

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

**INTERIM REPORT AND CONDENSED UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2017**

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

CONTENTS

Highlights	2
Summary Information	3
Chairman's Statement	4 - 5
Investment Adviser's Report	6 - 7
Statement of Directors' Responsibilities	8
Principal Risks and Uncertainties	9 - 10
Condensed Consolidated Financial Statements:	
Condensed Consolidated Statement of Comprehensive Income	11
Condensed Consolidated Statement of Changes in Equity	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Condensed Consolidated Financial Statements	15 – 26
Management and Administration	27

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

HIGHLIGHTS

For the six month period ended 31 December 2017

- At 31 December 2017, the Company had deployed capital totaling £108.0 million, including loans that were closed and committed loans in documentation, of which £72.7 million was drawn.
- During the six month period ended 31 December 2017, the Company, through its wholly owned subsidiary HWSIL Finance Co Limited, collected £0.2 million of upfront and commitment fees.
- Annualised portfolio gross yield including upfront fees, before expenses and exclusive of commitment fees, on invested assets of 9.4% for the six month period ended 31 December 2017.
- Total dividends of 3.0 pence per Ordinary Share were declared and paid to Shareholders in the six month period ended 31 December 2017, and a further 1.5 pence per Ordinary Share was declared in February 2018 and paid in March 2018.

Financial Highlights	31 December 2017	30 June 2017
Total consolidated net asset value ("NAV")	£123,002,206	£122,478,751
Consolidated NAV per Ordinary Share	98.6p	97.7p
Consolidated NAV per C Share	97.4p	98.0p
Ordinary Share price at period end	102.5p	107.5p
C Share price at period end	97.5p	102.5p
Dividend paid per Ordinary Share during the period	3.0p	1.2p*
Total shareholder return per Ordinary Share for the period	(1.9)%	8.7%*
Total shareholder return per C Share for the period	(4.9)%	2.5%*
Share price premium to NAV per Ordinary Share	3.9%	10.1%
Share price premium to NAV per C Share	0.0%	4.6%
Total NAV return per Ordinary Share for the period	4.1%	0.9%*
Total NAV return per C Share for the period	(0.6)%	0.0%*

*for the period from issue of Ordinary Shares (20 June 2016) and C Shares (31 May 2017) respectively to 30 June 2017.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

SUMMARY INFORMATION

For the six month period ended 31 December 2017

Principal Activity

Hadrian's Wall Secured Investments Limited ("the Company") was incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 on 27 April 2016. The Company's registration number is 61955 and it is regulated by the Guernsey Financial Services Commission as a registered closed-ended collective investment scheme under The Registered Collective Investment Scheme Rules 2015. The Company is listed and traded on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List of the UK Listing Authority on 20 June 2016.

The Company provides loans to under-served segments of the UK Small and Medium sized Enterprises ("SME") market with a typical individual loan size up to £8 million. The Company invests in these loans through its UK incorporated Subsidiaries, HWSIL Note Co Limited, HWSIL Finance Co Limited and HWSIL Asset Co Limited (the "Subsidiaries", together the "Group" or the "Fund").

Investment Objective and Policy

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's investment policy is to invest in loans, which will predominantly be secured upon a variety of asset types. The types of loans the Company will target include general commercial loans to businesses, equipment finance and loans to specialised financial services companies.

Dividend Policy

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of dividends.

Following the investment of the Initial Placing and Offer for Subscription, the Company now targets an annualised dividend yield for Ordinary Shares of at least 6% of the Issue Price, which is expected to grow over time. Dividends are declared in January, April, July and October of each year in respect of the preceding quarter.

There is no target dividend on the C Shares. On 2 February 2018, the Company announced its intention to convert the C Shares into Ordinary Shares on 27 February 2018. The C Shares were converted to Ordinary Shares on that date at a conversion ratio of 0.9951.

During the six month period ended 31 December 2017, the Company declared and paid dividends of 3 pence per Ordinary Share totalling £2,400,741. For further information refer to note 4 in these Interim Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

CHAIRMAN'S STATEMENT

For the six month period ended 31 December 2017

Introduction

On behalf of the Board, it is my pleasure to present to you the Interim Report of Hadrian's Wall Secured Investments Limited (the "Company") for the period from 1 July 2017 to 31 December 2017.

Portfolio

The Board of Directors is pleased with the progress made by the Investment Adviser and, as at 31 December 2017, the Company had closed or committed to transactions with an aggregate value of £108.0 million, net of principal repayments. Loans may either be fully drawn at closing, when the legal agreements are signed, or partially drawn with a fixed or variable drawdown schedule. As at 31 December 2017, the drawn amount on the closed transactions was an aggregate value of £72.7 million. The Company collected commitment, prepayment and other fees of £0.2 million during the period.

The loan portfolio has a current average life of 3.2 years and an average gross yield, calculated on an effective interest rate basis including upfront fees, to the Company of 9.4% before expenses. The gross yields on loans range from 7.5% to 11% per annum, reflecting the Company's desire to make loans with a consistent risk profile.

The current loan portfolio is diversified across industries, collateral type and region within the UK.

Net Asset Value ("NAV") and Share Price Performance

At 31 December 2017, the NAV of the Company's Ordinary Shares was 98.6 pence per Ordinary Share and the NAV of the Company's C Shares was 97.4 pence per C Share. The NAVs reflect the initial net proceeds of the relevant fund offering plus interest earned on loans and cash investments, plus fees received and earned, less expenses and dividends. During the six month period ending 31 December 2017, the NAV total return on the Ordinary Shares was 4.1% and on the C Shares was negative 0.6%. The negative C Share NAV return reflects that the C Share contribution to ongoing fees and expenses was in excess of income received on the C Shares, particularly in the early part of the period when the C Share proceeds were being deployed.

During the six month period from 1 July 2017 to 31 December 2017, the price of the Company's Ordinary Shares decreased by 4.7%, from 107.5 pence to 102.5 pence. During the same period, the price of the Company's C Share price decreased by 4.9%, from 102.5 pence to 97.5 pence.

The C Shares that the Company issued on 31 May 2017 were converted into new Ordinary Shares on 27 February 2018 in accordance with the terms of the C Share prospectus. The exchange ratio was 0.9951 Ordinary Share for each C Share.

Dividends

The Company has a target dividend of 6% per annum paid quarterly. The Company first paid its target dividend of 1.5 pence per Ordinary Share in respect of the second quarter of 2017. It has declared and paid its target dividend of 1.5 pence per Ordinary Share in each successive quarter and the Company also declared a dividend of 1.5 pence per Ordinary Share in respect of the quarter ended 31 December 2017. No dividends have been declared with respect to the C Shares. It is expected that a dividend of 1.5 pence per Ordinary Share will be declared on all Ordinary Shares in respect of the quarter ending 31 March 2018.

Future dividends are expected to be covered from income from net cash flows reflecting interest and fee income, less expenses.

