MELBOURNE PORT LESSOR PTY LTD

ACN 610 924 626

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2026

OFFICIAL

REPORT OF OPERATIONS

Port Lease Transaction

1. On 31 October 2016 a 50-year lease of land and assets comprised in the Port of Melbourne commenced between Melbourne Port Lessor Pty Ltd ('the Company') and a private company owned by the Lonsdale Consortium.

The Company, having granted a lease and becoming entitled to the lease proceeds, recognised a lease receivable on the same date. The lease receivable was transferred to the State of Victoria's Victorian Transport Fund ('VTF') and treated as a redemption of contributed capital. The lease proceeds received from the Lonsdale Consortium were deposited directly into the VTF. The VTF is a trust fund within the public account administered by the Department of Treasury and Finance ('DTF') on behalf of the Treasurer of Victoria.

Income Tax

2. The Company is not subject to the National Tax Equivalent Regime.

Ministerial Directives

3. There were no Ministerial directives for the year ended 30 June 2026 (2025: None).

Workforce

4. The Company had no employees in 2026 (2025: None).

Consultants

5. Details of consultancies (valued at $10,000 or greater).

In the financial year ended 30 June 2026, there were four consultancies where the total fees payable to each consultant were $10,000 or greater. The total expenditure incurred during the year ended 30 June 2026 in relation to these consultancies is $600,210 (excluding GST). Details of the consultancy is outlined below:

Consultant	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2026 (excl. GST)	Future expenditure committed (excl. GST)
KPMG	Commercial economic advice	273,320	273,320	-
Scyne Advisory	Accounting advisory services, including climate reporting disclosures support	153,000	110,735	42,265
Minter Ellison	Legal services	93,946	93,946	-
Houston Kemp	Regulatory advice	122,209	122,209	-

Details of consultancies under $10,000: in the year ended 30 June 2026, there were no consultancies engaged during the year (2025: None), where the total fees payable to the individual consultancies was less than $10,000.

Information & Communication Technology ('ICT') expenditure

6. The Company incurred no ICT expenditure during the year ended 30 June 2026 (2025: Nil).

Occupational Health and Safety Act 2004

7. The Company had no employees and no WorkCover compensation claims were made during the year ended 30 June 2026 (2025: Nil)

Local Jobs First Act 2003

8. During the year ended 30 June 2026, the Company did not commence or complete any contracts to which the *Local Jobs First Act 2003* applied (2025: Nil).

Public Interest Disclosure Act 2012

9. The *Public Interest Disclosure Act 2012* encourages and assists people in making disclosures about improper conduct by public bodies, public officers and other persons and detrimental action taken in reprisal for a person making a disclosure under this Act. The Act provides protection to people who make disclosures in accordance with the Act and persons who may suffer detriment in reprisal for those disclosures. The Act provides for the confidentiality of the content of those disclosures and the identity of persons who make those disclosures.

The Company does not tolerate improper conduct, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to health and safety or the environment.

Disclosures of improper conduct or detrimental action by the Company may be made to the following:

Ombudsman Victoria
Level 2, 570 Bourke Street
Melbourne VIC 3000
Telephone: 1800 806 314
Website: www.ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au

Independent Broad-based Anti-Corruption Commission
Level 1, North Tower, 459 Collins Street,
Melbourne VIC 3000
Telephone: 1300 735 135
Website: www.ibac.vic.gov.au
Email: info@ibac.vic.gov.au

Disclosure under Section 70 of the *Public Interest Disclosure Act 2012:* The number of disclosures notified to Independent Broad-based Anti-Corruption Commission under Section 21(2) during the financial year ended 30 June 2026 was Nil (2025: Nil).

Privacy and Data Protection Act 2014

10. The Company has complied with the *Privacy and Data Protection Act 2014* which aims to protect personal information and promote the transparent handling of personal information in the public sector.

Freedom of Information Act 1982

11. The Freedom of Information Act 1982 (Vic) (FOI Act) allows the public a right of access to documents held by the Company. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act. An applicant has a right to apply for access to documents held by the Company. This comprises documents both created by the Company or supplied to the Company by an external organisation or individual.

Making a request

Access to documents may be obtained through a written request to the Freedom of Information Officer, as detailed in s17 of the *Freedom of Information Act 1982*. In summary, a request should be in writing, clearly as possible identify which document/s is/are being requested and be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of the Company should be addressed to:
Freedom of Information Officer, Department of Transport & Planning, 1 Spring Street, Melbourne VIC 3000.
Access charges may also apply once documents have been processed and a decision on access is made; for example, photocopying and search and retrieval charges. Further information regarding freedom of information can be obtained from the Act, regulations made under the Act and at www.foi.vic.gov.au.

FOI statistics/timeliness

For the year ended 30 June 2026, the Company received nil requests from the media (2025: Nil). The Company made nil decisions in 2026 (2025: Nil) within the statutory time period.

Compliance with the Building Act 1993

12. The Company is in compliance with the building and maintenance provisions of the Building Act 1993.

Compliance with the Competitive Neutrality Policy

13. Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any net advantage arising from government ownership is accounted for if it is not in the public interest. The Company is following the National Competition Principles outlined in the Intergovernmental Agreement on National Competition Policy, including compliance with the requirements of the policy statement *Victoria's Competitive Neutrality Policy (2012)*, and any subsequent reforms.

Compliance with the Disability Act 2006

14. The *Disability Act 2006* is not applicable to the Company as the Company has no employees, offices, and direct users.

Compliance with Carers Recognition Act 2012

15. The *Carers Recognition Act 2012* is not applicable to the Company as the Company has no employees, offices or direct service users and does not provide services specifically to people in care relationships.

Government advertising expenditure

16. There was no government advertising expenditure incurred during the year ended 30 June 2026 (2025: Nil)

17 September 2026

Brett McKenzie
Director/Chair

DIRECTOR'S REPORT

The Director of Melbourne Port Lessor Pty Ltd presents his report on the financial statements of the Company for the year ended 30 June 2026.

Minister
The Hon. Melissa Horne, MP Minister for Ports and Freight.

Director
The Directors of the Company at any time during or since the financial year were:

- Praveen Reddy (1 July 2025 – 16 January 2026)
- Brett McKenzie (16 January 2026 – present)

Directors' Meetings
Directors' meetings attended by the Directors of the Company during the financial year were:

Director	No. of Meetings Attended	No. of Meetings Eligible to Attend
Praveen Reddy	2	2
Brett McKenzie	2	2

Company Secretary
The Company Secretary during the financial year was Brett McKenzie.

Principal Activities
As owner of the freehold land at the port of Melbourne, the principal activities of the Company are to manage the 50-year lease of the port of Melbourne and the associated arrangements with the private operator. No significant changes in the nature of these activities occurred during the financial period.

Result of Operations
Operating profit of the Company for the year ended 30 June 2026 amounted to $64.1 million (2025: Operating profit of $88.8 million). The decrease in operating profit of $24.7 million was primarily attributable to an increase in total expenses of $26.0 million, mainly reflecting a $25.4 million increase in depreciation expense on property, plant and equipment. The decrease in comprehensive result of $554.5 million was attributable to the prior year revaluation adjustment of the property, plant and equipment of $529.7 million.

