

12 May 2023

Tenancy Customer Charter

2022 Annual Performance Reporting



Port of Melbourne



Tenancy Customer Charter Overview

On 4 November 2021, Port of Melbourne released the Tenancy Customer Charter (**Charter**).

The Charter was designed to assist tenants in negotiating leases with Port of Melbourne (**PoM**) that meet their bespoke operating needs, are commercially acceptable to both parties, and are struck in accordance with our obligations to the Victorian Government.

Section 7 of the Charter outlines monitoring and compliance with the Charter including an annual report on PoM's website detailing how it has performed against the key performance indicators (**KPIs**) that demonstrate PoM's compliance with, and performance against the Charter.



This initial annual report has been prepared for the period 4 November 2021 to 31 December 2022 (**Reporting Period**), with subsequent annual reports to be prepared on the calendar year period of 1 January to 31 December.

Unless the contrary intention appears, a term which has a defined meaning in the Charter (and is not defined in this report) has the same meaning when used in this report as it does in the Charter.

Annual Reporting

Key Performance Indicators

Outlined in Table 1 is how PoM has performed against the KPIs as outlined in Section 7.6 of the Charter for the Reporting Period. Additionally, where appropriate, for clarification we have provided comments on the basis on which performance has been assessed. Existing or prospective New Lease tenants who elected to opt out of the Charter, have been excluded from KPIs which are performance based.

TABLE 1: KPIs

Market Rent Reviews	New Leases	Other
<p>100% compliance with the notification timeframes in the Charter for Market Rent Reviews being no earlier than three months before Rent Review date in the lease [1 of 1]</p> <p>1 Market Rent Review agreed</p> <p>0 Market Rent Reviews determined</p> <p>0 Market Rent Reviews going to an Independent Valuer for determination</p> <p>0% of Market Rent Reviews finalised by the Market Rent Review date in the leases [0 of 1] *Note 1*</p>	<p>100% compliance with the notification timeframes in the Charter for lease expiries being no less than 18 months before existing lease expires [30months for Coode Island Tenant] [2 of 2]</p> <p>14 New Leases executed</p> <p>9 New Leases executed with existing tenants</p> <p>88% of New Leases with existing tenants executed by the expiry date of the existing lease [7 of 8] *Note 2*</p> <p>0 New Leases going to an Independent Valuer for determination of the Reasonable Market Rent</p>	<p>0 compliance enquiries and complaints received by PoM</p> <p>0 compliance enquiries and complaints referred to the dispute resolution process</p> <p>0 Bona Fide Competitive Tender Process undertaken by PoM</p> <p>Additional KPIs *Note 3*</p> <p>100% of Market Rent Review issued by the Market Rent Review date in the leases [1 of 1]</p> <p>0 Market Rent Reviews initiated at tenants request</p>

Table 1 – Note 1: A valuer would need to have regard to all relevant comparatives at the Market Rent Review date to provide a valuation assessment of the Reasonable Market Rent. Accordingly, it is not possible in all circumstances for a Market Rent Review assessment to be issued and/or for a Reasonable Market Rent to be agreed or determined prior to the relevant Market Rent Review date. In this case, the Rent Review Notice was issued by PoM to the tenant prior to the Market Rent Review date under the lease and was subsequently agreed between PoM and the tenant.

Table 1 – Note 2: The Charter outlines indicative timeframes for the key process for agreeing leases. Meeting these timeframes is a shared responsibility between tenants and PoM, and relies on both parties acting and engaging with each other in a timely and constructive manner. PoM acting in good faith continued to work with the tenant to finalise a new lease on terms acceptable to both parties as soon as practicable.

Reported performance is recognised at the earlier of the existing lease expiry date or execution date of the New Lease and does not include leases where the existing tenants were offered but elected not to enter into new leases or extension of lease Terms with PoM.

Table 1 – Note 3: From time to time PoM may add or remove to better reflect available information or better align with the purpose of this Charter.

Rental Bands

For confidentiality reasons, current rental band information has been published to the extent that such information will not identify any particular lease or breach PoM's confidentiality obligations under a lease. Accordingly, rental band information has only been published where there were at least three comparable leases on port land (having regard to the use of the premises and the relative commercial value of different precincts within the port). Additionally, rental band information has only been published where there were at least three compatible leases on port land with at least three tenants.

Key attributes that differentiate land use categories include but are not limited to the nature of the permitted/commercial use of the land, landlord improvements and/or equipment, physical location, marine linkages, adjacency and access to relevant facilities.

Key attributes that differentiate rents include but are not limited to condition of the land and any existing improvements, condition and level of land improvement and/or equipment, size, road and rail linkages, market demand, alternative commercial use of the land, market demand and lease terms including key commercial terms.

Comparative information that PoM considers relevant to setting rents include information that can reasonably be obtained about rents then applicable for tenants of the port and tenants of comparable land or premises and the value of the Port and that comparable land or premises.

