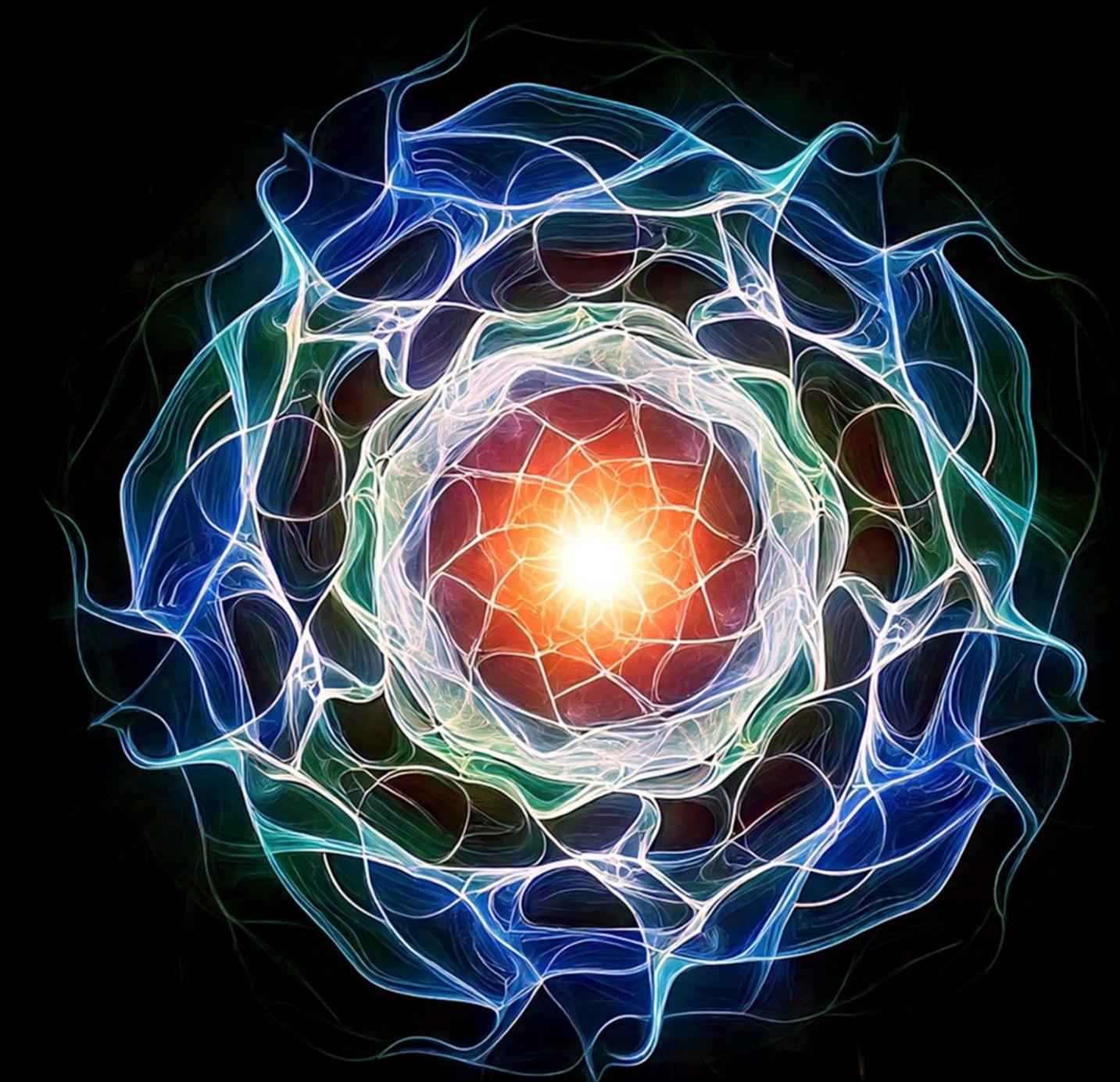


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Demystifying IFRS 18 for the Alternatives sector

Hidden traps in IFRS 18 for Real Estate,
Private Equity and Private Debt funds.



Assessing specified **main business activities** at group level: It's an alignment challenge.

Real estate groups balancing 'build-to-sell' and 'buy-to-rent' strategies face a reporting dilemma on the classification of income & expenses. Which activity anchors your IFRS 18 story?

In Private Equity and Debt structures, when HoldCos manage capital, OpCos create returns; so, whose business model drives classification at the top?

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Classification of **carried interests** and **distributions** isn't simple: It's a presentation puzzle.

Carried interest and dividend distributions may pass through NAV or P&L if the fund units are classified as financial liabilities. Yet when P&L bears the flow, which category tells the real story?

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Interest on **Joint ventures /SPV loans**: strategy call or performance trap?

When a fund's core strategy involves financing affiliated vehicles, should interest income be portrayed as operating yield or investing return?

Under IFRS 18, the answer hinges on defining your main business activity, so where do funds draw the line?

