

31 March 2025

# Tenancy Customer Charter

2024 Annual Performance Reporting



Port of Melbourne





# CEO message

I am pleased to present the Port of Melbourne's Tenancy Customer Charter (the Charter) Annual Performance Report for 2024.

As Australia's largest general cargo and container port, Port of Melbourne is a vital trading gateway for south-eastern Australia, facilitating more than one third of the nation's container trade and enabling economic activity in the region.

Lease agreements with tenants vary in term, with long term leases typically having a term of around 20 years or more, which provides our tenants certainty to plan and execute their business strategies.

This past year, we've completed one market rent review, executed six new leases, and conducted and completed our first Bona Fide Competitive Tender Process since the Charter commenced at the Swanson Dock precinct.

While we recognise the importance of the Charter – reflected in the outcomes shown in this report – we also recognise that each of our tenants' needs vary and when we collaborate, we can achieve an even better outcome for both parties.

We remain committed to continual improvement to achieve commercially acceptable, market-based outcomes for our tenants and for the benefit of Victorian consumers.

**Saul Cannon**  
**Chief Executive Officer**  
**Port of Melbourne**



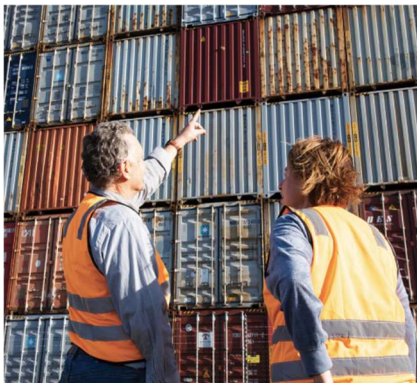
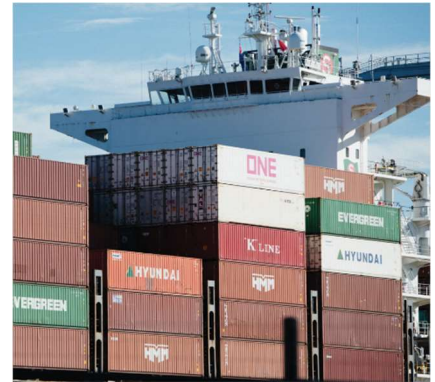
# Tenancy Customer Charter Overview

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

The Charter was designed to assist tenants in negotiating leases with 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 requirements, including publishing an annual performance report on PoM's Charter webpage (**Annual Performance Report**).

This Annual Performance Report details how we have performed against the key performance indicators (**KPIs**) that demonstrate PoM's compliance with, and performance against the Charter.



The Annual Performance Report has been prepared for the period 1 January 2024 to 31 December 2024 (**Reporting Period**).

Unless the contrary intention appears, capitalised terms that are not defined in this Annual Performance Report have the meaning given to those terms in the Charter.

# Annual Reporting

## Key Performance Indicators

Table 1 outlines how PoM has performed against the KPIs outlined in Section 7.6 of the Charter for the Reporting Period. For clarification, we have provided further comments below on the basis on which performance has been assessed. This Annual Performance Report does not include an assessment of KPIs relating to existing tenants or prospective New Lease tenants who have elected to opt out of the Charter.

**Table 1: KPIs**

<u>Market Rent Reviews</u>	<u>New Leases</u>	<u>Other</u>
<p><b>0</b> Market Rent Reviews being no earlier than three months before Rent Review date in the lease</p> <p><b>1</b> Market Rent Review agreed <b>*Note 1*</b></p> <p><b>0</b> Market Rent Reviews determined</p> <p><b>0</b> Market Rent Reviews going to an Independent Valuer for determination</p>	<p><b>100%</b> compliance with the notification timeframes in the Charter for lease expiries being no less than 18 months before existing lease expires [ 30 months for Coode Island Tenants ] [ 6 of 6 ]</p> <p><b>3</b> New Leases executed with new tenants</p> <p><b>3</b> New Leases executed with existing tenants</p> <p><b>100%</b> of New Leases with existing tenants executed by the expiry date of the existing lease [ 3 of 3 ] <b>*Note 2*</b></p> <p><b>0</b> New Leases going to an Independent Valuer for determination of the Reasonable Market Rent</p>	<p><b>0</b> compliance enquiries and complaints received by PoM</p> <p><b>0</b> compliance enquiries and complaints referred to the dispute resolution process</p> <p><b>1</b> Bona Fide Competitive Tender Process undertaken by PoM <b>*Note 3*</b></p> <p><b>Additional KPIs</b> <b>*Note 4*</b></p> <p><b>0</b> Market Rent Reviews initiated at tenants request</p>

### Market Rent Reviews

**Table 1, Note 1:** The Market Rent Review agreed was in progress at the end of the prior reporting period, as contained in the Annual Performance Report 2023. There were no Market Rent Reviews that were initiated during the current reporting period to which the Charter applies.

