered office		Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
Fraport Saudi Arabia for Airport Management and Development Services Company Ltd.	Riyadh / Saudi Arabia	2011	100.0	14,420	3,577	
		2010	100.0	10,297	6,026	
FraSec Fraport Security Services GmbH	Frankfurt a. M.	2011	100.0	5,382	145	
		2010	100.0	5,237	–2,909	
FRA – Positionsaufsicht GmbH	Neu-Isenburg	2011	100.0	25	0	2
FRA – Verkehrszentrale GmbH	Neu-Isenburg	2011	100.0	25	0	2
FRA – Vorfeldaufsicht GmbH	Neu-Isenburg	2011	100.0	25	0	2
FRA – Vorfeldkontrolle GmbH	Neu-Isenburg	2011	100.0	25	0	2
Fraport Twin Star Airport Management AD	Varna / Bulgaria	2011	60.0	42,199	11,334	
		2010	60.0	30,865	8,344	
FSG Flughafen-Service GmbH	Frankfurt a. M.	2011	33.33	154	79	
		2010	33.33	154	79	
GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt / Main KG	Frankfurt a. M.	2011	40.0	2,869	1,721	4
		2010	40.0	2,831	1,676	4
International Aviation Security (UK) Ltd.	London / Great Britain	2011	100.0	0	0	1
		2010	100.0	0	0	1
International Aviation Security, Lda.	Lisbon / Portugal	2011	100.0	0	0	1
		2010	100.0	0	0	1
Lima Airport Partners S.R.L.	Lima / Peru	2011	70.01	30,301	15,111	
		2010	70.01	22,141	13,425	
Media Frankfurt GmbH	Frankfurt a. M.	2011	51.0	5,059	2,259	
		2010	51.0	2,800	2,289	
VCS Verwaltungsgesellschaft für Cleaning Service mbH	Frankfurt a. M.	2011	100.0	38	2	
		2010	100.0	36	1	

GRAPHIC 143

JOINT VENTURES

Name of the company	Registered office		Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
AirITSystems GmbH	Hanover	2011	50.0	3,070	830	
		2010	50.0	3,176	977	
Fraport IC Ictas Havalimani Isletme Anonim Sirketi	Antalya / Turkey	2011	50.0	23,090	–154	
		2010	50.0	23,244	–37	
Fraport IC Ictas Antalya Havalimani Terminal Yatirim ve Isletmeciligi Anonim Sirketi	Antalya / Turkey	2011	50.0	–122,299	44,214	
		2010	50.0	–157,132	46,633	
Fraport IC Ictas Havalimani Yer Hizmetleri Anonim Sirketi	Antalya / Turkey	2011	50.0	349	27	1
		2010	50.0	385	29	1
Gateway Gardens Projektentwicklungs-GmbH	Frankfurt a. M.	2011	16.66	230	31	
		2010	16.66	199	0	
Grundstücksgesellschaft Gateway Gardens GmbH	Frankfurt a. M.	2011	33.33	3,582	–417	
		2010	33.33	4,000	1,242	
IC Ictas Uluslararasi Insaat Sanayi ve Ticaret Anonim Sirketi	Ankara / Turkey	2011	50.0	5,776	4	1
		2010	50.0	6,806	–1	1
Medical Airport Service GmbH	Kelsterbach	2011	50.0	4,783	1,140	
		2010	50.0	4,074	1,079	
Multi Park II Mönchhof GmbH	Walldorf (Baden)	2011	50.0	47	11	
		2010	50.0	116	1,543	
N*ICE Aircraft Services & Support GmbH	Frankfurt a. M.	2011	52.0	16,791	1,193	
		2010	52.0	17,524	6,220	
Pantares Tradeport Asia Ltd.	Hong Kong / China	2011	50.0	4,856	783	
		2010	50.0	3,674	146	
Shanghai Frankfurt Airport Consulting Services Co., Ltd.	Shanghai / China	2011	50.0	288	7	
		2010	50.0	260	4	
Terminal for Kids gGmbH	Frankfurt a. M.	2011	50.0	1,138	414	
		2010	50.0	725	133	