Governance and Management

Governance and oversight are core responsibilities of the Board and we monitor and review regulatory changes and best practice in this area. We seek to adopt or implement relevant changes in a manner appropriate to the size and risk profile of the Group's activities.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

CHAIRMAN'S STATEMENT (CONTINUED)

For the six month period ended 31 December 2017

Outlook for the next financial period

The Board believes that the Company's loan portfolio is well structured and secured and that the Company is well positioned to continue to identify additional investment opportunities that meet its investment objectives.

The UK SME sector has remained robust as the economy remains stable with some indications of continued growth. GDP continues to grow quarter over quarter, albeit at modest and declining rates. The Company believes its investment strategy remains well suited to this economic environment. As the Company approaches the end of its second full year of operation, the Company continues to identify attractive investment opportunities to provide shareholders a favourable risk / return profile.

During March 2018 the Company successfully raised gross proceeds of £20.1 million through a placing of C Shares at an Issue Price of 100 pence per C Share. Accordingly, the Board allotted 20,074,263 C Shares and applications were made for 20,074,263 C Shares to be admitted to the premium listing segment of the Official List of the UKLA and to trading on the London Stock Exchange's main market for listed securities. Admission occurred at 8.00am on 13 March 2018.

The net proceeds from the Issue will be used to enter into loan transactions in the Company's pipeline and it is expected that deployment will be completed within a period of approximately six to nine months.

I would like to close by thanking shareholders, board colleagues and advisers for your commitment and support.

David Warr

Chairman

Date: 23 March 2018.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

INVESTMENT ADVISER'S REPORT

For the six month period ended 31 December 2017

General credit markets continue to exhibit compressed spreads in no small measure due to the continued loose monetary policy pursued by Central Banks. According to the Office for National Statistics, the CPIH annual rate for the twelve months to December 2017 was 2.7%. With GBP Libor and 2 year gilts hovering around 60 bps, fixed income investors are experiencing negative real interest rates and returns.

This has spurred an ongoing search for yield, with a commensurate build-up in risk in the fixed income markets. It is unclear when a correction will occur or what may initiate it. In a 5 February 2018 report, S&P Global Ratings warned that the number of defaults by heavily indebted corporates could rise significantly amid tightening credit conditions. The Company's investment strategy is to focus on UK SME market segments that are not highly correlated with the general corporate loan and bond markets.

Continued execution of the Company's Investment Strategy

During 2017, Hadrian's Wall Capital Limited (the "Investment Adviser") continued to focus on investment of the Company's capital. The investments closed during this period are expected to provide stable and consistent interest income to meet the primary stated objective of the Company.

The Company successfully raised additional capital from a C Share issue in May 2017, and the conversion of those C Shares into the Company's Ordinary Shares has occurred within nine months of issuance, as indicated in the C Share offering. The Company continues to deploy capital and announced on 2 February 2018 that the total capital of the Company has been substantially deployed. The Company further announced its intention to raise additional capital as the Investment Adviser expects opportunities for further loan investments to continue. During March 2018 the Company successfully raised gross proceeds of £20.1 million through a placing of C Shares at an Issue Price of 100 pence per C Share.

The Investment Adviser seeks to construct a portfolio that is well diversified across many attributes. This includes diversification by borrower industry, collateral type, security structure, and amortization profile. The Investment Adviser works to diversify its sources of business and has been developing relationships with a broad range of introducers including business brokers, corporate finance advisers and professional services firms. This diversification seeks to generate a resilient and stable level of inquiry and, in turn, lead to a well-diversified loan portfolio.

Within the broader SME segment, the Company continues to focus on several sectors. Firstly, to market sectors that are under-served by the traditional banking market for a variety of reasons, notably because their businesses do not currently meet the somewhat formulaic lending criteria of many lenders. Secondly, the Company offers a distinctive lending product of long term, fixed rate financing which can form a stable part of a borrower's capital structure. In all cases, the Investment Adviser pursues transactions with a higher degree of complexity in order to structure loans with an attractive risk / return profile.

Market Environment

Overall, market conditions for the Company have remained stable. The large banks continue to reduce their efforts in the asset finance sectors. The challenger banks are more active; however they also are subject to the same capital rules that impact the appetite of the large banks to make loans in the sectors the Company targets. There has not been any noticeable change in the interest rates and security packages for the Company's loans.

The Investment Adviser believes that its investment approach and process will continue to provide robust opportunities of a size and scale consistent with the Company's investment horizon and objectives.

Investment Review

The investment portfolio as at 31 December 2017 exhibited the following characteristics:

Largest Loan	£8,000,000
Portfolio Remaining Weighted Average Life ("WAL")	3.2 years
Portfolio Weighted Average LTV and Advance Rate ("LTV")	76.2%
Investment Yield Range	7.50-11.00%
Weighted Average Yield on Invested Assets*	9.4%

**inclusive of upfront fees.*

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

INVESTMENT ADVISER'S REPORT (CONTINUED)

For the six month period ended 31 December 2017

Investment Review, continued

The largest investments have the following characteristics:

Borrower Industry	Loan Amount £	% of Net Asset Value	Initial WAL	Initial LTV
Engineering	8,000,000	6.5%	4.7 years	45.9%
Property Trading	6,500,000	5.3%	3.0 years	52.0%
Auto Leasing	6,500,000	5.3%	5.0 years	93.0%
Retail	5,535,000	4.5%	4.0 years	70.5%
Construction	3,958,500	3.2%	5.0 years	94.0%
Utilities	3,900,000	3.2%	2.5 years	89.0%
Manufacturing	3,200,000	2.6%	4.7 years	91.0%
Real Estate	1,700,000	1.4%	2.0 years	59.0%

The total loan portfolio is diversified by borrower industry as illustrated below:

Standard Industrial Classification (SIC) codes	% of loan portfolio
Professional, scientific and technical	17.1%
Construction	12.5%
Manufacturing	10.9%
Retail trade, except of motor vehicles	9.8%
Property Trading	8.4%
Auto Leasing	8.4%
Admin and Support	5.7%
Other	27.2%

Hadrian's Wall Capital Limited

Date: 23 March 2018.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- These Condensed Unaudited Interim Consolidated Financial Statements (the "Interim Financial Statements") have been prepared in accordance with IAS 34 'Interim Financial Reporting'; and
- The Chairman's Statement and Investment Adviser's report, together with the Interim Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:
 - DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the period ended 31 December 2017 and their impact on the Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the period ended 31 December 2017 and have materially affected the financial position or performance of the Company during that period.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

John Falla
Director

Date: 23 March 2018

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has established an Audit and Risk Committee, the Chairman of which is John Falla. This Committee is responsible for reviewing the Group's overall risks and monitoring the risk control activity designed to mitigate these risks. In addition, the Board have appointed International Fund Management Limited (the "Investment Manager") as the Alternative Investment Fund Manager ("AIFM") to the Group. The Investment Manager is also responsible for providing risk management services compliant with those defined in the Alternative Investment Fund Managers Directive ("AIFMD") and as deemed appropriate by the Board. The Board has carried out a robust assessment to identify the principal risks that could affect the Group, including those that would have an impact on its business model, future performance, solvency or liquidity.

