

IFRS 18 – EPRA’S P&L GUIDANCE

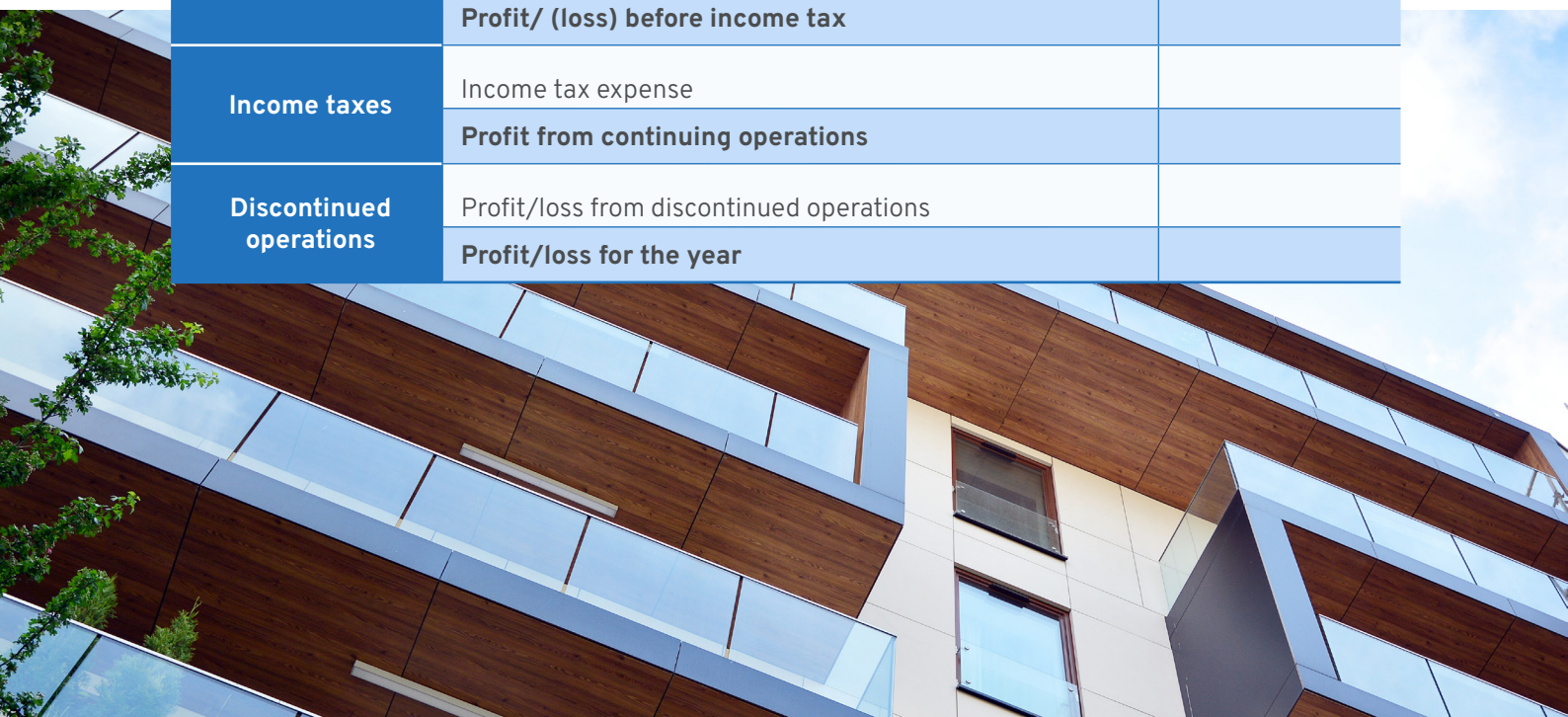
The EPRA Profit and Loss Guidance, developed by EPRA’s Reporting and Accounting Committee, is intended to help its members transition from IAS 1 to IFRS 18¹, offering a consistent and transparent framework baseline for presentation, without being prescriptive. The guidance focuses on common practices observed across different European listed real estate companies (R&A Committee members) and aligns with IFRS 18’s categories of Operating, Investing, and Financing activities. The exercise involved extensive discussions, held over 15 months, within the R&A committee including the Big 4 committee representatives. The EPRA’s P&L Guidance adopts a mixed presentation combining both nature-based and function-based classifications. This approach reflects common industry practice and provides a clearer depiction of how real estate companies typically manage and report their activities.

