



HADRIAN'S WALL SECURED INVESTMENTS LIMITED

Quarterly Report – 31 December 2016

Overview

Hadrian's Wall Secured Investments Limited (the "Company") is a Guernsey-domiciled, closed-ended investment company, whose shares are traded on the Main Market of the LSE.

The Company's investment objective is to provide Shareholders with regular, sustainable dividends and to generate capital appreciation through exposure, directly or indirectly, to primarily secured loans originated across a variety of channels, assets and industry segments. Once the IPO proceeds are substantially invested, the Company will target an annualised dividend yield of at least 6 per cent of the Issue Price, which is expected to grow over time.

The Company provides loans to under-served segments of the UK Small and Mid-sized Enterprises ("SME"s) market with a typical individual loan size up to £6 million. Generally, the Company directly or indirectly lends to operating businesses to fund capital assets and for general corporate purposes. Loans are secured by a range of collateral, including transportation equipment, production equipment, property, inventory and financial assets.

This is a summary only; full details of the Company and its investment policy, including investment restrictions, are set out in the prospectus published on 31 May 2016.

Company Update

The Company has completed its first full quarter of normal operations following the market events associated with Brexit at the time of the Company's IPO. The Company is pleased that market conditions remain stable and continues to evaluate investment opportunities consistent with its objective.

The volume of transactions reviewed now exceeds £200 million and, in keeping with its focus on identifying loans that meet the Company's risk return parameters, had closed £22 million of investments as of 31 December. These loans have a weighted average yield of 8.4 per cent. The weighted average life of the loans at origination was approximately 4 years, which provides a good base for the portfolio to expand and diversify.

The Company has a strong set of lending opportunities across industry sectors in various stages of execution. As of 22 January 2017, the Company had also executed commitment letters with borrowers aggregating a total in excess of £40 million. Assuming these transactions are closed and funded as expected, the portfolio would provide sufficient income for the Company to pay dividends at the 6 per cent annualised rate targeted by the Company. The effect of funding these transactions would also raise the weighted average return of the Company's assets above that achieved in the fourth quarter of 2016. The Company continues to expect the capital raised in its IPO to be fully deployed during the first quarter of 2017.

The businesses of actual and potential borrowers remains diverse, including companies in auto leasing, energy, financial services, healthcare, manufacturing, telecoms, and property. The range of collateral is also diverse, including autos, transportation equipment, financial contracts, machinery, working capital finance, inventory, industrial property, commercial property and residential property.

Shareholders and counterparties have asked about the types of risk the Company is willing to accept. Generally, the Company is prepared to lend to borrowers that are considered to be well-run with effective management and a good operating history. The Company is comfortable with complicated structures and bespoke collateral packages, provided appropriate security is obtained. There are a wide range of companies with solid management and good businesses which have limited access to capital. The Company's approach is to craft a funding solution around a borrower's business needs in a manner consistent with its risk and return objectives.

The Company generally seeks to avoid event or binary risks, such as legal or regulatory risks, where the resulting outcome can be protracted and severe. Transactions that represent high losses in the event of default, where the collateral has uncertain value or has very limited alternative uses are not attractive. The Company also seeks to avoid poorly documented transactions or ones with inappropriate control rights.

For the fourth quarter of 2016, the Company has doubled the dividend from the prior quarter to 0.4 pence per share. Interest is earned and received in arrears and only begins to be collected after investments are made. The Company expects to achieve its targeted level of dividends once its capital is fully deployed which would allow for the targeted dividend to be declared in respect of the quarter after deployment is complete.