Refer below for a summary of the Company's financial results for the financial year ended 30 June 2026 and 30 June 2025.

Financial Summary	30 June 2026 ($000's)	30 June 2025 ($000's)
Total income from transactions	199,369	198,191
Total expenses from transactions	135,305	109,343
Net result for the year	64,064	88,848
Comprehensive result for the year	64,064	618,515

Changes in financial position
Net assets of the Company increased by $63.9 million during the year to $3.663 billion, primarily reflecting a $28.8 million increase in total assets and a $35.0 million decrease in total liabilities. The increase in total assets was mainly attributable to a $28.3 million increase in property, plant and equipment. The decrease in total liabilities was primarily driven by a $36.2 million reduction in deferred income, resulting from the amortisation of lease income, partly offset by additions to property, plant and equipment.

Financial Summary	30 June 2026 ($000's)	30 June 2025 ($000's)
Total assets	11,818,947	11,790,128
Total liabilities	8,155,746	8,190,791
Net assets	3,663,201	3,599,337

Significant changes to the State of Affairs
There have not been any significant changes to the state of affairs of the Company.

Likely developments and expected results from operations
Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Director believes it would be likely to result in unreasonable prejudice to the Company.

Dividends
During the financial year ended 30 June 2026, the Company paid efficiency dividends of $0.2 million to the Department of Treasury and Finance (DTF), Victoria (2025: Nil).

Events Subsequent to Balance Date
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material or unusual nature likely, in the opinion of the Director of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

Compliance with Environmental Regulation
The Company has complied with its environmental performance obligations. No environmental breaches have been notified by any Government agency during the year ended 30 June 2026 (2025: None).

Greenhouse gas and energy data reporting requirements
The Company is not a registered person under the National Greenhouse and Energy Reporting (NGER) Act and is not listed in the current National Greenhouse and Energy Register (NGE Register) published by the Clean Energy Regulator (CER).

Climate-related financial disclosures
The Company is assessing its reporting requirements in line with the guidance of AASB S2 *Climate-related Disclosures*. While the Company is not required to prepare mandatory climate-related financial disclosures for the financial year ended 30 June 2026, it is preparing for the future implementation of applicable reporting requirements in accordance with the relevant phased reporting obligations.

Insurance of Directors
During or since the end of the financial year, the Company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Shares and Options
No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report (2025: None).No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnity of Auditors
The Company has agreed to indemnify their auditors, RSM Australia, to the extent permitted by law, against any claim by a third party arising from the Company's breach of their agreement. The indemnity stipulates that the Company will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on Behalf of the Company
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.
The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 36.

Rounding of amounts
The Company is of a kind referred to in ASIC Legislative Instrument 2026/183, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Dated at Melbourne the **17th** day of **September 2026** and signed in accordance with a resolution of the Board of Directors.

Brett McKenzie
Director/Chair

OFFICIAL

MELBOURNE PORT LESSOR PTY LTD
ACN 610 924 626

DIRECTOR'S DECLARATION

In the director's opinion:

(a) the financial statements and notes of Melbourne Port Lessor Pty Ltd for the financial year ended 30 June 2026 are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of the Company as at 30 June 2026 and of its performance for the year ended on that date; and
   (ii) complying with applicable requirements in the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations and the *Corporations Regulations 2001*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.



Brett McKenzie
Director/Chair

17 September 2026

OFFICIAL

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Notes	2026 ($000's)	2025 ($000's)
Continuing operations			
Income from transactions			
Interest income	2.1	187	227
Operating income	2.2	199,182	197,964
Total income from transactions		**199,369**	**198,191**
Expenses from transactions			
Depreciation	5	125,717	100,365
Other operating expenses	3	9,588	8,978
Total expenses from transactions		**135,305**	**109,343**
Net result for the period		**64,064**	**88,848**
Other comprehensive income			
Items that will not be reclassified to net results			
Changes in revaluation reserve of property, plant, and equipment	5	-	529,667
Total comprehensive income for the period		**64,064**	**618,515**

The comprehensive operating statement is to be read in conjunction with the notes to the financial statements set out on pages 13 to 35.

MELBOURNE PORT LESSOR PTY LTD
ACN 610 924 626

BALANCE SHEET
AS AT 30 JUNE 2026

	Notes	2026 ($000's)	2025 ($000's)
Assets			
Current assets			
Cash and cash equivalents	6.2.1	1,246	86
Receivables	4.1	255	179
Investments and other financial assets	6.3	3,941	4,696
Total current assets		**5,442**	**4,961**
Non-current assets			
Property, plant and equipment	5	11,813,475	11,785,139
Prepayments		30	28
Total non-current assets		**11,813,505**	**11,785,167**
Total assets		**11,818,947**	**11,790,128**
Liabilities			
Current liabilities			
Payables	4.2	1,437	538
Deferred income	6.1	189,997	189,773
		191,434	**190,311**
Non-current liabilities			
Deferred income	6.1	7,964,312	8,000,480
		7,964,312	**8,000,480**
Total liabilities		**8,155,746**	**8,190,791**
Net assets		**3,663,201**	**3,599,337**
Equity			
Contributed capital		818,485	818,485
Reserves	8.1	3,528,760	3,528,760
Accumulated losses		(684,044)	(747,908)
Total equity		**3,663,201**	**3,599,337**

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 13 to 35.

MELBOURNE PORT LESSOR PTY LTD
ACN 610 924 626

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Notes	2026 ($000's)	2025 ($000's)
Cash flows from operating activities			
Receipts			
Interest received		187	23
Rental income		36	35
Rates & taxes recovered		8,864	8,035
Net goods & services tax		6	6
Total receipts		**9,093**	**8,099**
Payments			
Rates & taxes paid		(7,709)	(8,035)
Other payments		(779)	(614)
Total payments		**(8,488)**	**(8,649)**
Net cash flows from/(used by) operating activities	6.2	**605**	**(550)**
Cash flows from investing activities			
Redemption of investments		755	600
Net cash flows from investing activities		**755**	**600**
Cash flows from financing activities			
Dividend paid to DTF		(200)	-
Net cash flows from financing activities		**(200)**	**-**
Net increase in cash held and cash equivalents		**1,160**	**50**
Cash and cash equivalents at beginning of the financial year		86	36
Cash and cash equivalents at the end of the financial year	6.2.1	**1,246**	**86**

The cash flow statement is to be read in conjunction with the notes to the financial statements set out on pages 13 to 35.

MELBOURNE PORT LESSOR PTY LTD
ACN 610 924 626

STATEMENT OF CHANGES IN EQUITY

	Balance at 1 Jul 2025 ($000's)	Net result for the year ($000's)	Physical asset revaluation surplus ($000's)	Dividends paid/payable ($000's)	Balance at 30 June 2026 ($000's)
Accumulated losses	(747,908)	64,064	-	(200)	(684,044)
Contribution by owners	818,485	-	-	-	818,485
Reserves	3,528,760	-	-	-	3,528,760
Total equity	**3,599,337**	**64,064**	**-**	**(200)**	**3,663,201**

	Balance at 1 Jul 2024 ($000's)	Net result for the year ($000's)	Physical asset revaluation surplus ($000's)	Dividends paid/payable ($000's)	Balance at 30 June 2025 ($000's)
Accumulated losses	(836,756)	88,848	-	-	(747,908)
Contribution by owners	818,485	-	-	-	818,485
Reserves	2,999,093	-	529,667	-	3,528,760
Total equity	**2,980,822**	**88,848**	**529,667**	**-**	**3,599,337**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 13 to 35.