PoM has prepared rental bands using the below methodology:

- Rental rates are passing rents as at 31 December 2022;
- Minimum of each rental band has been rounded down to the nearest \$0.50 per square metre (or \$1,000 per annum where applicable); and
- Maximum of each rental band has been rounded up to the nearest \$0.50 per square metre (or \$1,000 per annum where applicable)

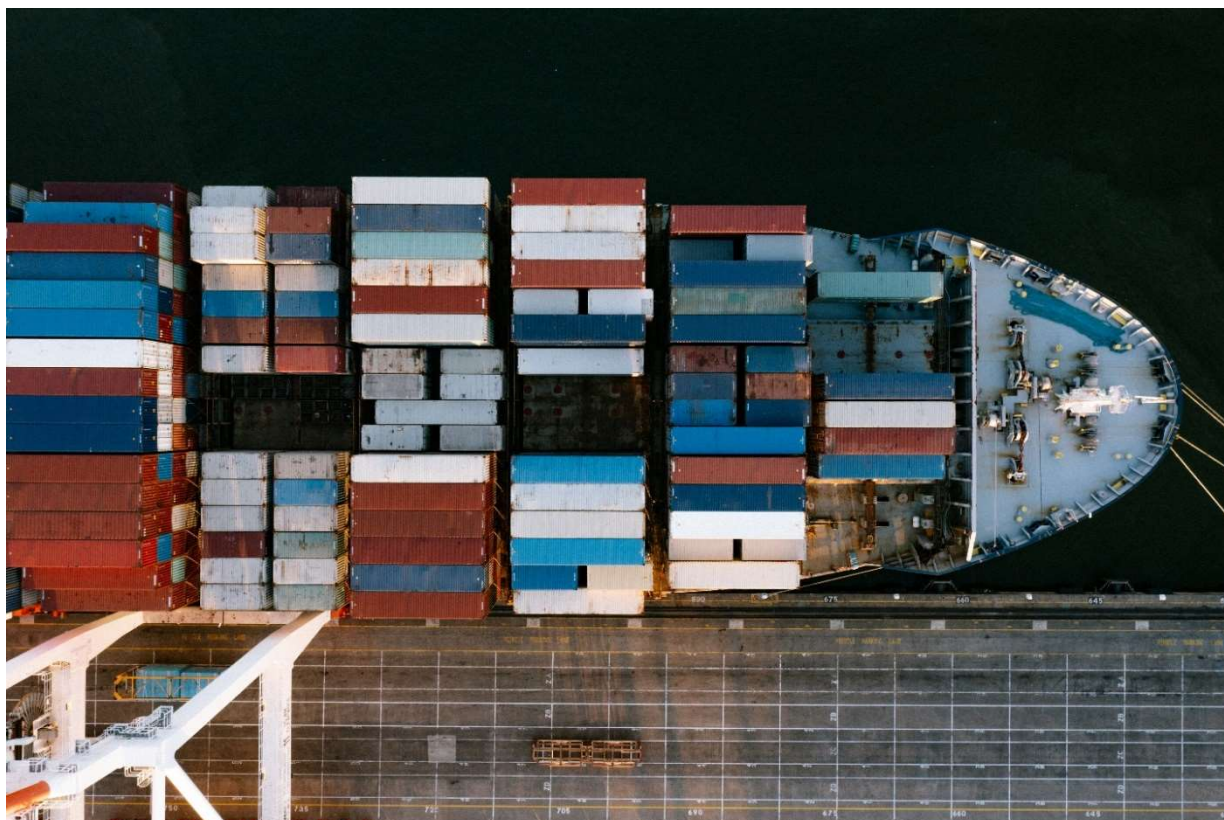


TABLE 2: RENTAL BANDS

LAND TYPE		RENTAL BAND									
LAND USE CATEGORY	PRECINCT										
Land Only		\$30	\$32	\$34	\$36	\$38	\$40	\$42	\$44	\$46	
		PER SQUARE METRE									
On Wharf - Land Only International Container Terminal	Swanson Dock Webb Dock	Redacted for confidentiality									
On Wharf - Land Only Other	Swanson Dock Webb Dock	\$38.0 to \$40.5									
	Appleton Dock South Wharf Victoria Dock Yarraville Liquid Terminals	\$36.5 to \$40.5									
Off Wharf Land Only	South Wharf Yarraville	Redacted < 3 leases									
	Swanson Dock Webb Dock Appleton Dock Victoria Dock	\$36.0 to \$40.5									
Land with Improvements		\$40	\$50	\$60	\$70	\$80	\$90	\$100	\$110	\$120	
		PER SQUARE METRE									
Off Wharf Improved with Warehousing	South Wharf Yarraville	\$57.0 to \$112.0									
	Swanson Dock Webb Dock Appleton Dock Victoria Dock	\$50.0 to \$71.5									
Off Wharf Low value and utility improvements	South Wharf Yarraville	Redacted < 3 leases									
	Swanson Dock Webb Dock Appleton Dock Victoria Dock	Redacted < 3 leases									
	Provision of Port Services and or single use	Redacted no direct comparables									
Other		\$0	\$5	\$10	\$15	\$20	\$25	\$30	\$35	\$40	
		\$,000 PER ANNUM									
Other	Pipeline	\$8,000 to \$31,000									
	Telecommunication	Redacted < 3 tenants									
	Utilities	\$1,000 to \$36,000									
	Conveyors	Redacted < 3 leases									