Under the instruction of the Audit and Risk Committee, the Investment Manager is responsible for the implementation of a risk management policy and ensuring that appropriate risk mitigation processes are in place; for monitoring risk exposure; preparing quarterly Risk Reports for the Board; and otherwise reporting on an ad hoc basis to the Board as necessary.

The key risks associated with the Group are as follows:

- **Operational risk;** the Board is ultimately responsible for all operational facets of performance including cash management, asset management, regulatory and listing obligations. The Group has no employees and so enters into a series of contracts and legal agreements with a series of service providers to ensure that both operational performance and regulatory obligations are met. The departure of a key employee from the Investment Adviser, or the failure of a third party to provide services as contracted may adversely affect the returns achieved by the Company. The Board receives regular reports from the administrator of the Company on any operational breaches and errors, adherence to policies and procedures and compliance reporting to reduce the risk of fraud and bribery. The Board is aware of the UK Bribery Act 2010 and has adopted an anti-bribery policy relevant to the nature of the Company and its business activities.
- **Investment risk;** although the Board is ultimately responsible for the investment objective and policy, the day-to-day investment strategy is delegated by the Investment Manager to the Investment Adviser. The success of the Group depends on the diligence and skill of the Investment Manager and Investment Adviser. The Company's target dividend and target overall return are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies and the actual dividend and overall return may be materially lower than these targets due to competition within the financing industry or delays in the deployment of funds. There is a risk that any underperformance of borrowers in which the Group's capital is invested could result in impairment losses which in turn would lead to a reduction of the Group's net asset value and the share price. The Board formally monitors the loan portfolio performance each quarter, when the Investment Adviser reports on the performance of the Group's loan portfolio at the quarterly Board meetings. The Investment Adviser carries out extensive due diligence on the underlying borrowers and both the Investment Manager and Investment Adviser monitor performance regularly. The investment guidelines and restrictions, as detailed in the prospectus of the Company, ensure adequate diversification and are regularly monitored by the Investment Manager.
- **Credit risk;** the Group has credit risk through the potential that borrowers in respect of the loans in which the Group has invested may default on their obligations. Such default may adversely affect the income received by the Group and the value of the Group's assets, as well as inhibit the Group's ability to meet its stated dividend policy. The Group depends on the diligence and skill of the Investment Adviser in the mitigation of the credit risk, which starts with careful consideration of potential loan opportunities by an appointed Investment Adviser committee. The Investment Adviser committee will consider due diligence, loan security, risk categories and ratings as well as ongoing surveillance and risk management when looking to mitigate credit risk. The Board formally monitors the credit risk for the Group each quarter, when the Investment Manager reports on the risk of the Group's portfolio at the quarterly Board meetings.
- **Liquidity risk;** the Group invests in loans primarily to SME companies. These loans will not be publicly-traded or freely marketable, and are likely to have limited or no secondary market liquidity. Such investments may therefore be difficult to value or sell and therefore the price that is achievable for the investments might be lower than the valuation of these assets. There is also a risk that should the Group enter into loan commitments in which the loans will be drawn down over time then it may overcommit its liquidity unless careful monitoring of these loans and expected draw down timetables is carried out. The Investment Manager and Investment Adviser ensure these are tightly monitored.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

- **Market risk;** the Group's loans and underlying borrowers are subject to various macroeconomic factors including interest rate risks, general economic conditions, operational risks, the condition of financial markets, political events and changes in government policy, developments or trends in any particular industry and changes in prevailing interest rates, any or all of which may have an adverse effect on the ability of borrowers to make interest payments and/or principal repayments on loans and which, in turn, may adversely affect the Group's returns. Borrowers may default on their repayment obligations for a variety of reasons, including, among others, the borrower's general financial condition, low operating margins, customer churn and increased costs of doing business including additional regulatory and compliance costs which cannot be easily absorbed into their business model and cost structure.
- **Prepayment risk;** Certain of the Group's outstanding loans may be repaid earlier than anticipated. Loans made by the Group which provide for prepayment generally include a prepayment fee (or income protection provisions). The terms, conditions and period for the provision of these prepayment fees vary for each borrower. Upon expiry of the prepayment protection period, early repayment of the loan may be attractive to the borrower which may increase the possibility that the loans may be repaid before the end of the full term. However as the prepayment penalty generally reduces over time, the borrower's incentive to refinance in a low interest rate environment may increase. Should a borrower repay a loan earlier than expected and there is a delay in the redeployment of the proceeds then there is a risk that the income returns of the Group will be negatively impacted. The Investment Adviser will seek to manage the risk of unexpected repayments by maintaining a regular dialogue with borrowers and by seeking to understand their needs. The Board will also continue to consider and discuss the strategic implications and opportunities that prepayments may present for the Company in the longer term.
- **Regulatory risk;** the Group must comply with all requirements imposed within its regulatory environment, including the UK Listing Authority rules, the Financial Conduct Authority's ("FCA") disclosure and transparency rules and the Market Abuse Regulation (which was effective from 3 July 2016). Any failure to comply could lead to criminal or civil proceedings. Changes in law or regulation may adversely affect the Company's ability to carry on its business or may increase the Company's ongoing costs. The Investment Manager and Administrator monitor compliance with regulatory requirements and the Administrator reports at quarterly Board meetings.
- **Tax risk;** changes in tax legislation could result in adverse tax consequences for the Group or the imposition of additional and possibly material tax liabilities on Shareholders.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 31 December 2017

	Notes	For the six month period ended 31 December 2017 (unaudited) £	For the period 27 April 2016 to 31 December 2016 (audited) £
Income			
Interest income from loans advanced		3,754,074	126,475
Other income from loans advanced		32,203	38,217
Finance lease income		48,231	-
Income from cash and cash equivalents		47,894	213,043
Total income		3,882,402	377,735
Expenses			
Investment Advisory fee	8	(568,243)	(37,125)
Investment Management fee	8	(61,880)	(45,197)
Administration fees	8	(93,485)	(97,639)
Directors' fees	8	(69,000)	(90,534)
Audit fees		(33,206)	(32,673)
Legal and professional fees		(41,159)	(160,664)
Cash management fee	8	(1,238)	(36,089)
Broker fees		(25,206)	(26,712)
Listing, regulatory and statutory fees		(12,531)	(30,207)
Registrar fees		(15,868)	(2,912)
Other expenses		(35,490)	(14,541)
Total operating expenses		(957,306)	(574,293)
Profit/(loss) for the financial period before tax		2,925,096	(196,558)
Taxation		(900)	-
Profit/(loss) for the financial period after tax		2,924,196	(196,558)
Total comprehensive income/(loss) for the period		2,924,196	(196,558)
Basic and diluted earnings/(deficit) per Ordinary Share	9	3.95p	(0.25)p
Basic and diluted deficit per C Share	9	(0.53)p	-
Weighted average number of Ordinary Shares outstanding	9	80,024,706	80,024,706
Weighted average number of C Shares outstanding	9	45,224,862	-

The Company has no components of "Other Comprehensive Income".