MELBOURNE PORT LESSOR PTY LTD
ACN 610 924 626

1. ABOUT THIS REPORT

Melbourne Port Lessor Pty Ltd (the Company) is a *Corporations Act (Cth) 2001* company and was established on 21 March 2016. Its principal address is Level 18, 1 Spring Street, Melbourne Victoria, 3000.

A description of the nature of its operations and its principal activities are included in the Report of Operations and the Director's report.

Basis of preparation

These financial statements are in Australian dollars, the functional and presentation currency of the Company. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements (except for the cash flow statement), whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and therefore, do not form part of the income and expenses of the Company.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are to be believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in the future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards that have significant effects on the financial statements and estimates are disclosed under the heading: 'Significant judgements or estimates'.

These financial statements cover the Company as an individual reporting entity and include all the controlled activities of the Company.

All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated.

Significant judgement or estimates

Fair value of property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value in accordance with Financial Reporting Direction 103 *Non-financial physical assets* (FRD 103).

Classification of the Port of Melbourne lease as a lease or service concession arrangement

AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059) applies to arrangements where an operator provides public services, using a service concession asset, on behalf of the grantor and importantly, the operator manages at least some of the public service at its own discretion. The grantor must also control the asset for AASB 1059 to apply. The grantor controls the asset if, and only if:

(a) the grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
(b) the grantor controls any significant residual interest in the asset at the end of the term of the arrangement.

The Company acknowledges that the application of AASB 1059 is complex and highly judgemental. The Company has undertaken a comprehensive assessment of its Port of Melbourne lease arrangement entered with the Lonsdale Consortium, including obtaining independent advice, to assess whether the port lease arrangement falls within the scope of AASB 1059.

Areas of significant judgement involve:

- the unit of account for the Company's port assets;
- the nature of the services provided by the assets (i.e. whether it is a public service); and
- the extent of regulation of those assets and how significant this regulation is in the transaction.

The Company considers:

i. The port assets are assessed to belong to one cash-generating unit (CGU). This CGU includes both assets providing Prescribed Services and assets providing Non-Prescribed Services.
Prescribed Services include:
   - the provision of channels (except anchorages) for use by shipping in port of Melbourne waters;
   - the provision of berths, buoys, or dolphins in connection with the berthing of vessels;
   - the provision of short-term storage or cargo marshalling facilities in connection with the loading or unloading of vessels at berths, buoys or dolphins in the port of Melbourne;
   - the provision of access to, or allowing the uses of, places or infrastructure on port of Melbourne land for the provision of services to port users; and
   - any other service that is prescribed by the regulations.

   Non-Prescribed Services relate to leasing activities.

ii. The current regulatory framework and lease agreement does not provide the State of Victoria with sufficient control of the non-prescribed services (i.e. leasing activities) provided by the port assets as envisaged under AASB 1059. Considering all relevant matters, the leasing activities are both quantitatively and qualitatively significant in the context of the AASB 1059 assessment. Therefore, it is the Company's view that the regulation at the port is not substantive enough when considering the control of asset during the lease term. The leasing activities at the port are substantive enough for the whole arrangement to fall outside of the scope of AASB 1059. The inability to control a significant and inseparable part of the asset is considered to result in the whole arrangement falling outside the scope of AASB 1059.

Based on the above the Company has concluded that the port lease arrangement falls outside of the scope of AASB 1059, and the arrangement will continue to be accounted for as a lease under AASB 16 *Leases* (AASB 16).

The Company notes that with the practical application of AASB 1059 continuing to evolve and as more experience is gained in applying the standard, the application to the Company may be revisited. Should AASB 1059 apply in future reporting periods, in whole or in part to the port assets, the valuation methodology for valuing the assets subject to the service concession arrangement will need to be revisited to determine whether there would be any difference between the current carrying value and the current replacement cost.

Compliance information

The financial statements are prepared on a going concern basis.

These general-purpose financial statements (Tier 1) have been prepared in accordance with applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB *1049 Whole of Government and General Government Sector Financial Reporting*.

Accounting policies selected and applied in these financial statements ensure that the resulting information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Income tax

The Company is not subject to the National Tax Equivalent Regime.

Goods and Services Tax (GST)
Income, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented separately in the operating cash flows.

Commitments and contingent assets and liabilities are presented on a gross basis.

Dividend

A provision is recognised for dividends when they are declared, appropriately authorised and no longer at the discretion of the Company on or before the reporting date. Dividends declared after the reporting date are not recognised as a liability at the reporting date and are disclosed in the notes to the financial statements.

2. FUNDING DELIVERY OF OUR SERVICES

As owner of the Port of Melbourne land, channels and infrastructure which has been leased to a private operator for 50 years, the key objectives for the Company are to ensure compliance with the lease and related agreements.

Note 2.1
Interest income

	Notes	2026 ($000's)	2025 ($000's)
Interest from financial assets at amortised cost			
Interest from Bank		187	227
Total interest income		**187**	**227**

Interest income includes interest received on bank term deposits.

Note 2.2
Operating income

	Notes	2026 ($000's)	2025 ($000's)
Rental income - port lease	(i), 6.1	189,997	189,773
Rental income - property lease	(ii)	36	35
Rates & taxes recovered	(iii)	8,864	8,035
Other income	(iv)	285	121
Total operating income		**199,182**	**197,964**

(i) Rental income – Lease

On 31 October 2016 the Company executed a lease of the Port of Melbourne assets. Proceeds of the Port Lease Transaction (PLT) of $8.838 billion have been attributed to the lease. The lease proceeds are being amortised over the lease term of 50 years. The lease is classified as an operating lease by the Company as it does not transfer substantially all the risks and rewards incidental to ownership of the underlying assets to the lessee. The land at the Port of Melbourne remains in State ownership. The port assets will be handed back to the Company on expiry or termination of the lease.

(ii) Rental income – Property

During the financial year ended 30 June 2026, the Company received rental income from additional property leased to the Lonsdale Asset Property Pty Ltd as trustee of the Lonsdale Asset Property Trust (Port Lessee) (part of the Lonsdale Consortium). The Company incurs rental expenses from leasing this land and such expenses will be paid to Victorian Rail Track (VicTrack) for being the lessor of the land (See Note 3).

(iii) Rates & Taxes recovered

As owner of the land the Company is responsible for and pays Land Tax (See Note 3). The Company is entitled to recover the cost of land tax from the Port Lessee.

(iv) Other income

During the financial year ended 30 June 2026, the Company incurred costs on port-related projects. The Company is entitled to recover part of these costs from Department of Transport and Planning ('DTP').