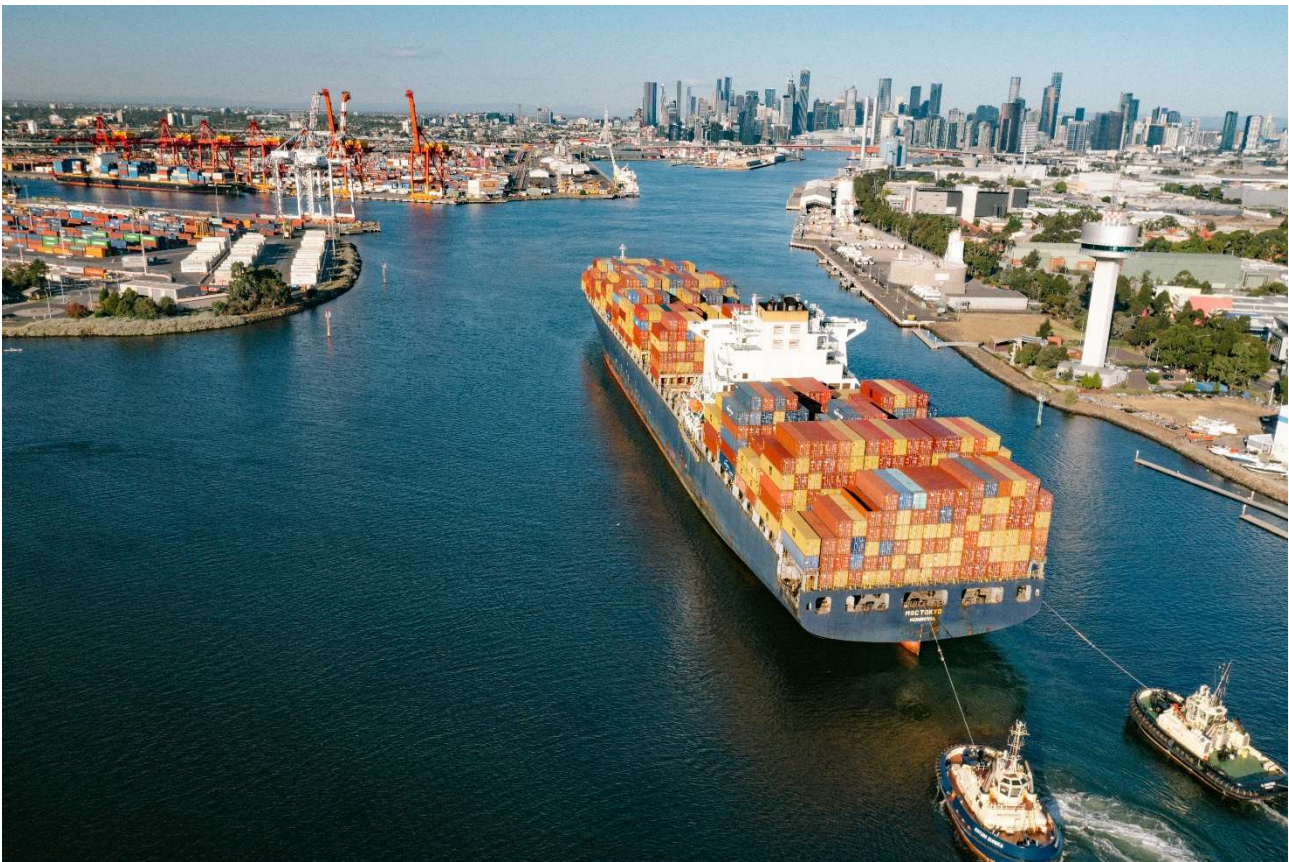
More information on rental bands and valuation principles can be found in the Charter

Reporting to the Melbourne Port Lessor

Section 7.2 of the Charter outlines how we will report on our compliance to the Melbourne Port Lessor.

During the Reporting Period, PoM has provided the Melbourne Port Lessor with:

- copies of new leases entered into by PoM with port tenants as soon as practical;
- copies of material amendments to leases agreed by PoM with port tenants as soon as practicable after amendments are made; and
- responded to other requests for information in relation to the Charter.



For more information

More information on the Charter can be found on our website or by clicking [here](#).

We welcome your feedback or questions. Please reach out to a Port of Melbourne contact below:

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