### New Leases

**Table 1, Note 2:** The Charter outlines indicative timeframes for the key process for agreeing New 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.

Reported performance is recognised at the earlier of the existing lease expiry date and the execution date of the New Lease. Additionally, it does not include leases where existing tenants elected to opt out of the Charter and were offered but elected not to enter into a New Lease or an extension of the existing lease with PoM.

## Other

**Table 1, Note 3:** PoM conducted a Bona Fide Competitive Tender Process (**RFP**) for 90-98 Coode Road, West Melbourne with a site area of approximately 2.6ha. Initially the new lease outcome of the RFP was intended to result in a term of less than 8 years (and did not require certification of minimum process requirements by the ESC) however was subsequently withdrawn in response to feedback from tenderers and reissued with a revised term of greater than 8 years, triggering the certification process. The ESC certified that the RFP process conformed to the minimum requirements and contained the criteria set out in, and as expressed by, Appendix D to the Charter.

The closed invitee RFP for Part 50 Kooringa Way, Port Melbourne contained in the Annual Performance Report 2023 was concluded during the current reporting period, with a new lease awarded for a term of less than 8 years.

## Additional KPIs

**Table 1, Note 4:** From time to time PoM may add or remove KPIs to better reflect available information or better align with the purpose of the 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 are at least three comparable leases with three unrelated tenants on port land (having regard to the use of the premises and the relative commercial value of different precincts within the port).

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; and
- 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; and
- lease terms including key commercial terms.

Comparative information that PoM considers relevant to setting rents includes information that can reasonably be obtained about rents applicable for tenants of the port at that time, and tenants of comparable land or premises and the value of the port and that comparable land or premises.

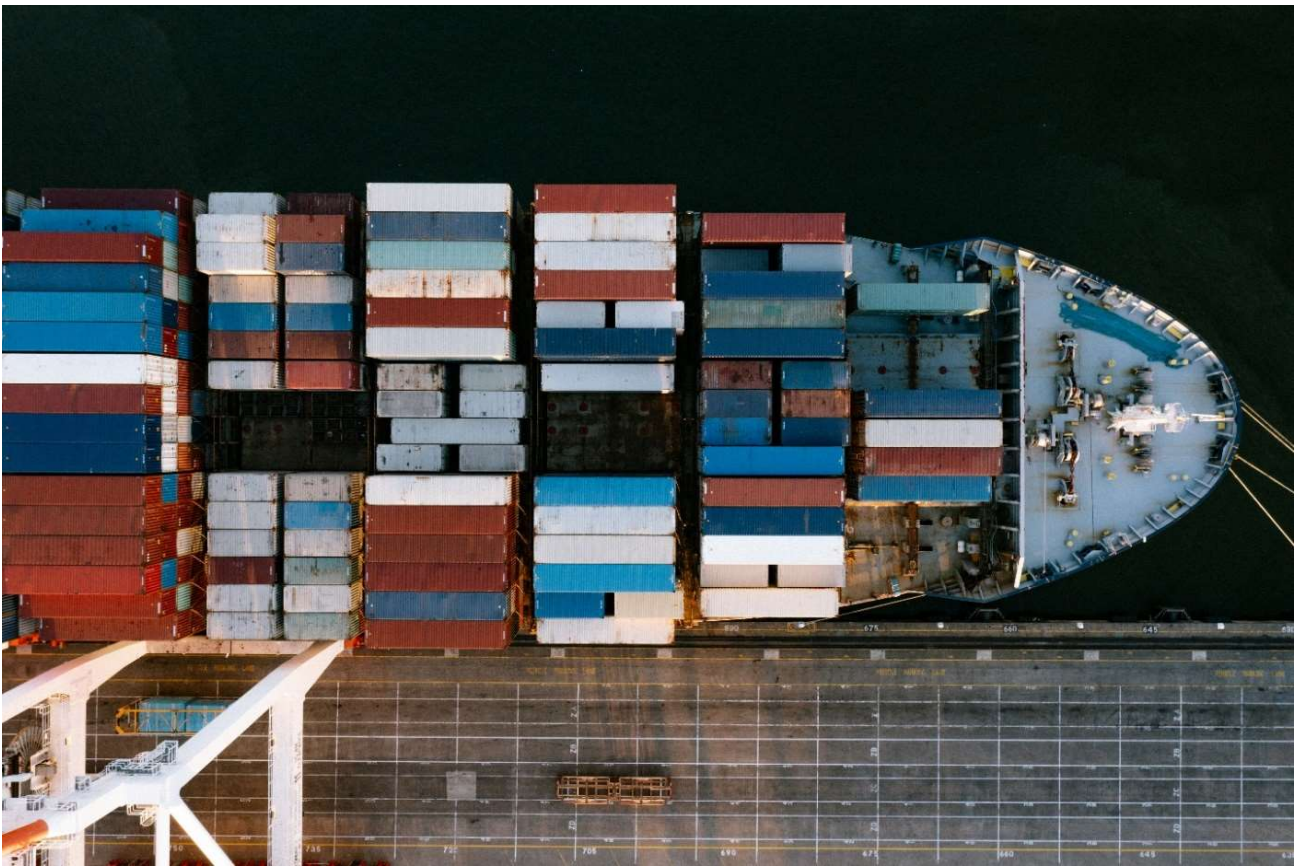


PoM has prepared the rental bands in Table 2 (**Annual Rental Band**) using the below methodology:

