



Ruling: Calculating a NABERS Portfolio rating

March 2019

1.1 Scope

This ruling applies to all certified NABERS ratings of the same **space type** held by the same legal entity (**portfolio**). These ratings can be used to calculate **Portfolio ratings**. Portfolio ratings use average weighted star ratings and ownership percentage to determine a final result.

This ruling provides the methodology for calculating Portfolio ratings.

1.2 Overview

A portfolio is able to calculate a Portfolio rating based on its NABERS-rated spaces. Each different space type requires its own Portfolio rating. For example, a shopping centre Portfolio rating must only include shopping centres and cannot include any other type of building. A portfolio may end up with multiple Portfolio ratings if there are two or more eligible space types within it.

Portfolio ratings can be self-calculated or NABERS Verified Portfolio ratings.

1.3 Terms used in this ruling

Term	Description
Portfolio rating	<p>A rating awarded to a portfolio based on the certified results of its individually-rated assets.</p> <p>Portfolio ratings are calculated by averaging a portfolio's certified NABERS ratings, after weighting results based on the main rating attribute (MRA). The MRA is also weighted by percent ownership for co-owned buildings.</p> <p>Portfolio ratings can be for any space type and rating scope.</p>
Self-calculated Portfolio rating	<p>Portfolio ratings that have been calculated by portfolios without NABERS verification.</p> <p>Self-calculated Portfolio ratings will not receive a NABERS-branded star rating logo and are unable to participate in the NABERS published Portfolio Rating Report.</p> <p>Self-calculated Portfolio ratings results may still be promoted and marketed according to the rules outlined in this ruling.</p>
Verified Portfolio rating	<p>Portfolio ratings that have been calculated and verified by NABERS.</p> <p>Portfolios with Verified Portfolio ratings will receive a NABERS-branded star rating logo with their results.</p>

	<p>If reporting on a 12-month period ending 30 June or 31 December, portfolios can also elect to have their results included in the NABERS published Portfolio Rating Report.</p> <p>Contact NABERS for a Verified Portfolio rating.</p>
Eligible for a NABERS rating	<p>Spaces that meet minimum NABERS requirements for that space type to be rated.</p> <p>Spaces that are eligible for a NABERS rating are counted in the calculation to determine the proportion of a portfolio's assets that have been rated.</p>
Excluded from a rating	<p>Spaces which are not eligible for a NABERS rating, as defined in the relevant Rules document.</p> <p>Spaces can also be optionally excluded from a Portfolio rating. There are two scenarios where a portfolio can decide whether to include or not include buildings in its Portfolio rating:</p> <ol style="list-style-type: none"> 1. Where an office space that is not an office tenancy occupies less than the smaller of 20% of a total asset by Gross Floor Area (GFA) or 1,000m². For example, there is 900m² of office space in the same building as 6,000m² of hotel space (GFA of the building is 7,000m²). As the office space totals less than 20% of the GFA of the building and is under 1,000m², a portfolio could opt to not rate the space. It would not be counted in the calculation used to determine the percentage of office assets rated by the Portfolio rating. 2. Where there are one or more small shopping centres (less than 5,000m²) as part of a shopping centre portfolio. In this case, ratings for small shopping centres can be optionally included or excluded, on the condition that all small shopping centres must be treated in the same way – i.e. all are either included in or excluded from the Portfolio rating.
Main rating attribute (MRA)	<p>The rating attribute used to calculate the final Portfolio rating and the percentage of assets rated.</p> <p>MRAs for available space types are:</p> <ul style="list-style-type: none"> • Office - Rated net lettable area (NLA) (m²) for rated spaces or total NLA for unrated spaces • Shopping Centre - Rated gross lettable area retail (GLAR) (m²) for rated spaces or total GLAR for unrated spaces • Hotel - Rated Guest Rooms (number of) for rated spaces or total Guest Rooms for unrated hotels • Data Centre - Total Assessable IT consumption (MWh/yr) for rated spaces or total IT consumption for unrated data centres • Apartment Building - Rated apartments for rated spaces or total apartments for unrated buildings • Hospitals - Occupied bed days for rated and unrated hospitals.
Ownership	<p>Legal ownership of a building – either full or part. In the case of tenancy ratings, exclusive access rights to office space through a legal document such as a lease qualifies as 'ownership' for the purposes of this ruling.</p>

