**REALPAC Illustrative IFRS 18 P&L for real estate entities**

| | Consolidated Statement of Profit | YTD $ | Other terms used | REALPAC<br>Comments on terminology and what is included in this line |
|---|---|---|---|---|
| **Operating** | Property revenue or Rental revenue | 600,000 | Gross rental revenue; Revenue from investment properties | "Rental revenue" is generally used when materially all revenue comes from rent; "Property revenue" is generally used when materially all revenue does not come from rent, but includes other revenue generated from property. Revenue in this line generally includes amounts charged to tenants. For example, this includes base rent, straight-line rent, property operating expense recoveries [common area maintenance (CAM) and property taxes], insurance recoveries, capital expenditure recoveries, other revenues (parking, development fees, etc.). This line also includes vacancy allowance (where applicable). Note: some may include property management services (in particular, those related to some of their partnerships) in this line as that revenue is considered to be part of their day-to-day operations. |
| | Property expense | (140,000) | Property operating costs | May include depreciation (based on an assessment of directly attributable expenses) |
| | **Net property income or Net rental income** | **460,000** | | Terminology depends on whether "Property revenue" or "Rental revenue" is used above. |
| | Residential inventory | | | if applicable |
| | Inventory sales | 80,000 | | if applicable |
| | Inventory cost of sales | (60,000) | | if applicable |
| | Net residential income | **20,000** | Net residual inventory gains | if applicable |
| | Management fees | 30,000 | Fee income | Revenue in this line generally includes amounts not charged to tenants. This is a separate line that may not be included in NOI (net operating income) because it fluctuates based on certain activities (projects/leasing) and/or may not be income related to IPP (income producing property), for example development management fees. For some entities, these fees would be included in NOI because these activities are considered part of core operations. Disclosures can be made to assist in clarifying where amounts not charged to tenants are included here. |
| | General and administrative expense | (16,000) | | To include additional details as required by IFRS 18 in the notes to the financials statements, including the totals for each of: depreciation, amortization, employee benefits, impairment losses and reversals, write-downs and reversals of write-downs of inventories. |
| | Fair value adjustment on investment properties | 90,000 | Changes in fair value of investment properties | |
| | | | | Additional lines may be included as applicable. For example, gains/losses on disposition of investment property (where investment property is not fair-valued and/or the legal & transactions costs to sell the IP where investing & operating IP is a main line of business); transaction gains/losses; amortization and impairment of goodwill and intangibles; fair value gains/losses on derivatives or other financial real estate assets; foreign exchange gains/losses related to operating activities. |
| | | | | For open-ended REITs an analysis should be performed to determine where income and expenses related to liabilities (particularly those related to units classified as liabilities) should be included - in operating and/or financing. |
| | **Operating profit** | **584,000** | | |
| **Investing** | Income from equity accounted investments | 2,000 | Or "share of income from …" | |
| | **Operating profit and income from equity accounted investments** | **586,000** | | Some entities may not include this subtotal where equity accounted investments are not a significant part of business activities. |
| | Interest income | 24,000 | Add " from…." with relevant wording | |
| | | - | | Additional lines may be included as applicable. For example, foreign exchange gain/loss related to investing activities; Fair value gain/loss related to investing activities. |
| | **Profit before financing and income taxes** | **610,000** | | |
| **Financing** | Interest expense on borrowings and lease liabilities | (120,000) | Costs | Includes mortgage loan interest expense |
| | | | | For open-ended REITs an analysis should be performed to determine where income and expenses related to liabilities (particularly those related to units classified as liabilities) should be included - in operating and/or financing. |
| | | | | Additional lines may be included here, such as those related to: pension costs, debt prepayment, relevant convertible debt costs, derivatives, intracompany, 3rd party debt, etc.; foreign exchange gains/losses related to financing activities. |
| | **Profit before income tax** | **490,000** | | |
| **Income tax** | Current income tax expense (recovery) | (10,000) | | if applicable |
| | Deferred income tax expense (recovery) | (5,000) | | if applicable |
| | **Profit from continuing operations** | **475,000** | | if applicable |
| **Discontinued operations** | Loss from discontinued operation | (10,000) | | if applicable |
| | **Profit** | **465,000** | | |
| EPS (where applicable; for closed- | Basic | | | |