



HADRIAN'S WALL SECURED INVESTMENTS LIMITED

Quarterly Report – 31 March 2017

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. 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

As at 31 March 2017 the Company had allocated a total of £74.8 million (approximately 96%) of the net IPO proceeds to investments.

The allocated capital of £74.8 million comprises £52.6 million in closed loans, with an additional £22.2 million in loans for which commitment letters have been executed and which the Company expects to close over the next several weeks. All loans are secured with a weighted average yield on the loan portfolio of 8.9% and a weighted average loan term of 3.9 years.

The deployment is in line with the Company's expected timeline, as set out in the quarterly fact sheet for the period ended 31 December 2016, where it was indicated that full deployment was anticipated about the end of the first quarter of 2017.

The Company invests in both direct and indirect secured loans. Direct secured loans are made directly to the end borrower. When evaluating these loans, the Investment Adviser undertakes an analysis of the business fundamentals of the prospective borrower, including its historical and projected performance. The collateral package is evaluated, generally on a standalone base case and a stress case. Based on the combination of the financial condition of the borrower and the security package, the Company makes its lending decision.

The Company also invests in indirect secured loans and closed two such transactions during the quarter. Indirect secured loans typically comprise portfolios of smaller assets, such as loans, leases, or factoring agreements. The underlying assets are assets that the Company would be permitted to fund directly and, for exposure reporting purposes, are reported on a look-through basis. However, the acquisition of indirect secured loans provides two key benefits, exposure to seasoned assets and increased portfolio diversity. These investments are generally structured in a form consistent with asset securitisation transactions. The asset portfolio is generally held in a separate legal entity (such as a special purpose vehicle, "SPV") over which the Company has first call on assets and cash flows.

The cash flows arising from these assets will generally flow directly from the underlying borrower to the SPV. The credit enhancement for these transactions is designed to be robust and multi-faceted and generally includes: over-collateralisation of assets in the portfolio, excess spread, corporate guarantees from the asset originator and financial covenants from the SPV and/or asset originator. The Company reports collateralisation as an advance rate measured as a percentage of the qualifying collateral. For example, if the Company has made an investment with an advance rate of 80 per cent against a portfolio of loans and the SPV, in turn, holds loans with an LTV of 70 per cent, the Company's look-through exposure would be equal to 56 per cent of the value of the underlying collateral. However, in line with market reporting practices, the exposure is reported by the Company as an 80 per cent advance rate.

For the first quarter of 2017, the Company has increased the dividend from the prior quarter to 0.6 pence per share. Interest is earned and received in arrears and only begins to be collected after investments are made. Now that the capital is fully deployed the Company expects to achieve its targeted dividend rate of 6% per annum in respect of the second calendar quarter and thereafter.

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	105.00p
Market cap	£84.0m
Total net assets	£78.04m
Cum-income NAV per share	97.52p
NAV publication frequency	Monthly
Share price premium to NAV	7.68%
Gearing	None

Management & Administration

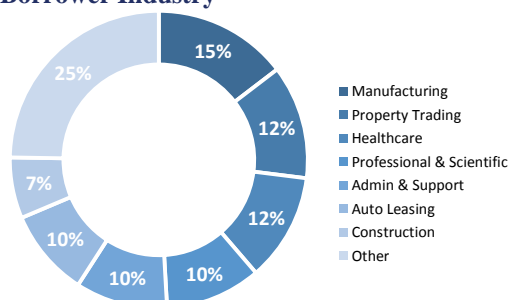
Investment advisor	Hadrian's Wall Capital Limited
Management Fee	1% of net assets
AIFM	International Fund Management Limited
Administrator	Praxis Fund Services
Board	David Warr – Chairman John Falla Paul Craig Nigel Ward

Investment Portfolio | Five Largest Investments

Borrower Industry	Loan Amount (£)	% of total assets	Initial WAL	Initial LTV
Property Trading	6,500,000	8.32%	3 years	52%
Auto Leasing	5,000,000	6.40%	5 years	93%
Manufacturing	3,200,000	4.09%	4.1 years	91%
Healthcare	2,340,000	2.99%	4.9 years	75%
Real Estate	1,700,000	2.17%	2 years	59%

Investment Portfolio | Analysis

Borrower Industry



Number of Direct Loans	8
Number of Indirect Loans	387
Largest Loan	6,500,000
Weighted Average Life	3.9 years
Weighted Average LTV and Advance Rate	77.5%

The Company

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

Website

www.hadrianswallcapital.com/hwsil

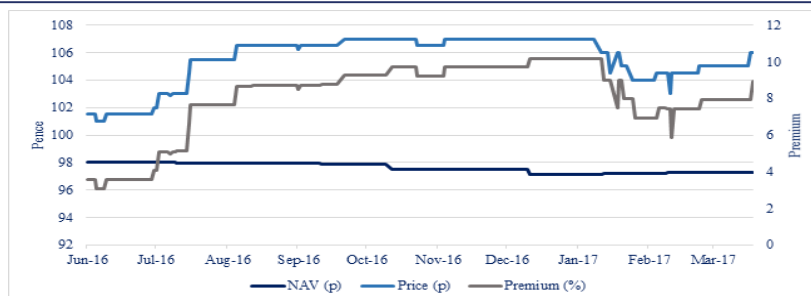
Contact Information

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Ordinary Share Performance and Dividend Summary with Portfolio Composition

NAV (Cum Income) Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD
2016	-	-	-	-	-	-	-0.01%	-0.03%	-0.04%	-0.20%	0.01%	0.04%	-0.25%	-
2017	0.08%	0.06%	0.22%										0.36%	0.11%
TR Share Price Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD
2016	-	-	-	-	-	-	3.00%	3.40%	0.00%	0.66%	0.00%	0.00%	7.20%	-
2017	-0.56%	-1.41%	0.48%										-1.49%	5.60%
Dividend Per Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD
2016	-	-	-	-	-	-	-	-	-	0.20p	-	-	0.20p	-
2017	0.40p	-	-										0.40p	0.60p

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



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