Portfolio	A minimum of 2 buildings owned by the same legal entity.
Portfolio Rating Report	A report featuring the NABERS Verified Portfolio ratings of participating portfolios. Reports are based on calendar year and financial year reporting periods.
Published exclusions and inclusions	A list of a portfolio's eligible spaces that have been included and excluded from its Portfolio rating. Portfolio ratings cannot be published or promoted without this list clearly attached or linked to in the same marketing material advertising the Portfolio rating.
Rating scope	The designated services or areas being rated in a space. The rating scope identifies the inputs and methodologies required to calculate the rating result, as defined in the relevant Rules document. Rating scope for use in a Portfolio rating can include: <ul style="list-style-type: none"> • Office – base building • Office – whole building • Office – tenancy • Data centre – infrastructure. Shopping centre, Hotel, Apartment building and Public hospital ratings each have only one rating scope available.
Reporting Period	A 12-month period generally matching the calendar year or the financial year. End dates of reporting periods for Verified Portfolio ratings to be published in the Portfolio Rating Report can be 30 June or 31 December.
Space type	A building, part of a building or space within a building able to be rated by NABERS. The following space types can be rated by NABERS for Portfolio ratings: <ul style="list-style-type: none"> • Office <ul style="list-style-type: none"> ○ Base building ○ Whole building ○ Tenancy • Shopping centre • Hotel • Data centre (Infrastructure) • Apartment buildings • Public hospitals.

Rules

1.4.1 Rating validity

Portfolio ratings must only include certified NABERS ratings that are valid on the last day of the chosen reporting period, i.e. 31 December for calendar year reports or 30 June for financial year reports.

If a space type has multiple ratings valid during the reporting period, the most recent rating must be used in the calculation of the Portfolio rating.

1.4.2 Area-weighting

Portfolio ratings are to be weighted using the formula:

$$\text{Portfolio rating} = \frac{[Rating_1 \times MRA_1 \times Ownership_1] + \dots + [Rating_n \times MRA_n \times Ownership_n]}{(MRA_1 \times Ownership_1 + \dots + MRA_n \times Ownership_n)}$$

Where:

- *Rating* is the certified NABERS rating
- *MRA* is the main rating attribute
- *Ownership* is a portfolio's ownership percentage (%) of an asset on the last day of the Reporting Period.

When ownership or partial ownership changes during the reporting period, ownership is taken as the percentage of the space owned by the portfolio on the last day of the reporting period.

1.4.3 Publishing and marketing

All portfolio ratings must be published with the rated percentage of portfolio (by main rating attribute) clearly displayed.

Portfolio ratings must be published with a list of all eligible included and excluded assets used to calculate the rating result. This information must be detailed in the same location as the published Portfolio rating or be easily accessible via a link published with the rating result.

The reporting period must be clearly displayed when publishing or promoting Portfolio rating results. For example, labelling results with "2019 NABERS Energy for Office Portfolios results".

Portfolio ratings must not be displayed in a way that is misleading. For example, displaying a higher portfolio rating on buildings that have lower individual ratings and not clearly displaying the individual ratings is not permitted under NABERS trade mark rules.

Self-calculated Portfolio ratings cannot be advertised as having been checked, verified, authorised, endorsed or similar by NABERS.

1.4.4 Reporting period

Portfolio ratings must be associated with the same reporting period each year. Typical reporting periods are calendar year or financial year.

The same reporting period must be used for year-on-year comparisons.

1.4.5 Rounding

Portfolio ratings are rounded down to one decimal place. For example, a Portfolio rating calculated to be 3.764 becomes 3.7.

Percentage of portfolio rated is rounded down to the nearest whole number. For example, where a portfolio has rated 85.5% of its portfolio by main rating asset, the figure to be published will be 85%.