GRAPHIC 144

ASSOCIATED COMPANIES

Name of the company	Registered office		Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000
Airmail Center Frankfurt GmbH	Frankfurt a. M.	2011	40.0	4,628	1,965
		2010	40.0	3,403	984
ASG Airport Service Gesellschaft mbH	Frankfurt a. M.	2011	49.0	1,623	1,517
		2010	49.0	1,105	1,021
Flughafen Hannover-Langenhagen GmbH	Hanover	2011	30.0	138,052	–97
		2010	30.0	138,586	–5,430
Xi'an Xianyang International Airport Co., Ltd.	Xianyang City / China	2011	24.5	439,857	26,722
		2010	24.5	257,491	18,386
Thalita Trading Ltd; Northern Capital Gateway LLC	Lakatamia / Cyprus; St. Petersburg / Russia	2011	35.5	33,052	9,709
		2010	35.5	45,903	8,259
Tradeport Hong Kong Ltd.	Hong Kong / China	2011	18.75	–15,587	2,122
		2010	18.75	–17,299	386

GRAPHIC 145

OTHER INVESTMENTS

Name of the company	Registered office		Shareholdings in %	Equity (according to IFRS) in € '000	Earnings (according to IFRS) in € '000	
Afriport S.A.	Luxemburg / Luxemburg	2011	10.0	264	–22	
		2010	10.0	286	–24	
Compañía de Economia Mixta de Valor y Seguridad CIVAS EQUADOR	Quito / Ecuador	2011	35.0	–	–	1, 5, 6
		2010	35.0	–	–	1
Delhi International Airport Private Ltd.	New Delhi / India	2011	10.0	295,743	–69,636	7
		2010	10.0	423,774	3,283	7
Flughafen-Partner Holding GmbH	Berlin	2011	28.6	–	–	1, 8
		2010	28.6	–	–	1, 8
Gateways for India Airports Private Ltd.	Bangalore / India	2011	13.51	2	0	1
		2010	13.51	2	0	1
Ineuropa Handling Alicante, U.T.E.	Madrid / Spain	2011	20.0	–	–	1, 8
		2007	20.0	–575	–786	1, 5
Ineuropa Handling Madrid, U.T.E.	Madrid / Spain	2011	20.0	–	–	1, 8
		2007	20.0	–1,282	–2,604	1, 5
Ineuropa Handling Mallorca, U.T.E.	Madrid / Spain	2011	20.0	–	–	1, 8
		2007	20.0	871	270	1, 5
Ineuropa Handling Teneriffa, U.T.E.	Madrid / Spain	2011	20.0	–	–	1, 8
		2007	20.0	1,642	–762	1, 5
operational services GmbH & Co. KG	Frankfurt a. M.	2011	50.0	5,024	1,897	9
		2010	50.0	3,127	1,151	9
Perishable-Center Frankfurt GbR	Frankfurt a. M.	2011	0.0	–	–	5, 10
		2010	0.0	3,480	1,432	
Perishable-Center Verwaltungs-GmbH Zentrum für verderbliche Güter Frankfurt	Frankfurt a. M.	2011	10.0	–	–	5
		2010	10.0	718	–11	5
Perishable-Center Verwaltungs-GmbH Zentrum für verderbliche Güter Frankfurt GmbH & Co. Betriebs-KG	Frankfurt a. M.	2011	4.0	–	–	5
		2010	4.0	374	143	5
Philippine Airport and Ground Services Terminals Holdings, Inc. (PTH)	Pasay City / Philippines	2011	40.0	–	–	1, 5
		2005	40.0	–1,590	833	
Philippine Airport and Ground Services Terminals, Inc. (PTI)	Manila / Philippines	2011	40.0	–	–	1, 5
		2005	40.0	–2,937	1,390	
Philippine Airport and Ground Services, Inc. (PAGS)	Manila / Philippines	2011	40.0	–	–	1, 5
		2005	40.0	4,533	9	
Philippine International Air Terminals Co., Inc. (PIATCO)	Pasay City / Philippines	2011	30.0	–	–	1, 5
		2005	30.0	98,747	4,761	
THE SQUAIRE GmbH & Co. KG	Frankfurt a. M.	2011	2.4	–	–	4, 5
		2010	2.4	–320,482	–69,699	4

GRAPHIC 146

[1] Company inactive or in liquidation
[2] Newly established in 2011
[3] IFRS earnings before consolidation
[4] In the equity capital of shares in commercial partnerships, capital shares as well as shares in profit and loss of the limited partners are recognized (according to IAS 32, these are debt)
[5] Current financial statements not yet available
[6] There is no influence on financial and business policies
[7] Fiscal year of the company ends on March 31
[8] Equity has been largely or wholly repaid
[9] A control and profit transfer agreement is in place between the company and the other shareholders; Fraport has no influence on financial and business policies
[10] Company without cash contributions

Frankfurt am Main, March 5, 2012

Fraport AG Frankfurt Airport Services Worldwide

The Executive Board

Dr. Schulte Mai

Schmitz Dr. Zieschang

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, March 5, 2012
Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board