All items in the above statement derive from continuing operations.

All income is attributable to the Ordinary and C Shares of the Company.

The accompanying notes on pages 15 to 26 form an integral part of the Interim Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six month period ended 31 December 2017

	Notes	Share capital £	Retained (deficit)/earnings £	Total equity £
For the six month period ended 31 December 2017				
At 1 July 2017		122,744,577	(265,826)	122,478,751
<i>Total comprehensive income:</i>				
Profit for the financial period		-	2,924,196	2,924,196
Total comprehensive income for the period		-	2,924,196	2,924,196
<i>Transactions with Shareholders:</i>				
Dividends paid	4	-	(2,400,741)	(2,400,741)
Total transactions with Shareholders		-	(2,400,741)	(2,400,741)
At 31 December 2017		122,744,577	257,629	123,002,206
	Notes	Share Capital £	Retained deficit £	Total Equity £
For the period 27 April 2016 to 31 December 2016				
At 27 April 2016		-	-	-
<i>Total comprehensive loss:</i>				
Loss for the financial period		-	(196,558)	(196,558)
Total comprehensive loss for the period		-	(196,558)	(196,558)
<i>Transactions with Shareholders:</i>				
Issue of Ordinary Shares during the period	10	78,424,212	-	78,424,212
Dividend paid	4	-	(160,049)	(160,049)
Total transactions with Shareholders		78,424,212	(160,049)	78,264,163
At 31 December 2016		78,424,212	(356,607)	78,067,605

The accompanying notes on pages 15 to 26 form an integral part of the Interim Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	31 December 2017 (unaudited) £	30 June 2017 (audited) £
Non-current assets			
Loans advanced at amortised cost	6	68,020,164	56,492,983
Finance lease receivable	7	2,907,408	-
		70,927,572	56,492,983
Current assets			
Loans advanced at amortised cost	6	422,780	1,163,722
Finance lease receivable	7	906,490	
Trade and other receivables		94,862	88,315
Cash and cash equivalents		50,880,666	64,912,369
Total current assets		52,304,798	66,164,406
Total assets		123,232,370	122,657,389
Current liabilities			
Trade and other payables		230,164	178,638
Total liabilities		230,164	178,638
Net assets		123,002,206	122,478,751
Equity			
Share capital	10	122,744,577	122,744,577
Accumulated earnings/(deficit)		257,629	(265,826)
Total equity		123,002,206	122,478,751
Net asset value per Ordinary Share	11	98.64p	97.69p
Net asset value per C Share	11	97.43p	97.97p
Number of Ordinary Shares	10	80,024,706	80,024,706
Number of C Shares	10	45,224,862	45,224,862

The Interim Financial Statements on pages 11 to 26 were approved by the Board of Directors and authorised for issue on 23 March 2018. They were signed on its behalf by:-

John Falla
Director

The accompanying notes on pages 15 to 26 form an integral part of the Interim Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six month period ended 31 December 2017

	Notes	For the six month period ended 31 December 2017 (unaudited) £	For the period 27 April 2016 to 31 December 2016 (audited) £
Cash flows used in operating activities			
Profit/(loss) for the financial period		2,924,196	(196,558)
Adjustment for:			
Increase in trade and other receivables		(6,547)	(81,266)
Increase in trade and other payables		51,526	134,776
Effective interest rate adjustment	6	81,730	7,437
		<u>3,050,905</u>	<u>(135,611)</u>
Loan advances in the period	6	(16,091,394)	(16,141,497)
Finance lease advances in the period	7	(3,958,500)	-
Loan principal repayments in the period	6	5,223,425	4,025
Finance lease repayments in the period	7	144,602	-
		<u>(11,630,962)</u>	<u>(16,273,083)</u>
Cash flows (used in)/from financing activities			
Net proceeds from issue of Ordinary Shares	10	-	78,424,212
Dividends paid	4	(2,400,741)	(160,049)
		<u>(2,400,741)</u>	<u>78,264,163</u>
Net (decrease)/increase in cash and cash equivalents		(14,031,703)	61,991,080
Cash and cash equivalents at beginning of period		64,912,369	-
Cash and cash equivalents at end of period		50,880,666	61,991,080

The accompanying notes on pages 15 to 26 form an integral part of the Interim Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 31 December 2017

1. GENERAL INFORMATION

Hadrian's Wall Secured Investments Limited (the "Company") was incorporated as a company with limited liability in Guernsey on 27 April 2016 and is a registered closed-ended investment scheme domiciled in Guernsey. The Ordinary Shares and C Shares are traded on the Main Market of the London Stock Exchange.

The Group'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. Following the investment of the IPO, the Company now targets an annualised dividend yield of at least 6% of the Issue Price, which is expected to grow over time.

The Company provides loans to under-served segments of the UK Small and Medium sized Enterprises ("SME") market with a typical individual loan size of up to £8 million. Generally, the Group directly 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.

The Company provides loan investments through two UK subsidiaries, HWSIL Note Co Limited ("Note Co") and HWSIL Finance Co Limited ("Finance Co"). On 28 July 2017, the Company established a new wholly owned UK subsidiary company called HWSIL Asset Co Limited ("Asset Co"). Asset Co was established to invest in leases that finance equipment and certain other types of assets. Note Co, Finance Co and Asset Co, are subsidiaries of the Company (together the "Subsidiaries"). These Condensed Consolidated Interim Financial Statements are for the six month period ended 31 December 2017 (the "Interim Financial Statements"). The Interim Financial Statements comprise the results of the Company and its Subsidiaries (the "Group").

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation and statement of compliance

These Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting', as endorsed by the European Union ("IAS 34") the Listing Rules of the London Stock Exchange ("LSE") and applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's last Annual Report and Audited Consolidated Financial Statements for the period 27 April 2016 to 30 June 2017.

The accounting policies applied in these Interim Financial Statements are consistent with those applied in the last Annual Report and Audited Consolidated Financial Statements for the period 27 April 2016 to 30 June 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union. Having reassessed the principal risks, the Company's financial position as at 31 December 2017 and the factors that may impact its performance in the forthcoming year, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Interim Financial Statements.

These Interim Financial Statements were authorised for issue by the Company's Board of Directors on 23 March 2018.

Significant judgements and estimates

With the exception of IFRS 15 and 16 as detailed further below, there have been no other changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2017.

b) New, revised and amended standards applicable to future reporting periods

At the date of approval of these Interim Financial Statements, the following standards and interpretations, which have not been applied in these Interim Financial Statements, were in issue but not yet effective:

- IFRS 9 "Financial Instruments", published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued

b) New, revised and amended standards applicable to future reporting periods, continued

- **IFRS 9 “Financial Instruments”, continued**

The impacts on the Interim Financial Statement of Group of adopting IFRS 9 is described below.