MELBOURNE PORT LESSOR PTY LTD
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3. THE COSTS OF DELIVERING SERVICES

In this section the costs of managing and providing the services to support the income of the Company are disclosed.

Note 3
Other operating expenses

	Notes	2026 ($000's)	2025 ($000's)
Legal expenses		85	167
Rates & taxes	(i)	8,864	8,035
Insurance		57	52
Professional fees		544	675
Rent		34	34
Other		4	15
Total other operating expenses		**9,588**	**8,978**

(i) Rates and taxes

As owner of the land the Company is responsible for and pays Land Tax. During the financial year ended 30 June 2026, the Company incurred a cost of $8.9 million (2025: $8.0 million) for land tax.

4. RECEIVABLES AND PAYABLES

Note 4.1
Receivables

	Notes	2026 ($000's)	2025 ($000's)
Current receivables			
Contractual			
Accrued interest income	(i)	15	15
Other receivables	(ii)	240	133
Statutory			
GST input tax recoverable		-	31
Total current receivables		**255**	**179**
Total receivables		**255**	**179**

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The Company holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

(i) Accrued interest income

At 30 June 2026 the interest receivable on cash and other interest-bearing financial instruments was $15 thousand (2025: $15 thousand).

(ii) Other receivables

During the financial year ended 30 June 2026, the Company incurred a cost of $240 thousand (2025: $133 thousand). This amount is recoverable from the DTP.

MELBOURNE PORT LESSOR PTY LTD
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Note 4.2
Payables

	Notes	2026 ($000's)	2025 ($000's)
Current payables			
Contractual			
Accruals		282	538
Accounts Payable		1,155	-
Total current payables		**1,437**	**538**

Contractual payables include mainly accruals in relation to goods and services and accounts payable relating to land tax. Contractual payables are classified as financial instruments in Note 7.

Contractual payables are carried at amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid as at year end. The amounts are unsecured and are usually paid within 30 days of recognition.

Maturity analysis of contractual payables has not been disclosed as the amounts are payable within 3 months.

5. KEY ASSETS AVAILABLE TO SUPPORT OPERATIONS

The Company owns land, channels and infrastructure that forms the Port of Melbourne precinct.

Note 5
Total property, plant, and equipment

	Notes	2026 ($000's)	2025 ($000's)
Land at fair value		5,300,000	5,300,000
Channel at fair value		3,895,615	3,893,700
Infrastructure at fair value		2,405,373	2,261,100
Capital works in progress at cost		212,487	330,339
Total property, plant & equipment		**11,813,475**	**11,785,139**

2026 Reconciliation of movement in carrying amount of property, plant, and equipment

	Note	Land at fair value ($'000s)	Channel at fair value ($'000s)	Infrastructure at fair value ($'000s)	Capital works in progress at cost ($'000s)	Total ($'000s)
Opening Balance		5,300,000	3,893,700	2,261,100	330,339	11,785,139
Additions	(i)	-	1,055	17,195	135,803	154,053
Transfers	(i)	-	15,448	238,207	(253,655)	-
Depreciation	(ii)	-	(14,588)	(111,129)	-	(125,717)
Closing Balance		**5,300,000**	**3,895,615**	**2,405,373**	**212,487**	**11,813,475**

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2025 Reconciliation of movement in carrying amount of property, plant, and equipment

	Note	Land at fair value ($'000s)	Channel at fair value ($'000s)	Infrastructure at fair value ($'000s)	Capital works in progress at cost ($'000s)	Total ($'000s)
Opening Balance		5,289,609	3,880,873	1,822,811	221,174	11,214,467
Additions	(i)	-	40	635	140,695	141,370
Transfers	(i)	-	1,968	29,562	(31,530)	-
Depreciation	(ii)	-	(12,026)	(88,339)	-	(100,365)
Revaluation		10,391	22,845	496,431	-	529,667
Closing Balance		**5,300,000**	**3,893,700**	**2,261,100**	**330,339**	**11,785,139**

(i) Additions, Transfers & Disposals

The Company has recognised additions during the year amounting to $1.1 million for channel assets (2025: $0.04 million), $17.2 million for infrastructure assets (2025: $0.6 million) and $135.8 million for capital works in progress (2025: $140.7 million). The Company has also recognised transfers from capital works in progress to channel assets of $15.4 million (2025: $2.0 million) and infrastructure assets of $238.2 million (2025: $29.6 million).

There were no disposals during the year (2025: nil).

(ii) Depreciation

The freehold land of the Company is not depreciated.

Channel assets have been componentised into two categories, Seabed & Capital Dredging and Maintenance Dredging. Seabed & Capital Dredging has been considered to have an unlimited useful life and is not depreciated. Maintenance Dredging has been considered to have a useful life between 2 to 5 years and is depreciated over their remaining useful life.

Infrastructure assets are being depreciated on a straight-line basis over their remaining useful life.

Asset category	Useful life
Channel - maintenance dredging	2 - 5 years
Infrastructure assets	5 - 50 years

The estimated useful lives, residual values and depreciation method of the assets are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Leased assets and infrastructure

On 31 October 2016 Port of Melbourne entered into an agreement to lease land, channels and infrastructure assets to a private company owned by the Lonsdale Consortium. This agreement has been classified as an operating lease, with those assets accounted for in accordance with the revaluation model in AASB 116 *Property, Plant and Equipment* (AASB 116).

Carrying values by 'purpose' groups

Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub-categorised according to the asset's 'nature', with each sub-category being classified as a separate class of asset for financial reporting purposes. All assets recognised by the Company are classified as 'transportation and communications' assets and therefore no separate purpose groups are disclosed.

Initial recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

Subsequent measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable. Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Further information regarding fair value measurement is disclosed in Note 7.2.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred. Where an independent valuation has not been undertaken at balance date, the Company performs a managerial assessment to estimate possible changes in fair value of since the date of the last independent valuation with reference to available data. Fair value assessments for land and buildings are determined using separate annual indices for land and buildings supplied by Valuer-General Victoria. Revaluation occurs more frequently if the fair value assessment indicates material changes in the value. In such instances, interim management valuations are undertaken in accordance with FRD 103.

An impairment loss of a revalued asset is treated as a revaluation decrease. The decrease shall be recognised in the profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent that there is any credit balance in the revaluation surplus in respect of that asset. No impairment loss has been recognised in relation to the assets for the financial year ended 30 June 2026 (2025: Nil impairment loss).

30 June 2026 Valuation

During the year, the Company arranged for an independent valuation exercise to be conducted by Victorian Valuer General's (VGV) appointed valuer, KPMG, to determine the fair value of the Company's assets as at 30 June 2026 in accordance with the requirement under FRD 103, to ascertain whether land, infrastructure and channel asset values at the Port of Melbourne have moved in an exceptionally material manner (greater than or equal to +/- 40%) from the previous scheduled revaluation at 30 June 2025 or are materially different (greater than +/- 10%) to the carrying values at 30 June 2026. The valuation undertaken by KPMG was restricted or limited, and was performed by rolling forward the full valuation exercise that was undertaken as of 30 June 2025 to 30 June 2026.