Company Overview

Listing date	20 June 2016
ISIN	GG00BYMYC345
Registered number	61955
Ticker	HWSL
Financial year end	30 June
Dividend frequency	Quarterly
Traded on	LSE Main Market

Ordinary Shares

Shares in issue	80,024,706
Share price	107.00p
Market cap	£85.6m
Total net assets	£78.1m
Cum-income NAV per share	97.56p
NAV publication frequency	Monthly
Share price premium to NAV	9.7%
Gearing	None

Management & Administration

Investment advisor	Hadrian's Wall Capital Limited
Management Fee	1% of net assets
AIFM	International Fund Management Limited
Administrator	Praxis Fund Services
Board	David Warr – Chairman John Falla Paul Craig Nigel Ward



Investment Portfolio | Five Largest Investments

Borrower Industry	Loan Amount (£)	% of total assets	Initial WAL	Initial LTV
Property Trading	6,500,000	8.13%	3 years	52%
Auto Leasing	5,000,000	6.25%	5 years	93%
Manufacturing	3,200,000	4.00%	4.1 years	91%
Social Care	2,340,000	2.93%	4.9 years	75%
Commercial Property	1,700,000	2.12%	2 years	59%

The Company

Hadrian's Wall Secured Investments Ltd
 Le Truchot
 St Peter Port
 Guernsey GY1 1GR

Website

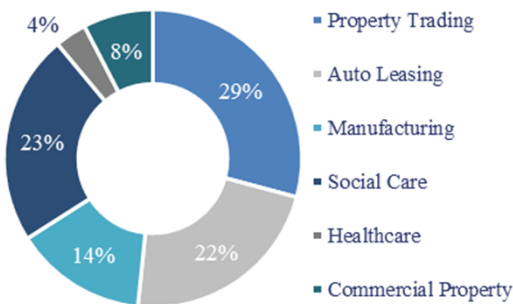
www.hadrianswallcapital.com/hwsil

Contact Information

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Investment Portfolio | Analysis

Borrower Industry

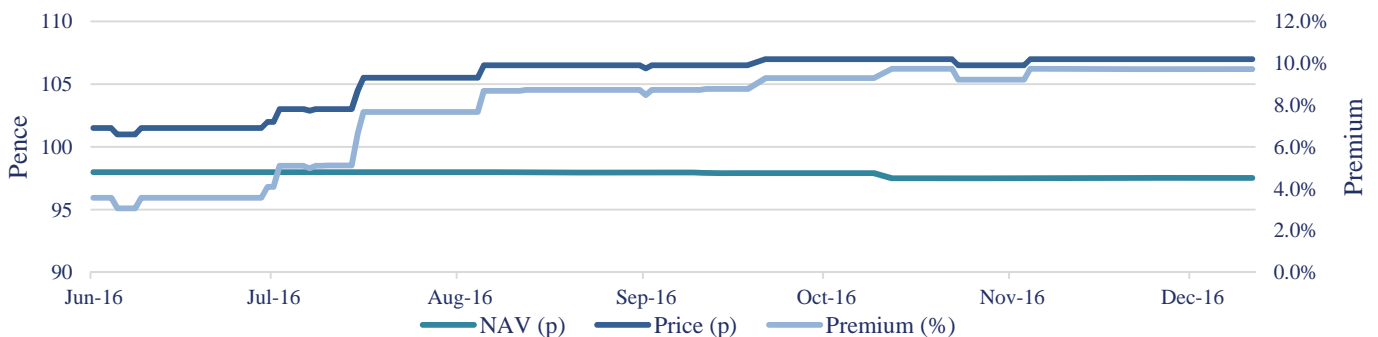


Number of Loans	8
Average Loan Amount	2,784,375
Largest Loan	6,500,000
Weighted Average Life	3.9 years
Weighted Average LTV	73%

Ordinary Share Performance and Dividend Summary with Portfolio Composition

NAV (Cum Income) Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD
2016	-	-	-	-	-	-	-0.01%	-0.03%	-0.04%	-0.41%	0.01%	0.04%	-0.44%	-0.44%
Share Price Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD
2016	-	-	-	-	-	-	3.00%	3.40%	0.00%	0.47%	0.00%	0.00%	7.00%	7.00%
Dividend Per Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD
2016	-	-	-	-	-	-	-	-	-	0.20p	-	-	0.20p	0.20p

Share price, NAV per Share and Premium/(Discount) since launch



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