1.4 Examples

Example 1: Calculating a NABERS for Office Portfolios rating

Commercial Fund A has 100% ownership of the following portfolio of office buildings rated with NABERS Energy, Water and Indoor Environment. There are no NABERS Waste ratings in this portfolio.

Premises	Rated area (m ²)	Total NLA (m ²)	NABERS Energy rating	NABERS Water rating	NABERS IE rating
Building 1	12,500	NA	3	2	3
Building 2	20,000	NA	4	4	3.5
Building 3	5,000	NA	2	1.5	2
Building 4	15,000	NA	2	0	2.5
Building 5	25,000	NA	4	3.5	4
Building 6	0	8,000	Not rated	Not rated	Not rated
Total area	85,500				

The MRA for unrated office buildings is NLA. Building 6 is unrated and has total NLA of 8,000 m². As Commercial Fund A has 100% ownership of all its assets, no ownership weighting is applied to the MRA for this calculation.

All ratings are certified and will be current at 30 June 2019.

The $[rating \times MRA \times ownership]$ for each building is calculated below, along with the totals.

Premises	Rated NLA (m ²)	Total NLA (m ²)	NABERS Energy rating x NLA	NABERS Water rating x NLA	NABERS IE rating x NLA
Building 1	12,500	NA	37,500	25,000	37,500
Building 2	20,000	NA	80,000	80,000	70,000
Building 3	5,000	NA	10,000	7,500	10,000
Building 4	15,000	NA	30,000	0	37,500
Building 5	25,000	NA	100,000	87,500	100,000
Total rated area	77,500				
Building 6	0	8,000	Not rated	Not rated	Not rated
Total	85,500		257,500	200,000	255,000

Weighted average calculations

The NABERS Energy for Office Portfolios result is:

$$257,500 / 77,500 = 3.3225. \text{ This is rounded down to } 3.3.$$

The NABERS Water for Office Portfolios result is:

$$200,000 / 77,500 = 2.5806. \text{ This is rounded down to } 2.5.$$

The NABERS Indoor Environment for Office Portfolios result is:

$$255,000 / 77,500 = 3.2903. \text{ This is rounded down to } 3.2.$$

Percentage of portfolio rated calculations

The total portfolio area, including Building 6, is:

$$77,500 + 8,000 = 85,500 \text{ m}^2.$$

Percentage of portfolio rated:

$$(77,500 / 85,500) \times 100\% = 90.6\%. \text{ This is rounded down to } 90\%.$$

Final publication in a table within an annual report for the 2018/19 financial year may look like:

Commercial Fund A's performance for financial year 2018/19:

NABERS Energy for Office Portfolio rating: 3.3 stars

NABERS Water for Office Portfolio rating: 2.5 Stars

NABERS Indoor Environment for Office Portfolios rating: 3.2 stars.

90% of Commercial Fund A's assets have been rated by NABERS.

Eligible assets included in NABERS Energy, Water and IE for Offices Portfolios rating:

1. Building 1
2. Building 2
3. Building 3
4. Building 4
5. Building 5

Eligible assets not included in NABERS Energy, Water and IE for Office Portfolios rating:

1. Building 6.

Example 2: Calculating a NABERS for Office Portfolios rating with partial ownership

The same office building portfolio owner has now sold Building 6 and purchased a 10% share in Building 7, which has a rated area of 10,000 m² and a 5 star NABERS Water rating and 5 star NABERS Energy rating. Building 7 is not rated for NABERS Indoor Environment or Waste.

An MRA x ownership calculation is used to determine the area (NLA) to be allocated to the Portfolio rating calculation for Building 7:

$$MRA \times Ownership = 10,000m^2 \times 10\% = 1,000 m^2.$$

The building owner can only take credit for 1,000 m² of Building 7.