Under the provisions of IFRS 9, the Company will classify its financial assets as measured at amortised cost. The expected losses on the Company's financial assets categorised as Stage 1 will be based on an amount equal to the 12-month expected credit losses, unless the investment has suffered deterioration that results in a reclassification of the financial assets to Stage 2 or Stage 3, in which case the expected losses shall be the expected lifetime credit losses on such financial assets.

The Investment Adviser has an established credit policy to identify the risk of default and loss at the point of investment. The risk of each loan investment is modelled and mapped to a nominal rating equivalent based on published rating agency guidelines which has an expected loss equivalent. The models applied generally include a combination of a corporate probability of default model, a loss given default analysis and/or a simulation model, depending on the specifics of the individual transaction. Each transaction is assigned a one year expected loss value at inception. This amount is the expected credit loss to be reported for IFRS 9 purposes at the inception of loan.

Loans that are downgraded to Stage 2 or Stage 3 would then be assigned a lifetime expected credit loss. With respect to such loans, the Company will estimate the timing and amount of future payments and discount those amounts to the present value at the initial effective interest rate of the loan. The difference between that amount and the carrying value of the loan at amortised cost is the lifetime expected credit loss. Such amount would be modified in accordance with the ongoing monitoring of that loan.

IFRS 9 will be effective for the Company's financial year beginning 1 July 2018. If IFRS 9 had been effective as of 31 December 2017, the Company would have recognised a total expected loss on its loan portfolio as of same date of approximately 34 basis points or £0.2 million, all of which representing the 12-month expected credit loss prescribed by the Standard.

c) New Accounting Standards adopted in the reporting period

- IFRS 16 “Leases”, published in January 2016, specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is mandatory effective for annual reporting periods beginning on or after 1 January 2019.

During the six month period to 31 December 2017, the Company, in line with its investment policy and through its wholly owned subsidiary Asset Co, invested into an equipment finance lease with an SME company. Given the Company has entered into its first lease transaction during the period and with the mandatory effective date of IFRS 16 in 2019, the Directors deemed it appropriate to early adopt IFRS 16.

- IFRS 15 “Revenue from Contracts with Customers”, published May 2016, specifies how and when to recognise revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is mandatory effective for annual reporting periods beginning on or after 1 January 2018, however, in order to early adopt IFRS 16 the Company must also adopt IFRS 15. The adoption of this standard has had no material impact on the Interim Financial Statements of the Company.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Leases

The Group's Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of an asset to the lessee. All other leases are classified as operating leases.

The Group as lessor

As the lessor, the Company must distinguish whether the lease can be considered a operating or finance lease. For the purposes of these Interim Financial Statements, the Directors have established that the lease meets the criteria to be classified as a finance lease. For a finance lease, the Company recognises a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

Sale and Leaseback transaction as Lessor

The Group must establish whether substantially all the risks and rewards of ownership of an asset, in accordance with IFRS 15, have transferred in order to recognise the purchase of an asset.

The Group entered into the sale and leaseback transaction during the period, the transaction does not satisfy the risks and rewards transfer requirements of IFRS 15 to be accounted for as a purchase of the asset and as such the Group shall not recognise the transferred asset. The Group shall instead recognise a financial asset equal to the transfer proceeds. The classification and measurement of the financial asset is accounted for in accordance with IAS 39 and treated as a finance lease receivable as noted above.

3. SEGMENTAL REPORTING

The Board has considered the requirements of IFRS 8, "Operating Segments". The Company has entered into Investment Management and Investment Advisory Agreements with the Investment Manager and Investment Adviser respectively, under which the Board has appointed the Investment Manager to manage the assets of the Company and who has then delegated that responsibility to the Investment Adviser per the Investment Advisory Agreement, subject to their review and control and ultimately the overall supervision of the Board. Subject to its terms and conditions, the Investment Advisory Agreement requires the Investment Adviser to manage the Group's portfolio in accordance with the Company's investment guidelines in effect from time to time. However, the Board retains full responsibility to ensure that the Investment Adviser adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Adviser. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

In the Board's opinion, the Group is engaged in a single segment of business, being investment in primarily secured loans originated across a variety of channels, assets and industry segments.

The Group receives no revenues from external customers, nor holds directly any non-current assets, in any geographical area other than Guernsey and the UK.

4. DIVIDENDS

During the period to 31 December 2017, the Directors declared the following interim dividends to holders of Ordinary Shares:

Period to	Payment date	Dividend per share £	Net dividend payable £	Record date	Ex-dividend date
30 June 2017	25 August 2017	1.5 pence	1,200,371	4 August 2017	3 August 2017
30 September 2017	24 November 2017	1.5 pence	1,200,370	3 November 2017	2 November 2017
		3.0 pence	2,400,741		

During the period to 31 December 2016, the Directors declared the following interim dividends to holders of Ordinary Shares:

Period to	Payment date	Dividend per share £	Net dividend payable £	Record date	Ex-dividend date
30 September 2016	9 December 2016	0.2 pence	160,049	11 November 2016	10 November 2016

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

4. DIVIDENDS, continued

Under Guernsey law, the Company can pay dividends provided it satisfies the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether the Company is able to pay its debts when they fall due, and whether the value of the Company's assets is greater than its liabilities. The Company satisfied the solvency test in respect of the dividends declared in the period.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's last Annual Report and Audited Consolidated Financial Statements for the period 27 April 2016 to 30 June 2017.

6. LOANS ADVANCED AT AMORTISED COST

	For the six month period ended 31 December 2017 (unaudited) £	For the period 27 April 2016 to 30 June 2017 (audited) £
Loans held at amortised cost		
Opening loan balance	58,001,548	-
Loans advanced	16,091,394	58,173,607
Principal repayments	(5,223,425)	(172,059)
Closing loan balance	68,869,517	58,001,548
Effective interest rate adjustment	(426,573)	(344,843)
Closing loan balance at amortised cost	68,442,944	57,656,705

At 31 December 2017, £422,780 of the closing loans balance at amortised cost is due for repayment within one year (30 June 2017: £1,163,722).

The Group's loans are expected to be held to maturity and are therefore valued at amortised cost using the effective interest rate method. The carrying values of such instruments include assumptions that are based on market conditions at each statement of financial position date. Such assumptions include application of default rate and identification of an appropriate effective interest rate taking into account the credit standing of each borrower. The effective interest rate method also takes into account all contractual terms (including any arrangement and exit fees) that are an integral part of the loan agreement. As the fees are taken into account when determining the initial carrying value, their recognition in profit or loss in the Statement of Comprehensive Income is effectively spread over the life of the loan.

At the period end, the Directors consider that the carrying value of the loans recorded at amortised cost in the Interim Financial Statements, approximates to their fair value. No element of the loans advanced to date is past due or impaired.