Dr. Schulte   Mai

Schmitz   Dr. Zieschang

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Fraport AG Frankfurt Airport Services Worldwide, Frankfurt / Main, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the group notes, together with the group management report for the business year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company`s Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the IDW [Institut der Wirtschaftsprüfer "Institute of Public Auditors in Germany"]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 5, 2012
KPMG AG
Wirtschaftsprüfungsgesellschaft

Wagenseil	Kunz
German Public Auditor	German Public Auditor

SEVEN YEAR OVERVIEW [1]

€ million		2011	2010	2009	2008	2007	2006	2005
Revenue		**2,371.2**	**2,194.6**	**2,010.3**	**2,101.6**	**2,329.0**	**2,143.9**	**2,089.8**
Change in work-in-process		0.4	0.4	0.9	0.4	0.5	0.0	0.1
Other internal work capitalized		40.3	36.9	39.1	33.8	24.6	23.1	20.6
Other operating income		40.9	52.1	45.3	66.1	71.7	83.3	31.2
Total revenue		**2,452.8**	**2,284.0**	**2,095.6**	**2,201.9**	**2,425.8**	**2,250.3**	**2,141.7**
Cost of materials		–541.1	–491.1	–471.6	–471.1	–461.4	–353.3	–333.6
Personnel expenses		–906.3	–880.4	–866.9	–925.6	–1,143.3	–1,076.9	–1,032.5
Other operating expenses		–203.1	–201.9	–187.4	–204.5	–240.6	–241.7	–233.1
EBITDA		**802.3**	**710.6**	**569.7**	**600.7**	**580.5**	**578.4**	**542.5**
Depreciation and amortization		–305.7	–279.7	–268.8	–241.5	–245.2	–248.0	–235.9
EBIT / Operating result		**496.6**	**430.9**	**300.9**	**359.2**	**335.3**	**330.4**	**306.6**
Interest result		–144.4	–137.7	–99.7	–71.0	–25.3	–11.1	–13.1
Result from associated companies		11.5	7.0	4.3	–15.1	2.5	5.6	8.2
Income from investments		0.0	0.0	0.1	0.1	5.3	6.8	6.3
Write-down on financial assets		0.0	0.0	–7.2	–	–	–	–
Other financial result		–16.4	–21.5	–3.9	24.2	0.9	23.3	–12.6
Financial result		**–149.3**	**–152.2**	**–106.4**	**–61.8**	**–16.6**	**24.6**	**–11.2**
EBT / Result from ordinary operations		**347.3**	**278.7**	**194.5**	**297.4**	**318.7**	**355.0**	**295.4**
Taxes on income		–96.5	–7.2	–42.5	–100.5	–90.5	–115.9	–127.0
Group result		**250.8**	**271.5**	**152.0**	**196.9**	**228.2**	**239.1**	**168.4**
Profit attributable to non-controlling interests		10.4	8.6	5.6	7.2	5.0	–0.4	0.3
Profit attributable to shareholders of Fraport AG		**240.4**	**262.9**	**146.4**	**189.7**	**223.2**	**239.5**	**168.1**
Earnings per € 10 share in € (basic)		**2.62**	**2.86**	**1.60**	**2.07**	**2.44**	**2.63**	**1.85**
Earnings per € 10 share in € (diluted)		**2.60**	**2.85**	**1.59**	**2.05**	**2.42**	**2.59**	**1.82**
Key ratios								
EBITDA margin	%	33.8	32.4	28.3	28.6	24.9	27.0	26.0
EBIT margin	%	20.9	19.6	15.0	17.1	14.4	15.4	14.7
Return on revenue	%	14.6	12.7	9.7	14.2	13.7	16.6	14.1
Fraport assets	€ million	4,447.3	4,019.7	3,820.2	3,419.1	3,075.0	2,802.9	2,848.3
ROFRA	%	11.2	10.7	7.9	10.5	10.9	11.8	10.8
Year-end closing price of Fraport Share	€	38.00	47.16	36.28	30.91	53.87	54.02	44.90
Dividend per Share	€	1.25 [2]	1.25	1.15	1.15	1.15	1.15	0.90
Average number of employees		20,595	19,792	19,970	23,079	30,437	28,246	25,781

