



8 February 2021

Standing Committee on Economics
PO Box 6021
Parliament House
Canberra ACT 2600

By email: economics.reps@aph.gov.au

**House of Representatives Standing Committee on Economics (Committee)
Review of the Four Major Banks and other Financial Institutions –
Superannuation Sector (Inquiry)
Re: Questions in Writing**

This letter responds to your letter of 15 January 2021 requesting a response to questions in writing to IFM Investors Pty Ltd.

Responses to questions on notice

Question IFM98QW:

The report by Aurora Research, *IFM overvalues Aleatica MX by at least \$AUD 3 billion (\$MXN 41.5 billion)*, 5 January 2021 (<https://aurorasresearch.files.wordpress.com/2021/01/9th-report-onaleatica.pdf>), raises questions about IFM Investors valuations. Can IFM Investors please provide a response to the claims outlined in the report?

Answer:

The allegations in the report referenced by the Committee (IFM98QW) are false and misleading.

Ensuring the valuations of IFM's portfolio companies are completed independently, appropriately and in compliance with applicable accounting standards is critically important.

Valuations of IFM's portfolio companies are performed quarterly by independent, expert third-party valuation firms, and are conducted in compliance with international accounting standards such as US Generally Accepted Accounting Principles (US GAAP) and International Financial Reporting Standards (IFRS).

A different independent valuation firm is appointed to value each of IFM's investments every three years. In the case of IFM's investment in Aleatica, two expert valuation firms have analyzed the investment over time and have independently determined appropriate methodologies to establish their valuations, which must comply with the applicable accounting standards.

Further, IFM's corporate auditor (currently Deloitte) reviews all of the independent valuations of IFM's investments on an annual basis to ensure compliance with the applicable accounting standards. Deloitte does not act as the independent valuation firm for any of IFM's investments in its portfolio companies.

Yours faithfully,

David Whiteley
Global Head, External Relations
IFM Investors Pty Ltd

CC: Mr Tim Wilson MP
Hon Dr Andrew Leigh MP
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Mr Jason Falinski MP
Ms Celia Hammond MP
Mr Craig Kelly MP
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