The loans advanced are assessed by the Investment Adviser for indication of impairment during the financial period, at the statement of financial position date and up to the date of approving these Interim Financial Statements. The main factors considered for evidence of impairment include significant difficulty of the borrower to service the loan, breach of contract such as default in interest or principal repayments, probability that a borrower will enter bankruptcy or financial re-organisation and devaluation of collateral.

At 31 December 2017, there were no significant aged outstanding receivables from the relevant borrowers. Principal amounts totalling £5.1 million were prepaid during the period and there have been no indications of impairment during the financial period or in the post 31 December 2017 end period.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the six month period ended 31 December 2017

7. FINANCE LEASE RECEIVABLES

	For the six month period ended 31 December 2017 (unaudited) £	For the period 27 April 2016 to 30 June 2017 (audited) £
Amounts receivable under finance leases:		
Within one year	906,490	-
Between two and five years inclusive	2,907,408	-
Present value of minimum lease payments receivables	3,813,898	-

Finance lease receivable balances are secured over the equipment leased. The maximum exposure to credit risk of finance lease receivables for the current period is the carrying amount as the Group has no allowance for doubtful debts. The finance lease receivables are not past due and not impaired in the current year.

8. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS

Investment Management fees

International Fund Management Limited (the "Investment Manager") is entitled to an Investment Management fee in accordance with the Investment Management Agreement between the Company and the Investment Manager dated 31 May 2016.

For the services performed under the Investment Management Agreement, the Company shall pay to the Investment Manager a management fee which shall be calculated and accrued at a rate equivalent to:

- for so long as the Company's NAV is £150,000,000 or less, 0.10% of NAV per annum;
- for so long as the Company's NAV is £150,000,000.01 or more (but less than £250,000,000.00), 0.08% of NAV per annum;
- for so long as the Company's NAV is £250,000,000.01 or more, 0.06% of NAV per annum,
- subject, in each case, to an annualised minimum of £85,000 applied on a quarterly basis. The minimum investment management fee will be subject to an annual review on 1 May of each year, the first review commencing in 2017. At such annual review, as a minimum, the annualised minimum will be varied by the Guernsey Retail Price Index. The investment management fees are payable quarterly in arrears.

The Investment Management Agreement is for an initial term of 18 months and thereafter will be terminable by either party on not less than six months' notice.

Investment Adviser fees

Hadrian's Wall Capital Limited (the "Investment Adviser") is entitled to an Investment Adviser fee in accordance with the Investment Advisory Agreement between the Company and the Investment Adviser dated 31 May 2016.

For the services performed under the Investment Advisory Agreement, the Company shall pay to the Investment Adviser a fee which shall be calculated and accrued at a rate equivalent to:

- until such time as 90% of the Net Initial Proceeds (as defined in the Prospectus) have been invested in accordance with the Investment Policy, a sum equal to 1.00% per annum of the value of the Company's Invested Assets; and
- following 90% of the Net Initial Proceeds having been invested in accordance with the Investment Policy, a sum equal to 1.00% per annum of the Net Asset Value.

The Investment Advisory Agreement may be terminated on twelve months' notice in writing, such notice not to be served until the third anniversary of the Commencement Date (31 May 2016) such that the notice may not expire before the fourth anniversary of the Commencement Date.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

8. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS, continued

Administration fees

Up to 31 July 2017, Praxis Fund Services Limited (the "Administrator") was entitled to an Administration fee in accordance with the Agreement made between the Company and the Administrator dated 31 May 2016. This Administration Agreement dated 31 May 2016 was terminated and replaced with a new administration agreement between the Company and the Administrator dated 20 October 2017 (the "Administration Agreement").

In respect of the services provided under the Administration Agreement, the Company pays the Administrator a fee as stated below:

- 0.075% per annum of NAV up to a total NAV of £150 million,
- reducing to 0.06% per annum of NAV for that part of the NAV (if any) between £150-250 million,
- reducing further to 0.05% per annum of NAV for that part of the NAV (if any) in excess of £250 million.
- subject to a minimum annual fee of £75,000 plus disbursements and a fee for company secretarial services based on time-costs.

With effect from 20 October 2017, in accordance with the terms of the new Administration Agreement, the Administrator will also provide administration services to HWSIL Finance Co Limited and HWSIL Asset Co Limited.

The Administration Agreement may be terminated by the Company or the Administrator on not less than 3 months' notice in writing. The agreement may also be terminated by immediate notice in writing in circumstances including, inter alia, material and continuing breach of the agreement, insolvency of any party or a party is in non-compliance with any applicable laws or regulations.

Subsidiary Administration fees for Finance Co

PraxisIFM Fund Services (UK) Limited (the "Finance Co Administrator") was entitled to an Administration fee in accordance with the Agreement made between HWSIL Finance Co Limited (the "Finance Co") and the Finance Co Administrator dated 20 June 2016 (the "Finance Co Administration Agreement").

In respect of the services provided under the Finance Co Administration Agreement, the Group pays the Finance Co Administrator a fee as stated below:

- £35,000 per annum for so long as the Group holds up to 150 loans;
- £42,500 per annum for so long as the Group holds up between 150 and 200 loans;
- A review of the Finance Co Administration fee will be undertaken in respect of any period during which the Group hold more than 200 loans;
- £12,500 per annum per director for subsidiary director services.

The Finance Co Administration Agreement was terminated on 20 October 2017 and with effect from 1 September 2017, the administration services for Finance Co were covered under the Administration Agreement as detailed above.

Subsidiary Administration fees for Note Co

Intertrust Management Limited (the "Note Co Administrator") is entitled to a corporate service fee in accordance with the Agreement made between HWSIL Note Co Limited ("Note Co") and the Note Co Administrator dated 31 October 2016 (the "Note Co Administration Agreement").

In respect of the services provided under the Note Co Administration Agreement, the Group pays the Note Co Administrator a fee as stated below:

- £10,000 per annum for Director Services, Corporate and Transaction Administration and Share ownership and;
- Up to £7,500 per annum for Annual Financial Services fees

The Note Co Administration Agreement may be terminated by Note Co or the Note Co Administrator on not less than 3 months' notice in writing. The agreement may also be terminated by immediate notice in writing in circumstances including, inter alia, material and continuing breach of the agreement or insolvency of any party.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

8. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS, continued

Subsidiary Administration fees for Note Co, continued

On 26 January 2018, Note Co issued written notice to Intertrust Management Limited to terminate the Note Co Administration Agreement dated 31 October 2016. CSC Corporate Services (UK) Limited replaced Intertrust Management Limited as Note Co Administrator with effect from 12 March 2018.

Cash Management fee

PraxisIFM Treasury Services Limited ('PTSL') provides cash management services to the Group in respect of uninvested cash, for which it receives a fee of up to 0.1% per annum of the cash balances managed. The cash managed by PTSL is subject to a fee of 0.1% of the cash balance under their management. PTSL has agreed that it will rebate to the Investment Manager 40% of any such fees it receives from the Group.