The valuation was prepared on the basis of the subject of assets being classified as an operating lease per AASB 16 and are accounted for by the Company as Property, Plant and Equipment under AASB 116. Based on the valuation, the fair value of assets at 30 June 2026:

i. have not moved in an exceptionally material manner (greater than or equal to +/- 40%) from the previous scheduled revaluation as at 30 June 2025; and

ii. are not materially different (greater than +/- 10%) to their respective carrying values as at 30 June 2026 following the previous scheduled revaluation undertaken as at 30 June 2025.

As such, there was no revaluation adjustment on the fair value of land, infrastructure and channel assets. Any fair value movement between 30 June 2025 and 30 June 2026 was attributable to asset additions, transfers and depreciation.

Land

Land comprises freehold allotments which together form nine non-contiguous precincts, extending from Port Phillip Bay along the Yarra and Maribyrnong Rivers. During the financial year ended 30 June 2025, a comprehensive revaluation of land was performed utilising the market and income approach. The market approach references market evidence including observable sales data for properties in similar localities and adjusted for size, location, zoning and features of other sites compared with the features of the land. The income approach discounts future net rental cashflows plus terminal value to present value at a market discount rate.

For the financial year ended 30 June 2026, the roll-forward revaluation exercise was performed utilising the income approach. The cash flow forecasts provided for land from the 30 June 2025 revaluation exercise was used to undertake the 30 June 2026 fair value assessment, adjusted for known contractual items such as inflationary adjustments.

Since the fair value determined through the roll-forward revaluation exercise had neither moved by 40% or more from the previous scheduled revaluation at 30 June 2025 nor differed by more than 10% from the assets' carrying value at 30 June 2026, no revaluation adjustment was recognised. The fair value of the land at 30 June 2026 was determined to be $5,300 million (2025: $5,300 million).

Infrastructure

Infrastructure includes wharves, roads, rail, buildings, utilities and land improvements. During the financial year ended 30 June 2025, these assets were valued using the depreciated replacement cost in accordance with AASB 13 *Fair Value Measurement* (AASB 13). The direct replacement costs for wharves, road and rail assets are determined with reference to similar port assets. Whereas an estimated reproduction cost approach (i.e. an indirect cost approach) has been applied in determining the fair value for other assets, the replacement costs have been adjusted for depreciation, based on remaining useful life analysis, to arrive at the fair value for the infrastructure assets.

For the financial year ended 30 June 2026, given the highly specialised nature of the infrastructure assets, a broad range of 'cost' indices published by reputable sources including the Australian Bureau of Statistics and Rawlinsons was considered to inform the most relevant price indicator for infrastructure price movements over the one-year period from 30 June 2025 to 30 June 2026.

Since the fair value of the assets determined through the roll-forward revaluation exercise had not moved materially from the previous scheduled revaluation or the assets' carrying value (as described in the "30 June 2026 Valuation" section above), no revaluation adjustment was recognised. The fair value of infrastructure assets at 30 June 2026 was determined to be $2,405 million (2025: $2,261 million). The increase in asset value since 30 June 2025 was attributable to additions and transfers, net of depreciation.

Capital works in progress (CWIP)

The Company has recognised additions to the CWIP during the year which are in relation to the infrastructure assets and channel assets. The cost of the CWIP at 30 June 2026 was $212 million (2025: $330 million). The Company shall recognise the benefits of these assets over the remaining term of the Port Lease as additional lease income when the assets are constructed or added to the portfolio.

Channels

The fair value of the channels was calculated using a residual-allocation approach. Enterprise Value (EV) for Port of Melbourne was estimated using a discounted cash flow (DCF) methodology, with the residual above identifiable net assets recognised as the fair value of the channels.

Although the channel is a leased asset, the EV best represents the fair value that a market participant would pay to acquire the port asset. The EV for Port of Melbourne was estimated at $12,298 million at 30 June 2026 (2025: $11,823 million). The residual above the identifiable net assets of land, infrastructure, CWIP and Port of Melbourne's net working capital of $4,258.2 million (2025: $3,894 million) was attributed to Channels.

However, since the fair value of the assets at 30 June 2026 had not moved materially from the previous scheduled revaluation or the assets' carrying value, no revaluation adjustment was recognised. The fair value of channels at 30 June 2026 was determined to be $3,896 million (2025: $3,894 million). The increase in fair value from 30 June 2025 to 30 June 2026 reflects asset additions and transfers, net of depreciation.

In estimating the EV, the valuer relied on updated operating forecast cash flows provided by the operator for the period FY2027 - FY2037 (2025: FY2026 - FY2036) and calculated a terminal value, assuming the Port will operate into perpetuity.

The key drivers underpinning the valuation included:

i. Forecast container volume growth, which drives regulated wharfage revenues for prescribed services. These account for 62.0% of port revenues in FY2027 (2025: 57%). Wharfage revenue is assumed to grow at a compound annual growth rate (CAGR) of 7.7% (2025: 5.4%) over the forecast period from FY2027 to FY2037 (2025: FY2026-FY2036);

ii. Maintaining property rental income from non-prescribed services in line with the forecasts;

iii. Timely and on-budget delivery of planned capital projects and capacity expansion;

iv. A terminal value growth rate of 4.5% (2025: 5.0%), reflecting expected price and volume assumptions and capacity expansion investment in latter years, and a post-tax weighted average cost of capital (WACC) between 7.35% and 7.85% (2025: 7.25% - 7.75%) applied to determine the EV.

6. HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance utilised by the Company during its operations.

Note 6.1
Deferred Income

	Notes	2026 ($000's)	2025 ($000's)
Current deferred income			
Lease income	(i)	189,997	189,773
Total current deferred income		**189,997**	**189,773**
Non-current deferred income			
Lease income	(i)	7,964,312	8,000,480
Total non-current deferred income		**7,964,312**	**8,000,480**
Total deferred income		**8,154,309**	**8,190,253**
Movement in deferred income during the year:			
Opening balance at 1 July		8,190,253	8,238,657
Movement of lease income	(ii)	154,053	141,369
Amortisation of lease income	2.2	(189,997)	(189,773)
Closing balance at 30 June		**8,154,309**	**8,190,253**

(i) Deferred Lease Income

On 31 October 2016, the Company entered into a Port Lease agreement with Port Lessee for the Port of Melbourne land for a period of 50 years. The Lonsdale Consortium successful bid price of $9.729 billion has been allocated according to components of the transaction with $8.838 billion being allocated to the Land, Channels, and Infrastructure assets within the lease. The Company received the entire lease proceeds up-front in 2016 at the commencement of the 50-year lease, and the transaction proceeds were deposited directly into the Victorian Transport Fund. The deferred income balance is being amortised on a straight-line basis over the 50-year life of the Port Lease.

(ii) Increases to Deferred Income

The Port Lessee has made asset additions since commencement of the Port Lease (see Note 5). Whilst the Company shall receive no further consideration for the asset additions, in accordance with the terms of the Port Lease, all leased

assets constructed, altered or added to by the Port Lessee after the grant of the lease transfer and vest absolutely in the Company free and clear of any security interest at the time they are constructed, altered or added to and form part of the Leased Area. The Company has therefore recognised these assets during the year of the addition (Note 5) and recognise the benefits of these assets over the remaining term of the Port Lease as additional lease income.

