



HADRIAN'S WALL SECURED INVESTMENTS LIMITED

Quarterly Report – 30 June 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. The Company will target an annualised dividend yield of at least 6 pence per Ordinary Share, which is expected to grow over time.

Company Update

During the second quarter, the Company successfully completed a C Share offering that closed on 26 May, raising a total of £45.2 million.

As of 30 June 2017, the Company has closed loans totalling £62.0m. Two loans totalling £13.5m the Company expected to close in June have been delayed by the borrowers due to the uncertainty created by the snap general election. Excluding the delayed loans, there is an additional £15 million in loans in respect of which commitment letters have been executed which are expected to close in the upcoming weeks. The Company continues to have a robust pipeline of attractive investment opportunities. The Ordinary Shares will soon be fully invested and loans will be allocated to the C Share pool as they close. The Company may from time to time collect upfront fees and has collected over £300,000 of such fees in 2017.

As part of the C Share offering, the Investment Adviser met with current and potential investors. Investors were very pleased with deployment to date and the transactions that the Company has completed since launch. A few investors asked for additional details on how the varying types of transactions the Company enters into are structured, with a particular focus on the way that the Investment Adviser assesses the security package for each loan.

The Company's investment objective is to invest in secured loans to UK SMEs and to achieve a targeted return for shareholders. The performance of the Company over time will be driven by how effectively it constructs its loan portfolio.

The publication of "Portfolio Selection" by Harry Markowitz in 1952 initiated the development of modern portfolio theory and the cornerstone investing concepts of a security market line and systematic and unsystematic risk in the equity markets. Over time beta and the security market line emerged as the reference point to measure the performance of a portfolio of equity securities.

The credit markets have a similar reference point in the risk adjusted credit spreads measured by credit spread relative to credit ratings. Unlike equities, however, credit exhibits a high degree of mean reversion across economic cycles. Part of this is because the prices of bonds and loans, unlike equities, cannot rise inexorably. At some point they are either repaid or default.

As a hold to maturity investor, the Company seeks to invest in loans that provide a higher risk adjusted return than implied by the credit rating of the borrowers. The Company seeks out investments with less liquidity and more complexity, both of which generate additional returns above the comparable credit rating reference level. Defaults have a certain statistical probability. A cornerstone of the Company's investment strategy is therefore to minimize losses in an event of default. Consequently, the Company invests only in loans with a high expected recovery rate by securing its loans with collateral and using various types of protective legal structures.

Regardless of the type of loan, the credit analysis and collateral analysis focuses on what happens in the event of a default. This includes assessing rights to control the insolvency process, rights and timing to enforce on the collateral, the value of the collateral, and the variability of the value of the collateral.

A security package with one asset generally has greater risk than a security package with many uncorrelated assets. When evaluating a security package, and the size of potential loan exposures, the Investment Adviser considers the collateral package holistically in the context of the underlying credit strength of the borrower. This includes the advance rate, the diversity of the collateral, the liquidity of the market for the collateral, the sequence of events that would lead to enforcing on the security, as well as the correlation between the assets in the collateral pool. Consequently, the nature of the underlying collateral and the security package are more important than the size of the loan, per se. The Company only invests in loans in which it can look through to the underlying collateral and analyze its expected performance in the event of a default. Ideally, a loan will be secured with a diversified pool of underlying assets with low correlation and attractive loan to value advance rates. In that sense, every investment made by the Company is identical. They are all Sterling loans to UK SMEs with a security package whose inherent characteristics of concentration, volatility and correlation provide an attractive risk return profile for the Company.

In respect of the second quarter of 2017, the Company has increased the dividend from the prior quarter to 1.5 pence per Ordinary Share which will be paid in August 2017. Interest is earned and received in arrears and upfront fees received are generally spread over a period of time. Therefore, there are likely to be some minor timing differences between NAV and cash flow.

Company Overview as at 30 June 2017

Registered number	61955
Financial year end	30 June
Dividend frequency	Quarterly
Traded on	LSE Main Market
NAV frequency	Monthly

Ordinary Shares

Listing date	20 June 2016
ISIN	GG00BYMYC345
Ticker	HWSL
Shares in issue	80,024,706
Share price	107.50p
Market cap	£86.1m
Total net assets	£78.5m
NAV per share	98.05p
Share price premium	9.63%
Gearing	None

C-Shares

Listing date	31 May 2017
ISIN	GG00BDD98Q61
Ticker	HWSC
Shares in issue	45,224,862
Share price	102.50p
Market cap	£46.3m
Total net assets	£44.3m
NAV per share	97.97p
Share price premium	4.62%
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

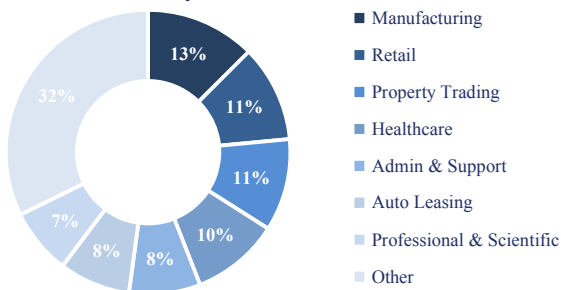


Investment Portfolio | Five Largest Investments

Borrower Industry	Loan Amount (£)	% of total assets	Initial WAL	Initial LTV
Property Trading	6,500,000	8.27%	3.0 years	52%
Retail	5,535,000	7.04%	4.0 years	71%
Auto Leasing	5,000,000	6.36%	5.0 years	93%
Manufacturing	3,200,000	4.07%	4.1 years	91%
Healthcare	2,340,000	2.98%	4.9 years	75%

Investment Portfolio | Analysis

Borrower Industry



Largest Loan	6,500,000
Weighted Average Life	3.9 years
Weighted Average LTV and Advance Rate	77.5%
Gross Investment Yield Range	7.50-11.00%

The Company

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Website

www.hadrianswallcapital.com/hwsil

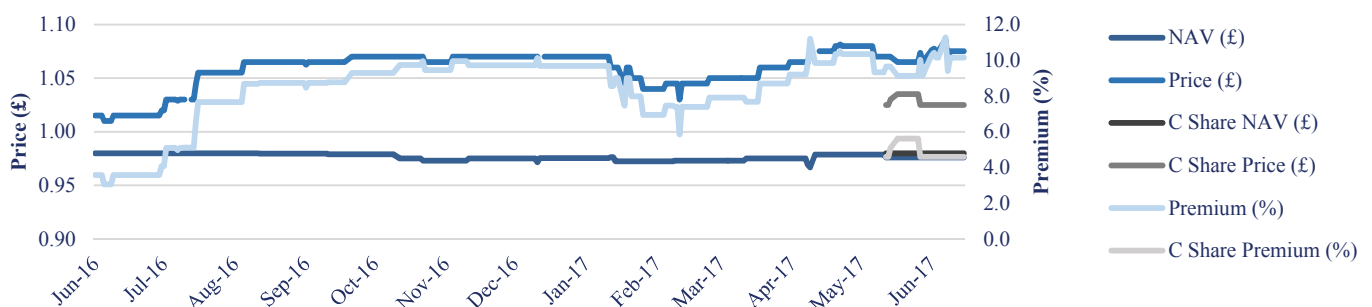
Contact Information

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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%	0.34%	0.46%							1.52%	1.27%
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%	7.06%	-
2017	-0.56%	-1.42%	0.48%	2.38%	-0.47%	0.47%							1.46%	8.70%
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	-	-	0.60p	-	-	-	-	-	-	-	-	100p	120p

Share price, NAV per Share and Premium/(Discount) since launch – Ordinary and C Shares



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