Entities are strongly encouraged to undertake their own technical evaluation, consult with their auditors, and consider the views of their audit committees before finalising any presentation or subtotals. Certain line items may be irrelevant or inappropriate for some listed real estate entities, particularly where activities differ between pure property owners, developers, operators, or hybrid models combining these elements.

The EPRA’s Profit or Loss Guidance is intended solely to help companies apply IFRS 18 and support transparency, consistency, and comparability across the sector. It remains fully aligned with IFRS 18, while acknowledging that the ultimate responsibility for compliant presentation lies with each reporting entity. EPRA assumes no responsibility or liability for how companies interpret or implement this guidance, which should be applied at the entity’s own discretion and risk.

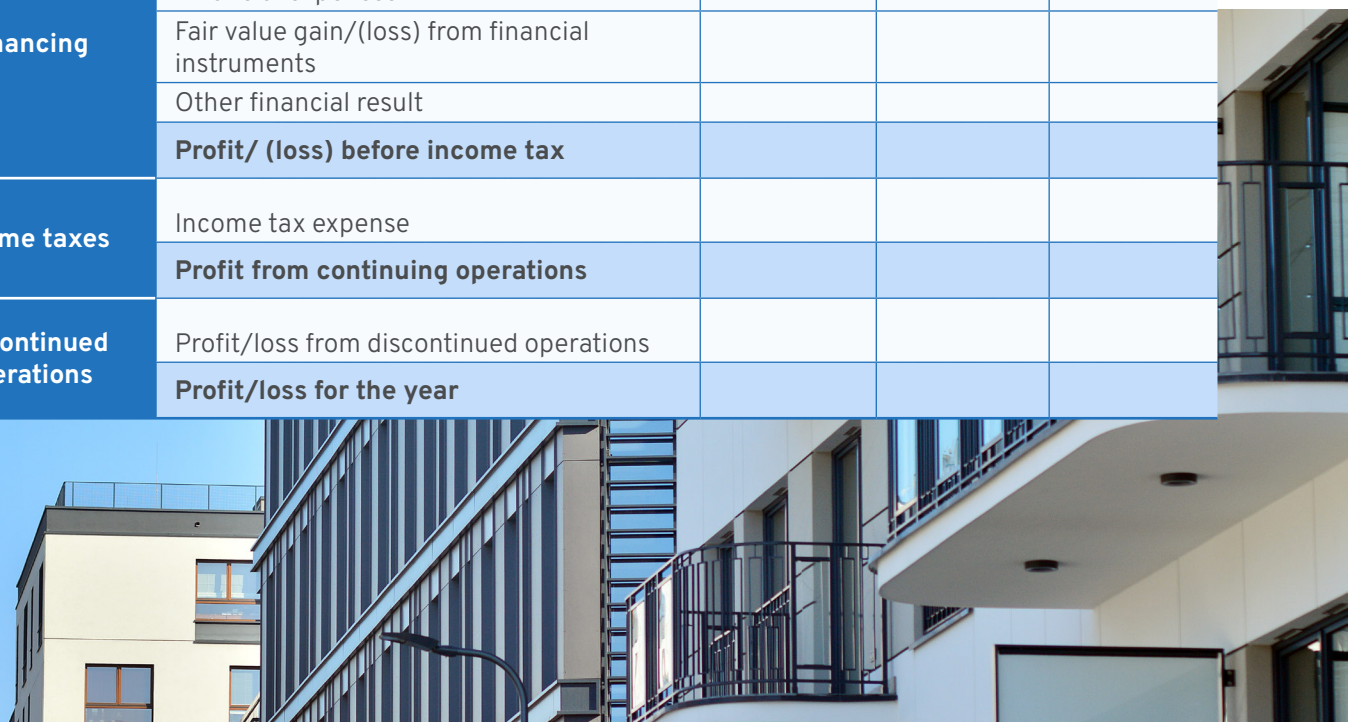
¹ Please refer to the IFRS 18 [here](#).