Note 6.2 Cash flow information and balances

Cash and cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Note 6.2.1 **Reconciliation of cash and cash equivalents**	**2026** **($000's)**	**2025** **($000's)**
Cash at Bank	1,246	86
Balance as per cash flow statement	**1,246**	**86**

The Company holds cash in its bank account. Cash that is received from generation of income is generally paid into higher interest earning investment accounts managed by the Treasury Corporation of Victoria.

Note 6.2.2 **Reconciliation of net result for the period to net cash flows from operating activities**	**2026** **($000's)**	**2025** **($000's)**
Net result for the financial year	**64,064**	**88,848**
Non-cash movements		
Deferred income - Port lease	(189,997)	(189,773)
Depreciation of non-current assets	125,717	100,365
Movements in assets and liabilities		
Decrease/(Increase) in receivables	(78)	(345)
(Decrease)/Increase in payables	899	355
Net cash from/(used in) operating activities	**605**	**(550)**

Non-cash investing activities

As noted in Note 5, there were $154.1 million of additions recognised by the Company to property, plant, and equipment (2025: $141.4 million).

Note 6.3 **Investments and other financial assets**	**Notes**	**2026** **($000's)**	**2025** **($000's)**
Current investments and other financial assets			
Term deposits			
Australian dollar term deposits	(i)	3,941	4,696
Total investments and other financial assets		**3,941**	**4,696**

(i) Term deposits under 'Investments and other financial assets' class include term deposits with maturity greater than 90 days.

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7. RISK, CONTINGENCIES AND VALUATION JUDGEMENTS

7.1 Financial instrument specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of financial instruments

Financial assets at amortised cost:

Financial assets measured at amortised cost are financial instruments which meet both of the following criteria and are not designated at fair value through comprehensive income:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the assets' contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Company recognises the following financial assets in this category:

- cash and cash equivalents
- receivables (excluding statutory receivables); and
- term deposits (classified under 'investments and other financial assets')

Financial liabilities at amortised cost:

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Financial liabilities at amortised cost include the Company's borrowings and payables (excluding statutory payables).

Offsetting financial instruments:

Financial instrument assets and liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. Where the Company does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency, or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset; or
    - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Impairment of financial assets:

The impairment model under AASB 9 *Financial Instruments* (AASB 9) applies to financial assets measured at amortised cost that the Company is holding. The financial assets at amortised cost consist of loans and other receivables, cash and cash equivalents, and term deposits (classified under 'Investments and other financial assets'). Equity instruments are not subject to impairment under AASB 9.

AASB 9 establishes three separate approaches for measuring and recognising ECL:

- A general approach that applies to all loans and receivables not eligible for the other approaches;
- A simplified approach that is required for certain trade receivables and lease receivables; and
- A 'credit adjusted approach' that applies to loans that are credit impaired at initial recognition (e.g. loans acquired at a deep discount due to their credit risk). A distinguishing factor among the approaches is whether the allowance for expected credit losses at any balance sheet date is calculated by considering possible defaults only for the next 12 months ('12 month ECLs'), or for the entire remaining life of the asset ('Lifetime ECLs').

Under both the general and simplified approach, the loss allowance is measured in the same period as an asset is recognised. Under the general approach, the loss allowance is based on 12-month ECLs unless a significant increase in credit risk occurs. In this case, loss allowance is measured based on lifetime ECLs unless the increase reverses.

No provision for ECL has been recognised given the low level of historical impairment loss (2025: none).

7.1.1 The carrying amounts of the contractual financial assets and liabilities by category

2026		Financial assets at amortised cost ($'000s)	Financial liabilities at amortised cost ($'000s)	Total ($000s)
Contractual financial assets				
Cash and cash equivalents	6.2.1	1,246	-	**1,246**
Term Deposits	6.3	3,941	-	**3,941**
Receivables	4.1			
Accrued interest income		15	-	**15**
Other receivables		240	-	**240**
Total contractual financial assets		**5,442**	-	**5,442**
Contractual financial liabilities				
Payables				
Accounts Payable	4.2	-	1,155	**1,155**
Total contractual financial liabilities		-	**1,155**	**1,155**

2025		Financial assets at amortised cost ($'000s)	Total ($000s)
Contractual financial assets			
Cash and cash equivalents	6.2.1	86	**86**
Term Deposits	6.3	4,696	**4,696**
Receivables	4.1		
Accrued Interest income		15	**15**
Other receivables		133	**133**
Total contractual financial assets		**4,930**	**4,930**

The contractual financial liability was nil as at 30 June 2025.

7.1.2 Net holding gain/(loss) on financial instruments by category

2026	Total interest income/(expense) ($'000s)
Contractual Financial assets	
Financial assets at amortised cost	187
Total contractual financial assets	**187**

2025	Total interest income/(expense) ($'000s)
Contractual Financial assets	
Financial assets at amortised cost	227
Total contractual financial assets	**227**

Financial risk management objectives and policies

The Director's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Director on a regular basis.

The Director and Secretary of the Company oversee and analyse financial risk exposures and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk.

7.1.3 Credit quality of contractual financial asset that are neither past due nor impaired

Credit risk refers to the possibility that a counterparty will default on its financial obligations as and when they fall due. The Company's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Company. Credit risk is measured at fair value and is monitored on a regular basis. The Company's credit risk exposure is minimal as the majority of its holding of financial instruments is held with State of Victoria's DTF.

Receivables are monitored on an ongoing basis, resulting in minimal exposure to bad debts. Credit risk is also minimised by investing surplus funds with financial institutions that maintain a high credit rating.

There are no material financial assets which are individually determined to be impaired. The Company only works with banks with high credit ratings. There has been no material change to the Company's credit risk profile in the year ended 30 June 2026.

The Company applies AASB 9 general approach for its contractual receivables to measure ECL using a 12-month ECL model. The Company considers these receivables to have low credit risk and the credit risk of these receivables have not increased significantly since initial recognition. The credit risk of these receivables is low because the majority of these receivables at 30 June 2026 related to a receivable from DTP. As outlined in Note 7.1, no provision for ECL has been recognised for the Company's financial assets given the low level of historical impairment loss.

2026	Financial Institutions (AA above) ($'000s)	Government agencies (AA1) ($'000s)	Total ($'000s)
Cash and cash equivalents	1,246	-	**1,246**
Term deposits	-	3,941	**3,941**
Loans and other receivables	-	255	**255**
Total contractual financial assets	**1,246**	**4,196**	**5,442**

2025	Financial Institutions (AA above) ($'000s)	Government agencies (AA1) ($'000s)	Total ($'000s)
Cash and cash equivalents	86	-	**86**
Term deposits	-	4,696	**4,696**
Loans and other receivables	-	148	**148**
Total contractual financial assets	**86**	**4,844**	**4,930**

7.1.4 Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as and when they fall due. The Company is exposed to liquidity risk mainly through the financial liabilities as disclosed on the face of the balance sheet. As at 30 June 2026, the Company has no significant liquidity risk.