Key figures		**Balance at Dec. 31, 2011**	**Balance at Dec. 31, 2010**	**Balance at Dec. 31, 2009**	**Balance at Dec. 31, 2008**	**Balance at Dec. 31, 2007**	**Balance at Dec. 31, 2006**	**Balance at Dec. 31, 2005**
Profit earmarked for distribution	€ million	115.4 [2]	115.6	106.2	105.6	105.3	105.2	82.1
Net financial debt	€ million	2,636.6	2,024.4	1,614.5	925.6	338.0	–49.8	–2.1
Capital employed	€ million	5,342.6	4,626.9	4,043.5	3,328.0	2,734.5	2,196.0	2,075.1
Gearing ratio	%	97.4	77.8	66.5	38.5	14.1	–2.2	–0.1
Debt-to-equity ratio	%	28.6	22.1	18.2	14.1	5.9	–1.1	–0.1
Dynamic leverage ratio	%	426.1	356.7	378.5	187.9	67.6	–10.0	0.0
Working capital	€ million	977.6	1,878.4	2,030.0	919.7	218.0	568.2	574.4

[1] Due to new accounting regulations or shifts in Group definitions previous years figures may differ
[2] Proposed dividend

GRAPHIC 147

SEVEN YEAR OVERVIEW [1]

€ million	Balance at Dec. 31, 2011	Balance at Dec. 31, 2010	Balance at Dec. 31, 2009	Balance at Dec. 31, 2008	Balance at Dec. 31, 2007	Balance at Dec. 31, 2006	Balance at Dec. 31, 2005
Goodwill	38.6	38.6	40.0	22.7	22.7	97.1	108.3
Investments in airport operating projects	1,067.1	1,073.4	1,098.4	597.6	570.3	3.2	–
Other intangible assets	43.6	32.4	34.0	33.3	43.9	39.1	50.2
Property, plant and equipment	5,643.8	5,013.3	4,486.4	3,968.6	3,628.6	2,768.3	2,611.6
Investment property	74.6	34.0	34.7	9.0	10.1	66.9	37.4
Investments in associated companies	138.0	97.1	72.9	72.4	37.1	56.2	53.6
Other financial assets	648.6	394.6	474.7	205.4	252.2	302.1	209.5
Other receiveables and financial assets	33.5	20.9	20.0	42.4	58.5	36.8	33.2
Income tax receiveables	29.6	29.6	23.6	26.6	33.5	32.2	–
Deferred tax assets	48.2	**43.1**	68.3	30.4	7.2	16.4	19.3
Non-Current assets	**7,765.6**	**6,777.0**	**6,353.0**	**5,008.4**	**4,664.1**	**3,418.3**	**3,123.1**
Inventories	81.4	77.9	54.0	47.4	39.5	32.9	14.4
Trade accounts receiveable	163.9	178.3	158.4	154.9	154.6	185.5	190.0
Other receiveables and financial assets	280.2	319.2	492.2	205.1	76.6	62.3	71.5
Income tax receivables	6.2	5.5	5.3	7.8	13.2	2.0	–
Cash and cash equivalents	927.1	1,812.6	1,802.3	1,154.8	651.3	632.5	574.2
Non-current assets held for sale	–	–	–	–	165.6	0.1	2.7
Current assets	**1,458.8**	**2,393.5**	**2,512.2**	**1,570.0**	**1,100.8**	**915.3**	**852.8**
Issued capital	918.8	918.4	917.7	916.1	914.6	913.7	910.7
Capital reserves	584.7	582.0	578.3	573.1	565.2	558.8	550.5
Revenue reserves	1,317.9	1,217.7	1,039.2	1,018.8	1,022.0	878.5	698.1
Issued capital and reserves attributable to shareholders of Fraport AG	2,821.4	2,718.1	2,535.2	2,508.0	2,501.8	2,351.0	2,159.3
Non-controlling interests	29.4	21.2	22.6	60.2	33.0	22.1	15.4
Shareholders' equity	**2,850.8**	**2,739.3**	**2,557.8**	**2,568.2**	**2,534.8**	**2,373.1**	**2,174.7**
Financial liabilities	4,034.0	4,256.6	4,126.9	1,685.3	830.6	718.8	622.4
Trade accounts payable	64.9	60.0	114.7	192.9	365.6	–	–
Other liabilities	1,001.0	949.2	904.7	514.8	451.7	106.1	115.4
Deferred tax liabilities	106.9	105.5	143.9	123.5	108.3	139.7	119.7
Provisions for pensions and similar obligations	22.9	22.1	20.3	19.0	19.4	20.6	21.4
Provisions for income taxes	68.1	68.0	135.0	170.0	163.0	166.2	167.0
Other provisions	214.8	147.0	129.9	101.0	136.2	101.4	112.1
Non-current liabiliies	**5,512.6**	**5,608.4**	**5,575.4**	**2,806.5**	**2,074.8**	**1,252.8**	**1,158.0**
Financial liabilities	219.9	151.8	118.9	555.5	367.8	125.2	140.1
Trade accounts payable	228.9	274.6	219.8	393.8	441.5	229.0	173.3
Other liabilities	187.4	180.5	147.7	63.6	75.7	118.1	105.1
Provisions for income taxes	2.4	12.9	6.7	1.9	14.2	16.4	18.5
Other provisions	222.4	203.0	238.9	188.9	185.3	218.8	206.2
Liabilities in the context of assets held for sale	–	–	–	–	70.8	0.2	–
Current liabilities	**861.0**	**822.8**	**732.0**	**1,203.7**	**1,155.3**	**707.7**	**643.2**
Total assets	**9,224.4**	**9,170.5**	**8,865.2**	**6,578.4**	**5,764.9**	**4,333.6**	**3,975.9**
Change over previous year in %							
Non-current assets	14.6	6.7	26.8	7.4	36.4	9.5	13.4
Shareholders' equity (less non-controlling interests and profit earmarked for distribution)	4.0	7.1	1.1	0.2	6.7	8.1	5.3
Share of total assets in %							
Non-current assets	84.2	73.9	71.7	76.1	80.9	78.9	78.6
Shareholders' equity ratio	29.3	28.4	27.4	36.5	41.6	51.8	52.2