IFRS 18 Categories	EPRA's P&L Guidance	Total
Operating	Gross rental income	
	Service charge income	
	Service charge expense	
	Direct property expenditure	
	Other property related income	
	Other rental related income	
	Other rental related expense	
	Net rental income	
	Administrative expenses	
	Depreciation and amortization	
	Other operating income	
	Other operating expense	
	Operating profit before (...)	
	Gain/ (loss) on disposal of investment property	
	Change in fair value of investment property	
Revaluation of assets held for sale		
Impairment of goodwill		
Operating profit		
Investing	Share of profit/ loss of associates and JV	
	Income from shareholder loan to associates and JV	
	Interests from C&CE	
	Other investment income	
	Impairment of financial assets	
Profit before financing and income taxes		
Financing	Financial income	
	Financial expenses	
	Fair value gain/(loss) from financial instruments	
	Other financial result	
Profit/ (loss) before income tax		
Income taxes	Income tax expense	
	Profit from continuing operations	
Discontinued operations	Profit/loss from discontinued operations	
	Profit/loss for the year	



Below is an alternative version presented in a matrix format, which companies may use depending on the jurisdictions in which they operate.

IFRS 18 Categories	EPRA's P&L Guidance	Recurring Earnings	Capital & Other	Total
Operating	Gross rental income			
	Service charge income			
	Service charge expense			
	Direct property expenditure			
	Other property related income			
	Other rental related income			
	Other rental related expense			
	Net rental income			
	Administrative expenses			
	Depreciation and amortization			
	Other operating income			
	Other operating expense			
	Gain/ (loss) on disposal of investment property			
Change in fair value of investment property				
Revaluation of assets held for sale				
Impairment of goodwill				
Operating profit				
Investing	Share of profit/ loss of associates and JV			
	Income from shareholder loan to associates and JV			
	Interests from C&CE			
	Other investment income			
	Impairment of financial assets			
Profit before financing and income taxes				
Financing	Financial income			
	Financial expenses			
	Fair value gain/(loss) from financial instruments			
	Other financial result			
Profit/ (loss) before income tax				
Income taxes	Income tax expense			
	Profit from continuing operations			
Discontinued operations	Profit/loss from discontinued operations			
	Profit/loss for the year			



Glossary

This glossary provides high-level descriptions and interpretive guidance for the line items included in the EPRA's Profit and Loss Guidance.

These descriptions are illustrative guidance only and should not be interpreted as prescriptive requirements or a substitute for professional judgement. Each entity must determine the appropriate presentation based on its specific business model, property portfolio characteristics, and materiality assessments under IFRS 18².

1. Operating Category



Gross Rental Income

Represents the income derived from leasing and letting investment properties. It includes base rent, turnover rent, lease incentives amortised over the lease term, and ancillary fees directly linked to tenant occupancy such as parking or storage rental.

Service Charge Income and Expense

Reflects both recoveries from tenants and costs incurred for services provided to occupied properties. Typical examples include maintenance, cleaning, utilities, or security services. These are often grossed up where the entity acts as principal in managing property services.

Direct Property Expenditure

Covers costs directly linked to property operations but not recoverable via service charges. This could include property repairs, insurance, property taxes, or marketing expenses for vacant spaces. For instance, companies may report property management fees or refurbishment costs within this line.

Other³ Property-Related Income

Comprises ancillary income generated from property activities outside of standard rental income. Typical examples include car park receipts, lease surrender premiums (may be presented separately when material), income from tenant alterations, and management or service-related fees from joint ventures or third parties. The composition of this income can vary materially between companies depending on their asset profile and management structure. Where service-related income and expenses (such as property management fees, rental management fees or centre-management services) represent a distinct activity separate from rental income, companies may choose to present these amounts in a dedicated line (often labelled "Net Property Services"⁴) positioned below Net Rental Income. This presentation may be appropriate where it improves comparability between entities that internalise property services and those that outsource them, provided the nature and composition of these services are clearly disclosed.

Other Rental-Related Income or Expense

May capture elements related to lease modifications, or remeasurements under IFRS 16. For example, if a company receives rent concessions or recognises contingent rent variations, these would be included here.

² Please refer to guidance on specified main business activities in accordance with IFRS18.49(a) and IFRS18.53.

³ Throughout this document, the label 'other' is not automatic nor mandatory. The IASB noted that using the label 'other' for such an aggregation is usually unhelpful and, therefore, they developed an application guidance to help entities determine a more informative label and provide more useful information when necessary (please refer to IFRS18.B25-26).