7.1.5 Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of financial instruments. As at 30 June 2026, the Company has no significant interest rate risk.

7.2 Fair value determination

The Company's property, plant and equipment assets are measured and disclosed at fair value for financial reporting purposes. Financial assets and liabilities are measured at amortised cost, or fair value, in accordance with the Company's business model and the financial instruments' cash flow characteristics. In order to determine fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. The carrying value of the Company's financial assets and liabilities approximate their fair value.

Fair value of non-financial physical assets

In determining fair values, a variety of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company applied the requirements of FRD 103 as part of the 30 June 2026 roll-forward revaluation exercise. No revaluation adjustment was made. The fair value movement in the property, plant and equipment balance from 30 June 2025 to 30 June 2026 reflects asset additions and transfers, net of depreciation.

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Fair value measurement hierarchy of assets as at 30 June 2026 and 2025

2026 Asset Class	Carrying Value	Fair value measurement at Level 1	Level 2	Level 3
Land	5,300,000	-	-	5,300,000
Channel	3,895,615	-	-	3,895,615
Infrastructure	2,405,373	-	-	2,405,373
Total	**11,600,988**	-	-	**11,600,988**

2025 Asset Class	Carrying Value	Fair value measurement at Level 1	Level 2	Level 3
Land	5,300,000	-	-	5,300,000
Channel	3,893,700	-	-	3,893,700
Infrastructure	2,261,100	-	-	2,261,100
Total	**11,454,800**	-	-	**11,454,800**

The Company has determined that no transfers have occurred between levels in the hierarchy during the year (2025: None). The reconciliation of Level 3 fair value movements is outlined below.

Reconciliation of Level 3 fair value movements

	Carrying value at 30 June 2025	Revaluation of PPE	Additions	Depreciation	Impairment	Transfer	Carrying value at 30 June 2026
Land	5,300,000	-	-	-	-	-	5,300,000
Channel	3,893,700	-	1,055	(14,588)	-	15,448	3,895,615
Infrastructure	2,261,100	-	17,195	(111,129)	-	238,207	2,405,373
Total	**11,454,800**	-	**18,250**	**(125,717)**	-	**253,655**	**11,600,988**

	Carrying value at 30 June 2024	Revaluation of PPE	Additions	Depreciation	Impairment	Transfer	Carrying value at 30 June 2025
Land	5,289,609	10,391	-	-	-	-	5,300,000
Channel	3,880,873	22,845	40	(12,026)	-	1,968	3,893,700
Infrastructure	1,822,811	496,431	635	(88,339)	-	29,562	2,261,100
Total	**10,993,293**	**529,667**	**675**	**(100,365)**	-	**31,530**	**11,454,800**

Land, Infrastructure, Capital works in progress and Channel assets

The Company's property, plant and equipment assets are measured and disclosed at fair value for financial reporting purposes (Note 5).

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

For the year ended 30 June 2026, an indicative roll-forward revaluation exercise was performed by the VGV's appointed valuer KPMG, in accordance with FRD 103. The valuation techniques applied have been highlighted in Note 5. Due to Port of Melbourne's unique position and historical development, a residual allocation approach has been applied to determine the fair value of the channels. As such, the EV and inputs used in determining the fair value of the other identifiable net assets will impact the fair value attributed to the channels.

The indicative roll-forward revaluation of the Company's assets undertaken at 30 June 2026 is summarised as follows:

- The movement in the Company's land asset was an increase of 0.94% since the last scheduled revaluation undertaken at 30 June 2025, and an increase of 0.94% from the carrying value at 30 June 2026.
- The movement in the Company's infrastructure asset was a decrease of 0.63% since the last scheduled revaluation undertaken at 30 June 2025; and an increase of 4.5% from the carrying value at 30 June 2026.
- The movement in the Company's channel asset was an increase of 8.31% since the last scheduled revaluation at 30 June 2025, and an increase of 9.36% from the carrying value at 30 June 2026.

As outlined in Note 5, no revaluation adjustments were recognised at 30 June 2026.

The next scheduled full valuation of property, plant and equipment shall be performed in the year ended 30 June 2030.

Details of the unobservable inputs used for the year ended 30 June 2026 and 30 June 2025 valuation are outlined in the below table.

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Description of significant unobservable inputs used in Level 3 valuation for the year ended 30 June 2026 and 30 June 2025

Financial year ended 30 June 2026 and 30 June 2025	Valuation technique	Significant unobservable inputs	Range	Sensitivity of FV measurement to change in unobservable inputs
Land	The income approach estimates the future revenue that may be generated by a property and discounts this future expected income, plus terminal value to present value. (2025: Market approach and income approach, with the market approach referencing market evidence including observable sales data for properties in similar localities and adjusted for size, location, zoning and features, and the income approach discounting future net rental cashflows plus terminal value to present value at a market discount rate.)	Income approach: discount rate, implied internal rate of return (IRR), terminal value capitalisation rate. (2025: Market approach: rate per square metre of site area, relativity factor for characteristics of land. Income approach: discount rate, implied IRR, terminal value capitalisation rate.)	Income approach: discount rate of 6.6%; IRR of 7.0% to 8.3%; terminal value capitalisation rate of 5.5%, (2025: Market approach: rate per square metre of $920 to $1,380; relativity factor for characteristics of land of 25% to 100%. Income approach: discount rate of 6.5%; IRR of 7.0% to 8.3%; terminal value capitalisation rate of 5.5%.)	A significant increase or decrease of the discount rate would result in a significantly lower or higher valuation of the land and a corresponding adjustment to the value of the channel assets. A significant increase or decrease in the relevant site rates would result in a significantly higher or lower fair value of land and a corresponding adjustment to the value of the channel assets.

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Financial year ended 30 June 2026 and 30 June 2025	Valuation technique	Significant unobservable inputs	Range	Sensitivity of FV measurement to change in unobservable inputs
Infrastructure assets	Cost approach with reference to number of sources of information used to estimate indicative direct replacement costs. For wharves, rail and road assets unit rates have been referenced to similar port assets. For other assets an indirect cost approach has been applied to estimate reproduction costs. Depreciation has been estimated based on an age and remaining life analysis.	Categorisation of assets into wharves, civil works, roads, utilities, rail assets, land improvements, buildings and navigational aids, which then determined the normal useful life used.	A broad range of 'cost' indices published by reputable sources including the Australian Bureau of Statistics (ABS) and Rawlinsons was considered to inform the most relevant price indicator for infrastructure price movements over the one-year period from 30 June 2025 to 30 June 2026. Normal useful life ranged between 5 – 50 years). (2025: ABS trend indices used in the valuation for various categories of asset. Unit rates for each asset type based on estimates of direct costs, indirect costs (35%), owner's cost (15%) and contingency (15%). Normal useful life ranged between 20 – 60 years).	A significant increase or decrease in the indices would result in a significant increase or decrease in the value of infrastructure assets and a corresponding adjustment to the value of the channel assets. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

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Financial year ended 30 June 2026 and 30 June 2025	Valuation technique	Significant unobservable inputs	Range	Sensitivity of FV measurement to change in unobservable inputs
Channel assets	Residual allocation approach has been used to determine the fair value with reference to a discounted cash flow methodology applied to calculate the EV for Port of Melbourne, with the excess over the identifiable net assets (i.e. land, infrastructure assets) being recognised as the value attributable to the channel assets.	Assumptions used to determine EV as outlined in note 5, with the WACC being the most significant input.	i) Forecast cash flows for the period FY2027 – FY2037 (2025: FY2026 – FY2036). ii) Terminal value growth rate of 4.5% (2025: 5.0%). iii) Post tax WACC of 7.35% – 7.85% (2025: 7.25 – 7.75%) has been applied to determine the EV. iv) Wharfage revenue accounts for 62% of Port revenue in FY2027 (2025: 57%) and is assumed to grow at a compound annual growth rate of 7.7% (2025: 5.4%) over the forecast period.	A significant increase or decrease of the WACC would result in a significant decrease or increase of the EV and a corresponding adjustment to the value of the channels assets.