[1] Due to new accounting regulations or shifts in Group definitions previous years figures may differ

GRAPHIC 147

GLOSSARY

Capital employed
Net financial debt + Shareholders' equity [1]

Debt-to-equity ratio
Net financial debt / Total assets

Dynamic leverage ratio
Net financial debt / Cash flow from operating activities

Dividend yield
Dividend per share / Year-end closing price of the share

EBIT
Abbreviation for: Earnings before interest and taxes

EBIT margin
EBIT / Revenue

EBITDA
Abbreviation for: Earnings before interest, taxes, depreciation and amortization

EBITDA margin
EBITDA / Revenue

EBT
Abbreviation for: Earnings before taxes

EURIBOR
Abbreviation for: European Interbank Offered Rate = Interest rate used by European banks, when trading fixed-term deposits with each other. It is one of the most important reference interest rates, among European bonds, bearing variable interest payments

Fraport assets
Capital required for the Fraport Group's operations

Free cash flow
Cash flow from operating activities – Spending for intangible assets – Spending for property, plant and equipment – Spending for airport operating projects – Spending for investment property

Gearing ratio
Net financial debt / Shareholders' equity [1]

Investment ratio
Capital expenditures / Revenue

Liquidity
Cash and cash equivalents (as of financial position) + Short-term realizable assets in "other financial assets" and "other receivables and financial assets"

Market capitalization
Year-end closing price of the share x Number of shares outstanding

Net financial debt
Non-current financial debt + Current financial debt – Liquidity

P / E ratio (Price-to-earnings ratio of stock)
Year-end closing price of the share / Earnings per share (basic)

Return on revenue
EBT / Revenue

Return on shareholders' equity
Profit attributable to equity holders of Fraport AG / Shareholders' equity [1]

ROCE
Abbreviation for: Return on capital employed = EBIT / Capital employed

ROFRA
Abbreviation for: Return on Fraport assets = EBIT / Fraport assets

Shareholders' equity ratio
Shareholders' equity [1] / Total assets

Working capital
Current assets – Trade accounts payable – Other current liabilities

Yearly performance of the share
(Year-end closing price of the share + Dividend per share) / Previous year's closing price

[1] Shareholders' equity less non-controlling interests and profit earmarked for distribution

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FINANCIAL CALENDAR 2012

Wednesday, May 9, 2012
Report on the 1st quarter of 2012

Friday, May 11, 2012
Annual General Meeting 2012

Wednesday, August 8, 2012
Report on the 1st half of 2012

Tuesday, November 6, 2012
Report on the 1st nine months of 2012

TRAFFIC CALENDAR 2012

TRAFFIC CALENDAR 2012	
Month	
March 2012 / 3M 2012	Monday, April 16, 2012
April 2012	Friday, May 11, 2012
May 2012	Thursday, June 14, 2012
June 2012 / 6M 2012	Wednesday, July 11, 2012
July 2012	Friday, August 10, 2012
August 2012	Wednesday, September 12, 2012
September 2012 / 9M 2012	Thursday, October 11, 2012
October 2012	Monday, November 12, 2012
November 2012	Wednesday, December 12, 2012

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