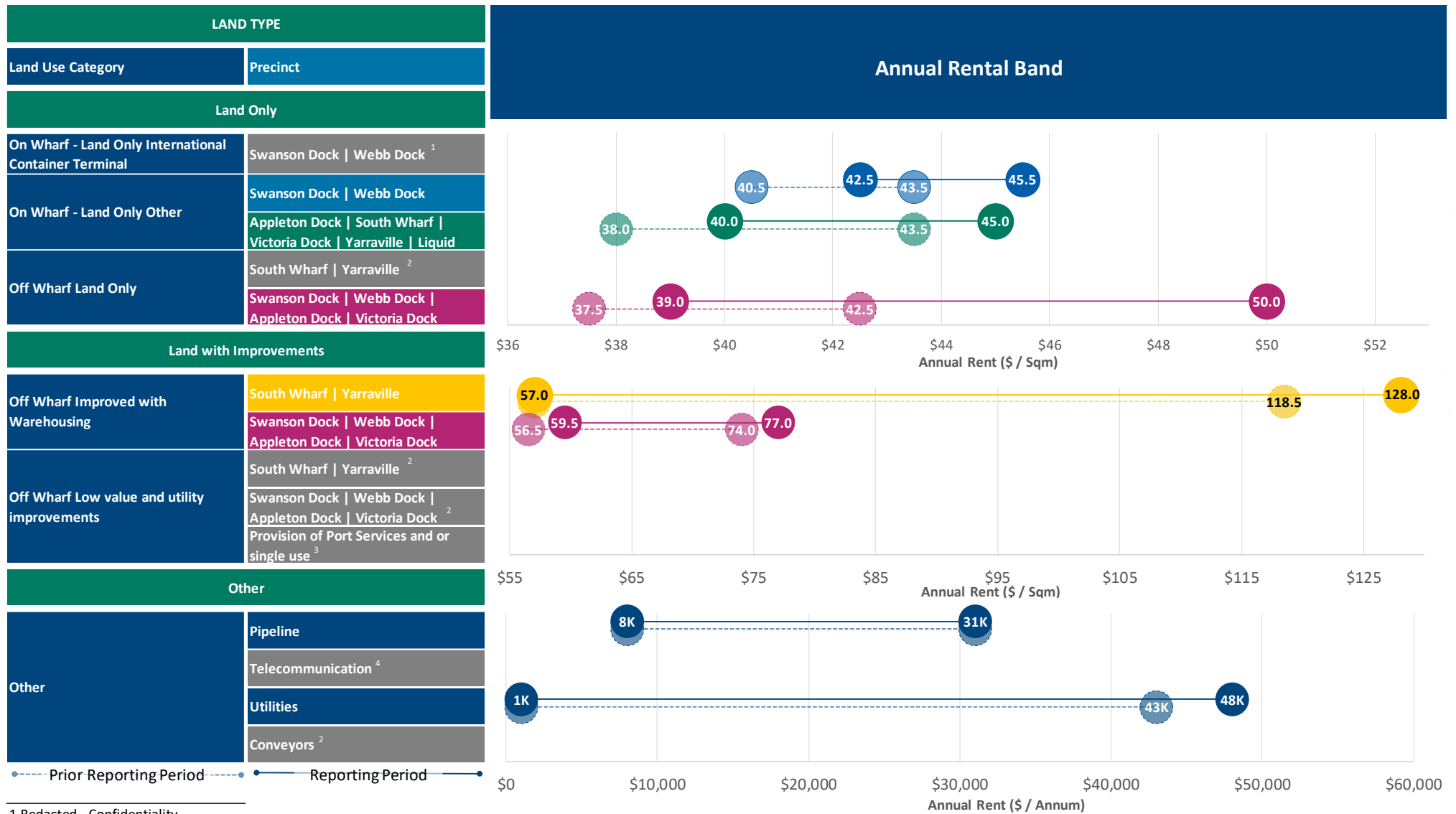
- rental rates are passing rents as at 31 December 2024;
- minimum of each rental band has been rounded down to the nearest \$0.50 per square metre (or \$1,000 per annum where applicable); and
- maximum of each Annual Rental Band has been rounded up to the nearest \$0.50 per square metre (or \$1,000 per annum where applicable).