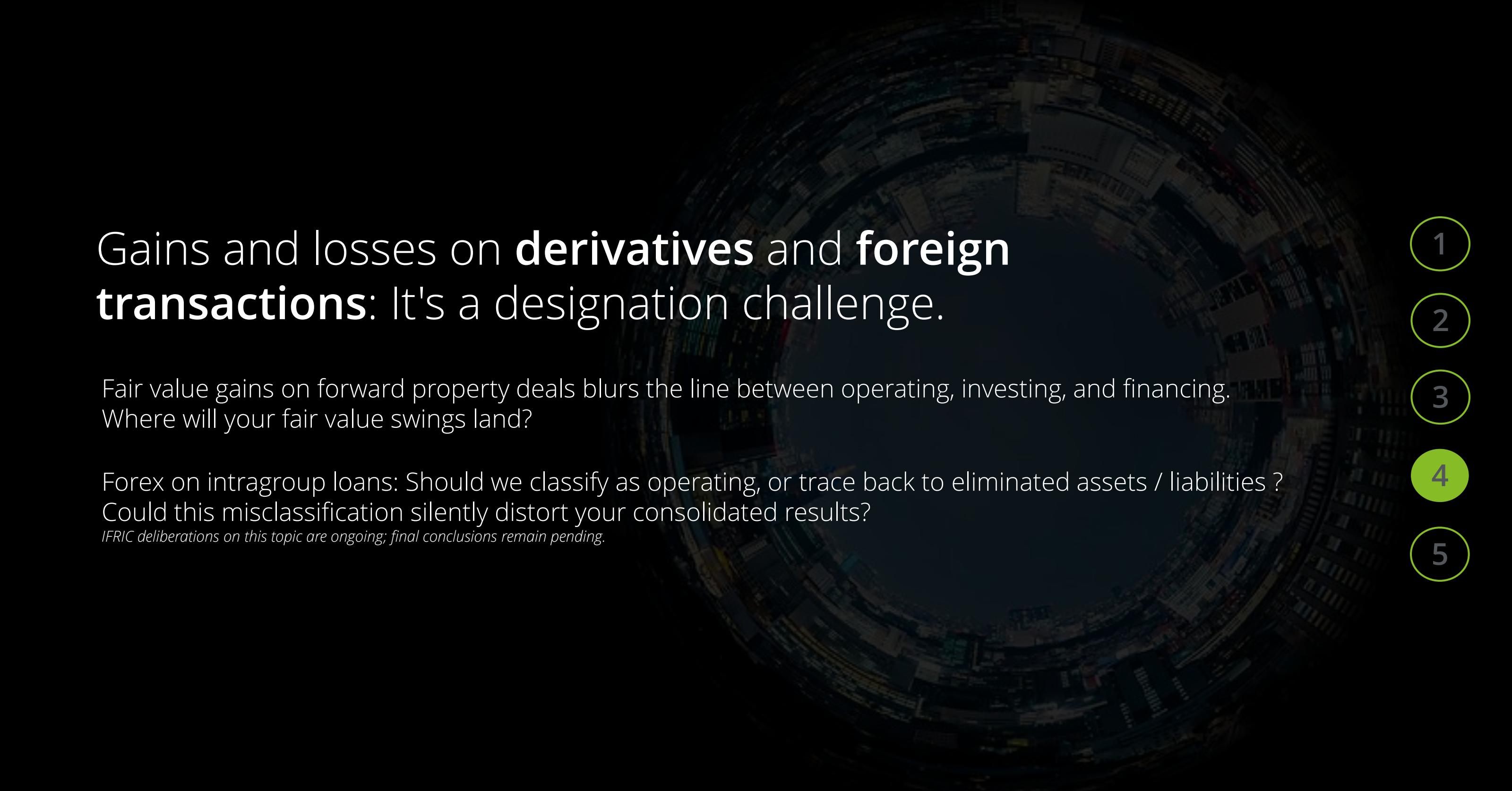
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Gains and losses on **derivatives** and **foreign transactions**: It's a designation challenge.

Fair value gains on forward property deals blurs the line between operating, investing, and financing. Where will your fair value swings land?

Forex on intragroup loans: Should we classify as operating, or trace back to eliminated assets / liabilities ? Could this misclassification silently distort your consolidated results?

IFRIC deliberations on this topic are ongoing; final conclusions remain pending.

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Not every KPI qualifies as a **Management Performance Measures (MPMs)** in the Alternatives industry: defining MPMs under IFRS 18 is tougher than it looks.

Adjusted NAV may impress investors, yet IFRS 18 may not crown it as an MPM. It is your Net Operating Income or Adjusted EBITDA that really speak. Are you identifying the underlying MPMs that could be embedded within your KPIs ?

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Readiness Steps

- 1 Cross-functional **upskilling**.
- 2 Determine your **main business activity** and how your **funding are used**.
- 3 Evaluate **data** flows, **controls**, Chart of Accounts **mapping**, and **disclosure**.
- 4 Refine your **communication strategy**: aligning KPIs with MPMs.
- 5 **Mobilize** your **Roadmap**.

Test your IFRS 18 readiness: Take our self-assessment [**Questionnaire**](#) now!
And claim your **free 1hour private discussion** with our experts.

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Facing IFRS 18 challenges today?

**Plan.
Prepare.
Progress.**

Contact us today
luara@deloitte.lu