Directors' fees

David Warr is entitled to a fee in remuneration for his services as a non-executive Director and Chairman of the Company at a rate payable of £40,000 per annum.

John Falla is entitled to a fee in remuneration for his services as a non-executive Director and Chairman of the Audit and Risk Committee of the Company at a rate payable of £35,000 per annum.

The remaining Directors are entitled to a fee in remuneration for their services as Directors at a rate of £30,000 each per annum.

The Directors are regarded as related parties. Transactions with the Directors during the period are described below.

Directors and their families held the following interests in the Ordinary Shares of the Company at 31 December 2017:

Name	31 December 2017 (unaudited)			30 June 2017 (audited)		
	No. of Ordinary Shares	No. of C Shares	Percentage*	No. of Ordinary Shares	No. of C Shares	Percentage*
David Warr	50,000	107,500	0.13%	50,000	107,500	0.13%
John Falla	10,000	7,500	0.01%	10,000	7,500	0.01%
Paul Craig	-	7,500	0.01%	-	7,500	0.01%
Nigel Ward	-	7,500	0.01%	-	7,500	0.01%

*Under the Articles, at any general meeting of the Company each Share (Ordinary Share or C Share) shall have one vote, therefore, the percentage shown is based on the aggregate total number of Ordinary and C Shares in issue.

Paul Craig is also a Portfolio Manager at Old Mutual Global Investors which, as at 3 January 2018 (being the latest practicable date prior to the date of this report), was the registered holder of approximately 25.00% of the Shares in issue as at that date.

During the financial period the Directors received the following amounts as dividends from Ordinary Shares:

Name	For the six month period ended 31 December 2017 (unaudited)	For the period 27 April 2016 to 30 June 2017 (audited)
	£	£
David Warr	1,500	600
John Falla	300	120

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the six month period ended 31 December 2017

8. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS, continued

The amounts charged for the above-mentioned fees during the six month period ended 31 December 2017 and outstanding at 31 December 2017 are as follows:

Name	Charge for the six month period ended 31 December 2017 (unaudited) £	Amounts outstanding at 31 December 2017 (unaudited) £	Charge for the six month period ended 31 December 2016 (audited) £	Amounts outstanding at 31 December 2016 (audited) £
Investment advisory fee	568,243	-	37,125	18,707
Investment management fee	61,880	-	45,197	7,083
Administration fees	75,972	-	72,457	8,609
Sub-admin fees – Finance Co	3,019	-	25,182	3,958
Corporate Service fees – Note Co	14,494	20,201	-	-
Cash Management fee	1,238	177	36,089	14,398
Directors' fees	69,000	-	90,534	555

9. BASIC AND DILUTED EARNINGS/(DEFICIT) PER ORDINARY SHARE AND C SHARE

Basic and diluted earnings/(deficit) per Share are calculated by dividing the profit/(loss) for the period by the weighted average number of Shares outstanding during the period.

	For the period 27 April 2016 to 31 December 2017 (unaudited)	For the period 27 April 2016 to 31 December 2016 (audited)
Profit/(loss) for the financial period	£3,164,758	£(196,558)
Weighted average number of Ordinary Shares outstanding	80,024,706	80,024,706
Basic and diluted earnings/(deficit) per Ordinary Share	3.95p	(0.25)p

	For the period 27 April 2016 to 31 December 2017 (unaudited)	For the period 27 April 2016 to 31 December 2016 (audited)
Loss for the financial period	£(240,562)	-
Weighted average number of C Shares outstanding	45,224,862	-
Basic and diluted deficit per C Share	(0.53)p	-

The weighted average number of Ordinary Shares and C Shares for the period ended 31 December 2017 is based on the number of Ordinary Shares and C Shares in issue during the period, as detailed in note 11. There are no instruments in issue that could potentially dilute earnings or deficit per Ordinary Share and C Shares in future periods.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the six month period ended 31 December 2017

10. SHARE CAPITAL

Authorised Capital

The Company has the power to issue an unlimited number of shares of no par value which may be issued as Ordinary Shares, B Shares or C Shares, in each case of such classes, and denominated in such currencies, as shall be determined at the discretion of the Board. The Company has Ordinary Shares and C Shares denominated in Pound Sterling in issue at the date of this report.

Issued and fully paid Capital	31 December 2017 (unaudited)		30 June 2017 (audited)	
	Ordinary Shares Number	C Shares Number	Ordinary Shares Number	C Shares Number
	Share Capital at the beginning of the period	80,024,706	45,224,862	-
Shares issued and fully paid	-	-	80,024,706	45,224,862
Total Share Capital at the end of the period	80,024,706	45,224,862	80,024,706	45,224,862

Issued and fully paid Capital	31 December 2017 (unaudited)		30 June 2017 (audited)	
	Ordinary Shares £	C Shares £	Ordinary Shares £	C Shares £
	Share Capital at the beginning of the period	78,424,212	44,320,365	-
Shares issued and fully paid	-	-	80,024,706	45,224,862
Share issue costs	-	-	(1,600,494)	(904,497)
Total Share Capital at the end of the period	78,424,212	44,320,365	78,424,212	44,320,365

80,024,706 Ordinary Shares were issued at a price of £1.00 each for cash consideration and 45,224,862 C Shares at a price of £1.00 each for cash consideration.

Ordinary Shares

The authorised share capital of the Company is represented by an unlimited number of ordinary shares of nil par value and have the following rights:

(a) Dividends:

Shareholders are entitled to receive, and participate in, any dividends or other distributions resolved to be distributed in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.

(b) Winding Up:

On a winding up, the shareholders shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.

(c) Voting:

Subject to any rights or restrictions attached to any shares, at a general meeting of the Company, on a show of hands, every holder of voting shares present in person or by proxy and entitled to vote shall have one vote, and on a poll every holder of voting shares present in person or by proxy shall have one vote for each share held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to any shares which may be subject to special conditions. Refer to the Memorandum and Articles of Incorporation for further details.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

10. SHARE CAPITAL, continued

C Shares

The C share capital of the Company is represented by a maximum of 200 million C shares of nil par value and have the following rights:

(a) Dividends:

Holders of C shares shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C share surplus of that class. If any dividend is declared after the issue of C Shares and prior to Conversion, the holders of Ordinary Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus.

(b) Winding Up:

On a winding up or return of capital prior to conversion, the capital and assets of the Company shall be applied as follows:

(i) the Ordinary Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Ordinary Share Surplus comprised the assets of the Company available for distribution; and

(ii) the C Share surplus attributable to each class of C Shares shall be divided amongst the holders of such class pro rata according to their holdings of C Shares of that class.

(c) Voting:

The C shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as the ordinary shares (notwithstanding any difference in the respective NAV of the C Shares and Ordinary Shares).