⁴ Please note that reporting a net position (e.g., "Net Property Services") is only permitted if the requirements of IFRS 18.44 and IFRS 18.B27-28 are met.

Bad and Doubtful Debt

May be presented above or below NRI depending on the company's judgment under IFRS 18. EPRA does not prescribe a single presentation. However, for transparency, entities should be aware that the EPRA Net Initial Yield excludes doubtful debt provisions from EPRA NIY, and differences in presentation may therefore affect comparability unless clearly disclosed.

Administrative Expenses

Encompasses corporate overheads, staff costs, and general management expenses not tied directly to property operations. This includes salaries, audit and legal fees, IT expenses, and sustainability or ESG initiatives.

Depreciation and Amortisation

Depreciation and amortisation should be classified in accordance with the nature of the underlying asset. Depreciation relating to assets that are clearly corporate or administrative in nature may be presented within operating expenses above the new subtotal.

Other Operating Income and Other Operating Expense

Includes non-recurring (as described in IFRS18 para B135) or non-core items such as insurance recoveries, grants, restructuring costs, acquisition costs incurred through a business combination, or project-specific expenses. These items are usually isolated to provide a clearer view of recurring operating performance.

Operating Profit before (...)

This subtotal is optional and may be presented by companies⁴ wishing to isolate the recurring, cash-based operating performance before non-cash or volatile items such as fair-value changes, impairments, or remeasurements. This subtotal may qualify as a Management Performance Measure (MPM) under IFRS 18 and therefore companies would have to comply with IFRS 18's MPM disclosure requirements⁵.

Gain/ (Loss) on Disposals of Investment Property

Represents profits or losses arising from the sale of investment properties.

Change in Fair Value of Investment Property

Comprises unrealised valuation gains or losses on investment properties recognised under IAS 40.

Revaluation of Assets Held for Sale

Captures fair value movements of non-current operating assets classified as held for sale under IFRS 5.

Impairment of Goodwill

Represents write-downs taken when the recoverable amount of goodwill falls below carrying value.

2. Investing Category



Share of Profit or Loss of Associates and Joint Ventures

Includes the share of post-tax results from investments accounted for under the equity method.

Income from Shareholder Loan to Associates and Joint Ventures

Represents interest income earned on loans provided to associates or joint ventures. These amounts reflect the return on financing extended to equity-accounted investments and are classified under the investing category in accordance with IFRS18.53.

Interests from Cash and Cash Equivalents

Includes income from interest from cash and cash equivalents.

Other Investment Income

Returns from financial investments other than cash equivalents, such as dividends or gains on investment securities.

Impairment of Financial Assets

This line item is classified under the Investing Category because the underlying asset, for which the impairment relates to, is linked to investing activities. In the case the underlying asset, for which the impairment relates to, is linked to operating activities, then it should be classified in the Operating Category. EPRA does not mandate a single presentation, but consistency and transparent disclosure are expected.

⁵ In accordance with IFRS18.24.

⁶ In accordance with IFRS18.117-125.

3. Financing Category



Financial Income and Expenses

Reflects income and expense related to borrowings, bonds, or shareholder loans. This line would also capture modification gains, derecognition gains, gains on some derivatives (for which gains and losses should be allocated to the financing category according to IFRS 18) or the interest component of lease payments arising from IFRS 16 lease liabilities subject to the classification requirements of IFRS 18.

Fair Value Gain/(loss) from Financial Instruments

Represents unrealised gains and losses from derivatives (for which gains and losses should be allocated to the financing category according to IFRS 18) or financial instruments measured at fair value. Examples may be interest rate swaps, foreign exchange hedges, or convertible bond revaluations for which income and expenses are classified in the financing category.

Other Financial Results⁶

Includes financing-related gains and losses that do not arise from recurring interest income or expense. It may include termination costs of financial instruments or foreign currency movements for which income and expenses are classified in the financing category.

4. Income Taxes and Discontinued Operations



The income tax expense includes current and deferred taxes relating to continuing operations, as required under IFRS. Profit or loss from discontinued operations reflects the post-tax result of components meeting the definition of discontinued operations under IFRS 5, ensuring users can distinguish between ongoing and divested activities.

⁷ Please note that reporting a net position is only permitted if the requirements of IFRS 18.44 and IFRS 18.B27-28 are met.

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