7.3 Contingent assets and contingent liabilities

There are no contingent assets or liabilities at 30 June 2026 (2025: Nil).

8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Note 8.1
Reserves

	2026 ($000's)	2025 ($000's)
Physical asset revaluation reserve surplus		
Balance at beginning of financial year	3,528,760	2,999,093
Revaluation increments	-	529,667
Balance at end of financial year	**3,528,760**	**3,528,760**

The physical assets revaluation surplus arises on the revaluation of land and infrastructure assets.

Note 8.2
Remuneration of auditors

	2026 ($000's)	2025 ($000's)
Victorian Auditor General's Office		
Audit of the financial statements	**50**	**63**

Note 8.3

Responsible persons, related parties and key management personnel

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Minister

The Hon. Melissa Horne, MP Minister for Ports and Freight.

Directors

The following persons held the position of Director during the year:

Praveen Reddy (1 July 2025 – 16 January 2026)

Brett McKenzie (16 January 2026 – present)

No remuneration was paid to the Director by the Company. Remuneration was paid by respective employers within the Victorian public sector.

Accountable Officer

The accountable officer for the Company as at 30 June 2026 is Brett McKenzie.

Related parties

The Company is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Company include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

Key management personnel

Key management personnel of the Company include the Portfolio Minister, as listed above, and the Director. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report. No remuneration was paid to the Director or the Company Secretary by the Company.

Significant transactions with government related entities

The Victorian State Government prepares consolidated financial statements relating to its controlled entities. For the purposes of preparing the State Government's Annual Financial Report (AFR), transactions which the Company has undertaken with other State Government controlled entities will be eliminated in the State Government's AFR.

The aggregate amounts of the Company's transactions conducted during the year and its assets and liabilities at the end of the year which relate to State Government controlled entities are as follows:

	2026 ($000's)	2025 ($000's)
Rates & Taxes		
State Revenue Office	8,864	8,035
Other Income		
Other income - DTP	285	121
Assets		
Accrued interest receivable TCV	15	15
Other receivables - DTP	240	133
Liabilities		
Accounts payable – State Revenue Office	1,155	-
Dividend		
Dividend paid to DTF	200	-

Note 8.4

Subsequent events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Company, the results of the operations of the state of affairs of the Company in the future years. There were no subsequent events after balance date expected to have a material effect on the financial statements of the Company that are not otherwise disclosed in the financial statements.

Note 8.5

Australian Accounting Standards issued that are not yet effective

Certain new and revised Australian accounting standards have been published that are not effective for the 30 June 2026 reporting period. As at 30 June 2026, the following standards and interpretations had been issued by the Australian Accounting Standards Board (AASB) but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Company has not and does not intend to adopt these standards early.

AASB 2024-2 ***Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments***

AASB 2024-2 amends AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments*.

AASB 2024-2 amends requirements relating to:

- settling financial liabilities using an electronic payment system
- assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features
- disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

This amendment applies to annual reporting periods beginning on or after 1 January 2026.

AASB 18 ***Presentation and Disclosure of Financial Statements***

AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the comprehensive operating statement.

The key presentation and disclosure requirements established by AASB 18 is the presentation of newly defined subtotals in the comprehensive operating statement.

AASB 18 applies to annual reporting periods beginning on or after 1 January 2027 for for-profit entities and applies to annual reporting periods beginning on or after 1 January 2028 for not-for-profit entities. The one-year deferral allows the AASB to consult with stakeholders and consider potential modifications for not-for-profit public sector entities. On 30 October 2025, the AASB released Exposure Draft ED 338 *Application of AASB 18 and AASB 17 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*, proposing its public sector modifications to AASB 18 for public comments by 27 February 2026.

The Company is currently in the process of assessing the potential impact of these standards and amendments.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

Note 8.6

Glossary of technical terms

The following is a summary of the major technical terms used in the report.

Borrowings refers to interest bearing liabilities and for the Company means amounts borrowed from the DTF on behalf of the State of Victoria.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Financial asset is an asset that is;

(a) cash
(b) an equity instrument of another entity
(c) a contractual right to receive cash or another financial asset from another entity or to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the entity
(d) a contract that will or may be settled in the entity's own equity instruments and is (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is;

(a) contractual obligation (i) to deliver cash or another financial asset to another entity or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity

(b) a contract that will or may be settled in the entity's own equity instruments and is (i) a non-derivative for which the entity is or maybe obliged to deliver a variable number of the entity's own equity instruments or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for affixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or deliver of the entity's own equity instruments.

Financial statements comprise

(i) a balance sheet as at the end of the period
(ii) a comprehensive operating statement for the period
(iii) a statement of changes in equity for the period
(iv) a cash flow statement for the period
(v) notes, comprising a summary of significant accounting policies and other explanatory information
(vi) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
(vii) a statement of financial positions at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Interest expense represents costs incurred in connection with borrowings. It includes interest on loans.
Interest income includes interest received on bank deposits and other investments.
Net result from transactions is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Payables includes accounts payable, taxes and interest payable.

Receivables includes accounts receivable, loans and interest receivable.

Independent Auditor's Report

Victorian Auditor-General's Office

To the Director of Melbourne Port Lessor Pty Ltd

Opinion

I have audited the financial report of Melbourne Port Lessor Pty Ltd (the company) which comprises the:

- balance sheet as at 30 June 2026
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including material accounting policy information
- director's declaration.

In my opinion, the financial report is in accordance with Part 7 of the *Financial Management Act 1994* and the *Corporations Act 2001* including:

- giving a true and fair view of the financial position of the company as at 30 June 2026 and its financial performance and cash flows for the year then ended
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the ***Auditor's Responsibilities for the Audit of the Financial Report*** section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Director of the company is responsible for the "other information" included in the company's Annual Report for the year ended 30 June 2026. The other information in the Annual Report does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Director's responsibilities for the financial report

The Director of the company is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and the *Corporations Act 2001*, and for such internal control as the Director determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director
- conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Director with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



MELBOURNE
18 September 2026

Paul Martin
as delegate for the Auditor-General of Victoria