Premises	Rated area (m ²)	Total NLA (m ²)	NABERS Energy rating x NLA	NABERS Water rating x NLA	NABERS IE rating x NLA
Building 1	12,500	NA	37,500	25,000	37,500
Building 2	20,000	NA	80,000	80,000	70,000
Building 3	5,000	NA	10,000	7,500	10,000
Building 4	15,000	NA	30,000	0	37,500
Building 5	25,000	NA	100,000	87,500	100,000
Total rated area	77,500				
Building 7	NA	1,000	5,000	5,000	Not rated
Total	78,500		262,500	205,000	255,000

Weighted average calculation

The NABERS Energy for Office Portfolios rating is:

$$262,500 / 78,500 = 3.3439. \text{ This is rounded down to 3.4.}$$

The NABERS Water for Office Portfolios rating is:

$$205,000 / 78,500 = 2.6115. \text{ This is rounded down to 2.6.}$$

Percentage of portfolio rated calculations

The total portfolio area in this case is:

$$77,500 + (10,000 \times 10\%) = 78,500 \text{ m}^2.$$

All buildings in the portfolio now have Energy and Water ratings, so for NABERS Portfolio Energy and Water, 100% of the portfolio has been rated. However, as Building 7 doesn't have an IE rating, percentage of portfolio rated must be calculated for the Portfolio rating.

Percentage of portfolio rated for Indoor Environment:

$$(77,500 / 78,500) \times 100\% = 98.7\%. \text{ This is rounded down to 98\%.}$$

Final publication in a table within an annual report for the 2018/19 financial year:

Commercial Fund's performance for financial year 2018/19:

NABERS Energy for Office Portfolio rating: 3.4 stars.

NABERS Water for Office Portfolio rating: 2.6 Stars.

NABERS Indoor Environment for Office Portfolio rating: 3.2 stars.

98% of Commercial Fund A's assets are rated under NABERS Indoor Environment for Offices.

100% of assets are rated under NABERS Energy and Water for Offices.

Eligible assets included in NABERS Energy & Water for Offices Portfolio rating:

1. Building 1
2. Building 2
3. Building 3
4. Building 4
5. Building 5
6. Building 7 (Energy and Water).

Eligible assets not included in NABERS IE for Offices Portfolio rating:

1. Building 7 (Indoor Environment).

Example 3: Calculating a NABERS for Shopping Centre Portfolios rating

Retail Fund A has the following portfolio of shopping centres rated with NABERS Energy and Water:

Premises	GLAR (m ²)	NABERS Energy rating	NABERS Water rating
Shopping Centre 1	50,000	5	4
Shopping Centre 2	60,000	5	4
Shopping Centre 3	55,000	4	3
Shopping Centre 4	70,000	4	3
Total area	235,000		

All ratings are certified and will be current at 30 June 2019.

The [*rating x MRA x ownership*] is then calculated for each premise, along with the totals. As the premises are 100% owned by the shopping centre portfolio, no weighting is applied to MRA for these assets based on ownership.

Premises	GLAR (m ²)	NABERS Energy rating x GLAR	NABERS Water rating x GLAR
Shopping Centre 1	50,000	250,000	200,000
Shopping Centre 2	60,000	300,000	240,000
Shopping Centre 3	55,000	220,000	165,000
Shopping Centre 4	70,000	280,000	210,000
Total	235,000	1,050,000	815,000

Weighted average calculation

The NABERS Energy for Shopping Centre Portfolios rating is:

$$1,050,000 / 235,000 = 4.4680. \text{ This is rounded down to 4.4.}$$

The NABERS Water for Shopping Centre Portfolios rating is:

$$815,000 / 235,000 = 3.4680. \text{ This is rounded down to 3.4.}$$

Percentage of portfolio rated calculation

As Retail Fund A does not own any other shopping centres, 100% of rateable GLAR has been rated.

Final publication in a table within an annual report for the 2018/19 financial year may look like:

Retail Fund A's performance for financial year 2018/19:

NABERS Energy for Shopping Centre Portfolios rating: 4.4 stars.

NABERS Water for Shopping Centre Portfolios rating: 3.4 Stars

100% of Retail Fund A's assets are covered by NABERS Energy and Water for Shopping Centre ratings.