C Shares conversion to Ordinary Shares

The net C Share proceeds and the investments made with the net C Share proceeds have been accounted for and managed as a separate pool of assets until the date on which at least 85 per cent. of the net C Share proceeds have been invested in accordance with the Company's investment policy (or, if earlier, nine months after the date of issue of the relevant C Shares) (the "Calculation Time").

The conversion ratio (as detailed further in the C Share prospectus) will then be calculated and the relevant C Shares will convert into a number of Ordinary Shares calculated by reference to the net assets per share then attributable to the relevant C Shares compared to the net assets per share at the same time attributable to the Ordinary Shares then in issue.

The basis upon which the C Shares will convert into Ordinary Shares is such that the number of New Ordinary Shares will reflect the relative investment performance and value of the pool of new capital attributable to the relevant C Shares up to the Calculation Time, as compared to the assets attributable to the Existing Ordinary Shares at that time and, as a result, neither the net asset value attributable to the Existing Ordinary Shares nor the net asset value attributable to the C Shares will be adversely affected by the Conversion.

Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on Conversion of the C Shares will rank pari passu, subject to the terms of the Articles, with the Ordinary Shares then in issue.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

11. NET ASSET VALUE PER ORDINARY SHARE AND C SHARE

The net asset value per Ordinary Share of 98.64p (30 June 2017: 97.69p) is based on the net assets at the period end of £78,937,619 (30 June 2017: £78,173,603) and on 80,024,706 Ordinary Shares (30 June 2017: 80,024,706 Ordinary Shares), being the number of Ordinary Shares in issue at the period end.

The net asset value per C Share of 97.43p (30 June 2017: 97.97p) is based on the net assets at the period end of £44,064,587 (30 June 2017: £44,305,148) and on 45,224,862 C Shares (30 June 2017: 45,224,862 C Shares), being the number of C Shares in issue at the period end.

12. RECONCILIATION OF FINANCIAL STATEMENTS NAV PER ORDINARY SHARE AND PUBLISHED NAV PER ORDINARY SHARE

31 December 2017	Net asset value attributable to Ordinary Shares £	NAV per Ordinary Share Pence	Net asset value attributable to C Shares £	NAV per C Share Pence
Published net asset value	79,327,540	99.13	44,088,666	97.49
Effective interest rate adjustments	(394,665)	(0.49)	(26,313)	(0.06)
Additional net interest income	4,744	0.00	2,234	0.00
Financial Statements net asset value	78,937,619	98.64	44,064,587	97.43

The difference between the Published net asset value per Ordinary Share and C Share of 99.13p (30 June 2017: 98.05p) and 97.49p respectively and the Interim Financial Statements net asset value per Ordinary Share and C Share of 98.64p (30 June 2017: 97.69p) and 97.43p respectively at 31 December 2017, was primarily due to the application of the Effective Interest Rate method with regards to £0.4 million of loan arrangement/upfront fees which have been received by the Group but are amortised over the life of the loan portfolio.

30 June 2017	Net asset value attributable to Ordinary Shares £	NAV per Ordinary Share Pence
Published net asset value	78,460,477	98.05
Effective interest rate adjustments	(284,624)	(0.36)
Taxation charge adjustment	(2,250)	(0.00)
Financial Statements net asset value	78,173,603	97.69

At 30 June 2017, there was no difference between the Interim Financial Statements NAV per C Share and the Published NAV per C Share.

13. POST PERIOD END EVENTS

The following post period end events have taken place between the end of the reporting period to the date that these Interim Financial Statements were authorised for issue:

- On 2 February 2018, the Directors declared an interim dividend in relation to the three months ended 31 December 2017 of 1.5 pence per Ordinary Share which was paid on 9 March 2018, for an amount totalling £1,200,371 to Ordinary Shareholders on the register at 16 February 2018. The ex-dividend date was 15 February 2018. In accordance with IAS 10, this dividend has not been included within these Condensed Consolidated Interim Financial Statements.
- On 2 February 2018, the Company announced its intention to convert the C Shares into Ordinary Shares.
- On 2 February 2018, the Company announced its intention to raise additional capital. The Company sought to raise additional capital through the issue (the "Issue") of a new tranche of C Shares (the "New C Shares") by way of a placing as part of the share issuance programme (the "Share Issuance Programme") created pursuant to the prospectus published by the Company on 2 May 2017 (the "Prospectus").

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six month period ended 31 December 2017

13. POST PERIOD END EVENTS, continued

- On 23 February 2018, the Company announced the results of the C Shares conversion to Ordinary Shares. The Conversion Ratio, as calculated in accordance with the terms set out in the Company's prospectus dated 2 May 2017, was 0.9951 Ordinary Shares for each C Share held on the record date of 22 February 2018.

In total 45,003,247 new Ordinary Shares have been allotted pursuant to the C Share conversion. Accordingly, applications were made for 45,003,247 Ordinary Shares to be admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities ("Admission"). Admission occurred at 8.00 a.m. on 27 February 2018.

The Ordinary Shares arising on Conversion rank pari passu with, and have the same rights as, the Ordinary Shares of the Company already in issue, including the right to receive dividends declared subsequent to Admission. With effect from 27 February 2018, the total number of Ordinary Shares in issue are 125,027,953 and the total number of voting rights in the Company are 125,027,953.

- On 8 March 2018, the Company announced that it had successfully raised gross proceeds of £20.1 million through a placing of C Shares at an Issue Price of 100 pence per C Share. Accordingly, the Board allotted 20,074,263 C Shares and application was made for 20,074,263 C Shares to be admitted to the premium listing segment of the Official List of the UKLA and to trading on the London Stock Exchange's main market for listed securities. Admission occurred at 8.00 a.m. on 13 March 2018.

There were no other significant post period end events that require disclosure in the Interim Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED

MANAGEMENT AND ADMINISTRATION

Directors

Mr David Warr (Independent non-executive Chairman)
Mr Paul Craig (Independent non-executive Director)
Mr John Falla (Independent non-executive Director)
Mr Nigel Ward (Independent non-executive Director)

Registered Office and Directors' Address

Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Administrator and Secretary

Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Investment Manager

International Fund Management Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Registrar

Link Market Services Limited
(formerly Capita IRG Registrars (Guernsey) Limited)
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey, GY2 4LH

Investment Adviser

Hadrian's Wall Capital Limited
Quadrant House
Floor 6, 4 Thomas More Square
London, E1W 1YW

Legal Advisers in Guernsey Law

Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Legal Advisers in English Law

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London, EC4R 9HA

Independent Auditor

Deloitte LLP
Regency Court
Gategny Esplanade
St Peter Port
Guernsey, GY1 3HW

Sponsor and Financial Adviser

Winterflood Securities Limited
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London, EC4R 2GA

Subsidiary Administrator for Note Co

Intertrust Management Limited
(agreement terminated on 12 March 2018)
35 Great St Helen's
London, EC3A 6AP

CSC Corporate Services (UK) Limited
(appointed on 12 March 2018)
40 Bank Street, level 29
London, E14 5DS