Reasonable Market Rent offered by PoM in relation to a New Lease may differ from the Annual Rental Band. Unlike Reasonable Market Rent, the Annual Rental Band is not adjusted to account for differences in key attributes of each lease.

In addition to the Annual Rental Band, if requested by a tenant during negotiations regarding the Reasonable Market Rent at a Market Rent Review under a New Lease, PoM will provide the tenant with the Relevant Rental Band as defined in the Charter (if available) for comparable leases at the port.



**TABLE 2: ANNUAL RENTAL BAND**



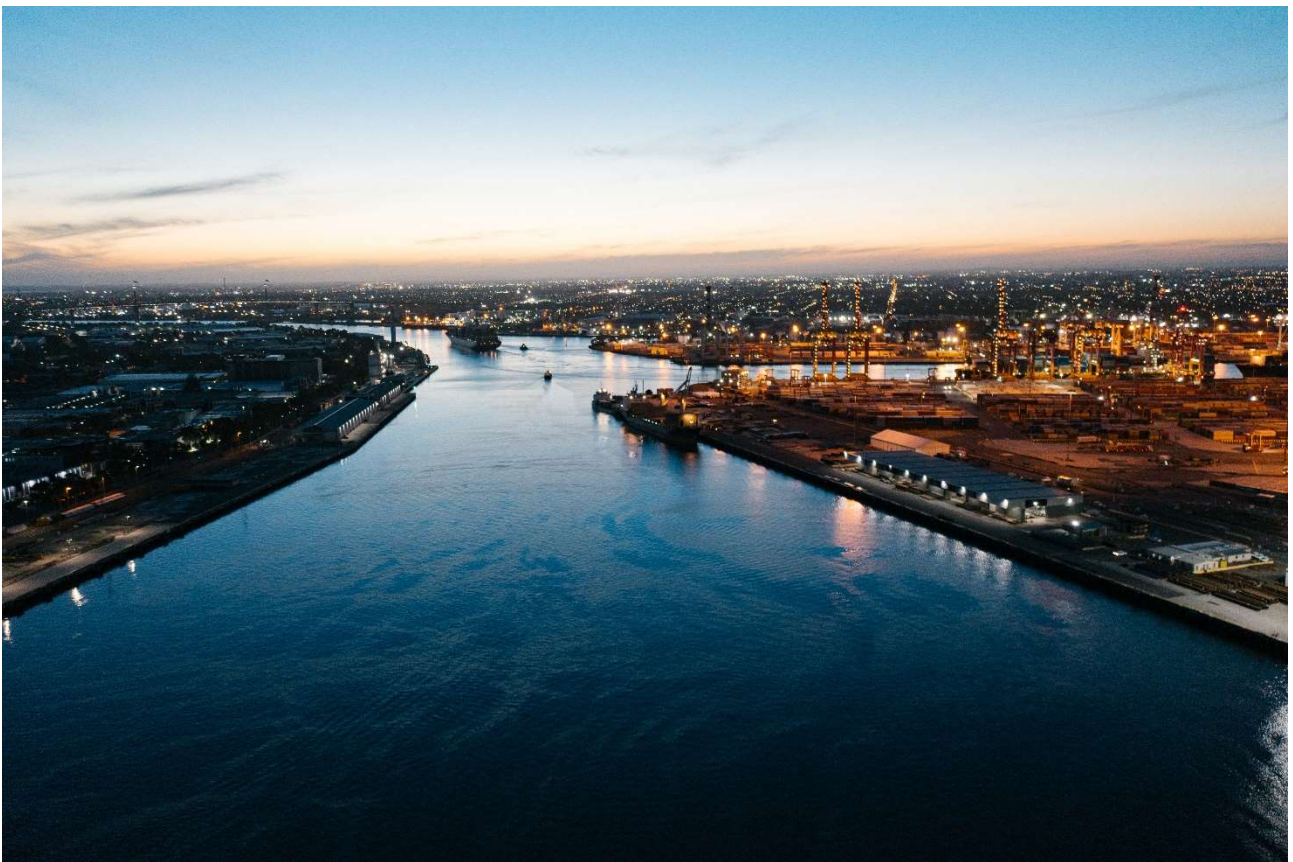
1 Redacted - Confidentiality  
 2 Redacted <3 Leases  
 3 Redacted - No Direct Comparables  
 4 Redacted <3 Tenants

# Reporting to the Port Lessor

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

During the Reporting Period, PoM has:

- provided the Port Lessor with copies of:
  - New Leases entered into by PoM with tenants as soon as practical; and
  - material amendments to leases agreed by PoM with tenants as soon as practicable after amendments were made; and
- responded to other requests from the Port Lessor 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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