



HADRIAN'S WALL SECURED INVESTMENTS LIMITED

Quarterly Report – 31 December 2018

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 targets an annualised dividend of at least 6 pence per Ordinary Share, which is expected to grow over time.

The Company invests in loans, which are predominantly secured upon a variety of asset types. The types of loans that the Company targets includes the following:

- General commercial Loans to businesses:** This type of lending may be secured against a range of business assets, including, but not limited to, real estate, plant and machinery, inventory, trade receivables and intellectual property rights.
- Equipment finance:** The Company may finance equipment, including agricultural equipment, industrial and manufacturing machinery, marine vessels, power generation and vehicles. Such loans may be structured as equipment leases, as hire purchase contracts or as other types of loans and will typically be secured against the equipment.
- Specialised Financial Services:** Specialised financial services companies provide finance to small businesses in the form of loans, leases or other financial contracts. The Company may finance these financial services companies secured by the underlying loans, leases or other financial assets.

For complete information about the Company and its investment objectives, refer to the prospectus and other documents available on www.hadrianswallcapital.com/fund.

Company Update

The Company closed loans totalling £5 million in the fourth quarter. The Company has a robust pipeline, and expects strong business activity in the first and second quarter. The Company expects to have fully deployed its capital during the first and second quarter.

The Company completed the restructuring of a loan and lease facility to a borrower who entered administration during the fourth quarter whose assets were sold to two new companies, and those investments have been placed on accrual status. The Company does not currently expect any material losses on its loan portfolio and continues to establish loan loss reserves in accordance with IFRS 9. The Company has aggregate IFRS 9 reserves of £2.3m as at 31 December. As a first ranking secured lender, the Company takes actions it deems appropriate to protect and preserve its investments' value.

The weighted average annualised portfolio yield before expenses, and excluding upfront or other fees on invested assets, is 9.0%. In respect of the fourth quarter of 2018, the Company has declared a dividend of 1.5 pence per Ordinary Share which is expected to be paid in March 2019.

The Company completed the conversion of its outstanding C shares on 21 December 2018.

Investment Portfolio | Largest Investments

Borrower Industry	Current Loan (£)	% of NAV	Initial WAL	Initial LTV
Property Trading	10,500,000	7.40%	3.0 years	52%
Manufacturing	8,367,682	5.89%	6.0 years	59%
Engineering	8,000,000	5.64%	4.7 years	46%
Auto Leasing	6,500,000	4.58%	5.0 years	93%
Retail	5,396,364	3.80%	4.0 years	71%
Manufacturing	5,300,961	3.73%	6.7 years	75%
Utilities	4,015,000	2.83%	2.5 years	60%
Construction	3,958,500	2.79%	5.0 years	94%

Note

The net asset values and gross yields continue to be reported on an effective interest rate ("EIR") basis excluding certain adjustments which principally relate to upfront fees received. EIR reconciliations are provided in the Company's year end and interim financial statements.

Company Overview as at 31 December 2018

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	145,170,463
Share price	95.75p
Market cap	£139.0m
Total net assets	£141.9m
NAV per share	97.77p
Share price discount	2.06%
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

The Company

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

Website

www.hadrianswallcapital.com/hwsil

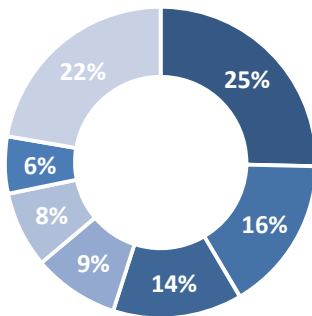
Contact Information

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Investment Portfolio | Analysis

Borrower Industry



- Manufacturing
- Professional, scientific & technical
- Admin & Support
- Construction
- Property Trading
- Retail trade, except of motor vehicles
- Auto Leasing
- Other

Largest Loan	£10,500,000
Portfolio Remaining Weighted Average Life	3.1 years
Portfolio Weighted Average initial LTV and Advance Rate	74.8%
Investment Yield Range	7.50-11.00%
Weighted Average Yield on Invested Assets	9.08%

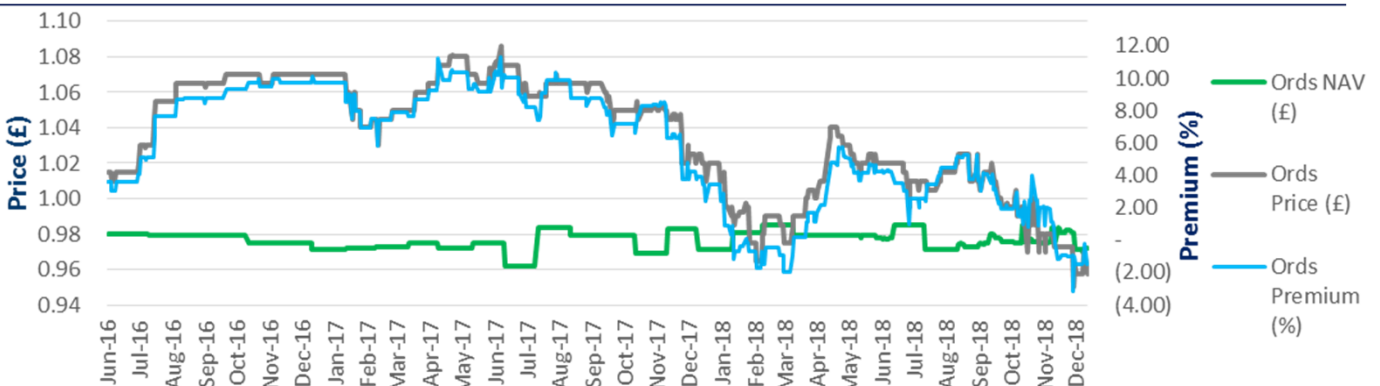
Ordinary Share Performance and Dividend Summary with Portfolio Composition

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%	-0.23%	-
2017	0.08%	0.06%	0.22%	0.36%	0.34%	0.46%	1.95%	-0.98%	0.48%	0.54%	1.36%	0.84%	5.71%	-
2018	0.53%	0.34%	0.37%	0.37%	0.40%	0.40%	0.13%	0.35%	0.59%	0.46%	0.46%	0.32%	4.69%	10.17%

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%	-1.42%	0.48%	2.95%	-0.47%	0.47%	-0.23%	0.71%	0.00%	0.00%	-0.48%	-1.91%	-0.46%	-
2018	-3.41%	0.51%	1.02%	5.05%	-0.98%	0.49%	0.49%	1.49%	-0.98%	-0.49%	-2.26%	-1.54%	-0.79%	5.95%

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	-	-	1.50p	-	-	1.50p	-	-	4.00p	-
2018	-	1.50p	-	1.50p	-	-	1.50p	-	-	1.50p	-	-	6.00p	10.20p

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



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