Eligible assets included in NABERS Energy & Water for Shopping Centres Portfolios rating:

1. Shopping Centre 1
2. Shopping Centre 2
3. Shopping Centre 3
4. Shopping Centre 4.

Eligible assets not included in NABERS Energy & Water for Shopping Centres Portfolios rating:

1. None.

Example 4: Calculating a Portfolio rating for hotels

Hotel Portfolio A has the following portfolio of hotels, some of which are rated with NABERS Energy and Water:

Premises	Rated Guest Rooms	Total guest rooms	NABERS Water rating	NABERS Energy rating
Hotel 1	300	NA	3	3
Hotel 2	205	NA	4	4
Hotel 3	190	NA	4	3
Hotel 4	235	NA	2	2
Hotel 5	NA	100	Not rated	Not rated
Total guest rooms	1,030			

All ratings are certified and will be current at 30 June 2019.

The $[rating \times MRA \times ownership]$ is then calculated for each premises, along with the totals. As the premises are 100% owned by the hotel portfolio, no weighting is applied to MRA for these assets based on ownership.

Premises	Rated Guest Rooms	Total Guest Rooms	NABERS Energy rating x Guest Rooms	NABERS Water rating x Guest Rooms
Hotel 1	300	NA	900	900
Hotel 2	205	NA	820	820
Hotel 3	190	NA	570	760
Hotel 4	235	NA	470	470
Total rated guest rooms	930			
Hotel 5	NA	100	NA	NA
Total	1,030		2,760	2,950

Weighted average calculation

The NABERS Energy for Hotel Portfolios rating is:

$$2,760 / 930 = 2.967. \text{ This is rounded down to } 2.9.$$

The NABERS Water for Hotel Portfolios rating is:

$$2,950 / 930 = 3.172. \text{ This is rounded down to } 3.1.$$

Percentage of portfolio rated calculation

The percentage of portfolio rated is:

$$930 / 1030 \times 100\% = 90.3\%. \text{ This is rounded down to } 90\%.$$

Final publication in a table within an annual report for the 2018/19 financial year:

Hotel Fund A's performance for financial year 2018/19:

NABERS Energy for Hotel Portfolio rating: 2.9 stars

NABERS Water for Hotel Portfolio rating: 3.1 stars

90% of this portfolio has been rated with NABERS Energy and Water for Hotels.

Hotels included in Portfolio rating:

1. Hotel 1
2. Hotel 2
3. Hotel 3
4. Hotel 4

Hotels not included in Portfolio rating:

1. Hotel 5.

Example 5: Calculating a NABERS Portfolio rating for data centres

A data centre owner has the following portfolio of data centres rated with NABERS Energy:

Premises	Assessable IT Energy Consumption	NABERS Energy rating
Data Centre 1	10,118,892	3
Data Centre 2	13,691,463	3.5
Data Centre 3	6,578,424	3
Data Centre 4	10,589,317	2.5
Total	40,978,098	

All ratings are certified and will be current at 30 June 2019.

The $[rating \times MRA \times ownership]$ for each data centre is then calculated. As the premises are 100% owned by the data centre portfolio, no weighting is applied to MRA for these assets based on ownership.

Premises	Assessable IT Energy Consumption	NABERS Energy rating x IT consumption
Data Centre 1	10,118,892	30,356,676
Data Centre 2	13,691,463	47,920,122
Data Centre 3	6,578,424	19,735,273
Data Centre 4	10,589,317	26,473,294
Total	40,978,098	124,485,367

Weighted average calculation:

The NABERS Energy for Data Centre Portfolio rating is:

$$124,485,367 / 40,978,098 = 3.0378. \text{ This is rounded down to 3.0.}$$

Percentage of portfolio rated calculation:

As the data centre owner does not own any other data centres, 100% of Assessable IT Energy Consumption has been rated.

Example final publication in a table within an annual report for the 2018/19 financial year:

Data Centre Portfolio A's performance for financial year 2018/19:

NABERS Energy for Data Centre Portfolios rating: 3.0 Stars.

100% of this portfolio has been rated with NABERS Energy for Data Centres.