## VALUATION AGENT

The Fund has appointed PricewaterhouseCoopers LLP as the Valuation Agent to provide a monthly valuation report to the Fund Board and the Investment Manager in relation to the Fund's Investments.

The Valuation Agent has a valuations team of over 170 people of which 40 are specialists in infrastructure valuations. The team regularly values multi-asset portfolios for over 40 pension funds, sovereign wealth funds and infrastructure funds covering over 500 investments per year across various capital structures including debt investments. The Valuation Agent is not a member of the Investment Manager or its group of companies.

The Valuation Agent has been selected by the Investment Manager after exercising reasonable care, skill and diligence in ensuring that it possesses the appropriate level of knowledge, experience and resources to value the Fund's investments. In particular, the Investment Manager noted that the Valuation Agent has experience valuing similar investments in its capacity as the valuation agent for other funds advised by the Investment Adviser since April 2017. The valuation activities of the Valuation Agent will be subject to ongoing supervision and periodic review by the Investment Manager.

## VALUATION OF THE FUND'S INVESTMENTS

The Valuation Agent will value the Investments within the Fund based on market prices, where available, and otherwise using a discounted cash flow methodology, pursuant to the following process:

- For Investments where market prices are available, the Investment Manager will obtain the market prices for such Investments from a range of independent market participants including commercial and investment banks and brokers in writing, or from independent data providers such as Bloomberg, which will then be provided to the Valuation Agent for their independent review. Market prices should reflect the size of the Fund's holding.

- For Investments where market prices are not obtainable, or where the Investment Manager and Valuation Agent agree that the quoted market price does not reflect the best price that could be obtained for such Investment following a reasonable marketing period, the Valuation Agent will calculate the fair value for such Investment by applying a discount rate to the cash flows expected to arise from such Investment (or otherwise, if another method is more appropriate), with the underlying valuations and the report being subject to the Investment Manager's review and checking each month. For the avoidance of doubt, the Investment Manager will retain responsibility for the valuation used in calculating the Net Asset Value of the Fund.

As part of its review procedures, the Valuation Agent will consider the discount rate that it believes the market would reasonably apply to each Investment, taking factors such as the following into account: (a) interest rates for the currency in which the relevant Investment is denominated; (b) movements of comparable credit markets; (c) general infrastructure market activity and investor sentiment, which the Valuation Agent assesses using its knowledge of the infrastructure market gained from discussions with market participants and from publicly available information on relevant transactions and publicly-traded infrastructure funds; (d) changes to the economic, legal, taxation or regulatory environment; and (e) the performance of the underlying assets, including any actual or potential event in relation to the underlying asset that may be expected to have a material impact on the ability of the Borrower to meet its obligations to its lenders, such as operating performance failures, or the credit impairment of the underlying obligor.

For certain Investments, including non-performing loans, other methodologies than discounted cash flow analysis may be more appropriate. For example, non-performing loans might be valued on the basis of the recovery expected through a foreclosure process. In such cases the Investment Manager shall agree on the appropriate methodology, analysis and assumptions with the Valuation Agent.

Where appropriate, internationally recognized accounting standards and industry's best practices will be applied on a consistent basis when valuing Investments.

The Custodian [has approved] the Investment Manager and the Valuation Agent as qualified to value the Investments in accordance with the above valuation policy.

Due to the generally illiquid nature of the investments under the Investment Policy, some if not most of these investments do not have directly observable valuations. Accordingly, there are uncertainties involved in the valuation of these investments due to such valuations being heavily dependent on assumptions and models, and by extension, uncertainties in the Net Asset Value of the Fund. For further information of the associated risks, please refer to the sections headed "Risk Factors — Valuation and liquidity risks associated with illiquid investments" and "Risk Factors — Lack of transparency on valuations of Investments which are heavily dependent on assumptions and valuation models adopted by the Valuation Agent".

## NET ASSET VALUATION OF THE FUND'S OTHER ASSETS

The Net Asset Value of the other assets of the Fund such as interest accrued on Investments, cash holdings (including money market funds) and derivatives will be calculated by the Fund Administrator in accordance with the accounting principles adopted by the Fund in its audited accounts, being IFRS. This valuation principle is prescribed in the Instrument.

Below are the current IFRS high-level principles that will be employed by the Fund Administrator when determining the value of the above-mentioned examples of other assets of the Fund:

- **Accrued interest**: The amount of accrued but unpaid interest in relation to each Investment as at the relevant Valuation Date.

- **Cash holdings (including money market funds)**: In relation to bank accounts, the balance on the account as at the relevant Valuation Date; in relation to money market funds, the bid-side closing net asset value of each share or unit of such funds published on independent sources (e.g. Bloomberg) as at the relevant Valuation Date, or if such sources are not available, by other sources or methodologies consistent with IFRS, multiplied by the relevant number of shares or units held.

- **Derivatives**: The mark-to-market valuation of each derivative contract, calculated in accordance with normal market practice, and based upon observable market parameters (e.g. interest rates) as at the relevant Valuation Date.

In relation to non-USD assets and liabilities, the Fund will apply the relevant closing foreign exchange rate as at the relevant Valuation Date.

## NET ASSET VALUE OF THE FUND

The Net Asset Value of the Fund will be calculated by the Fund Administrator on a monthly basis, in the base currency of the Fund, having regard to: (a) the Valuation Agent's determination of the value of the Investments; plus (b) the value of other assets of the Fund as determined above; plus or minus (c) other balance sheet assets and liabilities such as receivables and payables. Items (a) to (c) will be calculated by the Fund Administrator in accordance with the accounting principles adopted by the Fund in its audited accounts.

The Fund will announce its Net Asset Value within 13 Banking Days after the end of each month.

## SUSPENSION OF CALCULATION AND REPORTING OF NET ASSET VALUE

After consultation with the Custodian and with prior notification to the SFC, the Fund Board may at any time, but cannot be obliged to, temporarily suspend the calculation and reporting of the monthly Net Asset Value of the Fund during:

- any period when any of the principal markets or stock exchanges on which a substantial part of the Investments are traded is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;

- any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund, disposal or valuation of a substantial part of the Investments is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if, in the opinion of the Fund Board, the Net Asset Value of the Fund cannot be fairly calculated; or

- any breakdown in the means of communication normally employed in determining the value of the Investments or when for any reason the current prices on any market of a substantial part of the Investments cannot be promptly and accurately ascertained.

Such suspension shall take effect upon its declaration and until the Fund Board declares an end to the suspension, which shall be no later than the Business Day after which the Fund Board reasonably considers that the condition(s) giving rise to the suspension have ceased.

Any suspension of the calculation of the Net Asset Value will be announced by the Fund immediately after the suspension and at least once a month during the period of suspension, with such announcement being available on the websites of the Fund and the Hong Kong Stock Exchange at **www.SIPCo.fund** and **www.hkexnews.hk**.