



HWSI REALISATION FUND LIMITED

Quarterly Report – 31 March 2020

Overview

HWSI Realisation Fund Limited (the “Company”) is the new name of Hadrian’s Wall Secured Investments Limited a Guernsey-domiciled, closed-ended investment company, whose shares are traded on the Main Market of the LSE. This name change was approved by shareholders at the Extraordinary General Meeting held on 20th March 2020. At that meeting shareholders also approved a change in the Company’s investment objective and investment policy to place the emphasis on realising maximum value from its current outstanding assets and returning cash to shareholders in an orderly manner. The Company does not expect to make any further investments except where circumstances arise in which the Board deems it necessary to protect or enhance the value of existing investments or facilitate orderly disposals.

To date the Company has invested in loans, which are predominantly secured upon a variety of asset types. The types of loans that the Company has invested in include general commercial loans to businesses, equipment finance, and loans to specialised finance companies

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

During the quarter the Company received a full repayment of £25.8m on its largest outstanding wholesale investment.

The Company continues to work with the Insolvency Practitioner responsible for the liquidation of Biomass Optimum Fuels and Biomass Premium Fuels, two wood pellet manufacturing businesses in England and Scotland respectively.

The company referred to in the Company Update of 17 December 2019 continues to make progress with its capital raise, albeit more slowly than anticipated, and the process is being monitored closely. Adverse developments on this loan could expose the Company to the risk of material loss.

The impact of Covid-19 on the Company’s income to the end of March 2020 was limited. However the Company expects that a number of its investments will be directly affected by the lockdown in the UK and the broader slowdown in the global economy. Ten loans representing £71.1m of outstanding principal have requested forbearance arrangements. As a consequence the Company has increased its loss provisions at 31 March 2020 by £2.7m to reflect the uncertainty created by the Covid-19 pandemic on the economy and its borrowers. It has also adjusted the risk ratings or expected losses on eight borrowers.

The remaining weighted average life of the portfolio at the end of March is estimated to be 1.6 years and expected to amortise as illustrated below. The weighted average annualised portfolio yield before expenses and excluding fees on invested assets is 8.38%. The Company continues to utilise £3.5m of its £5m revolving credit facility.

The Company declared a B-share capital distribution of 19 pence per Ordinary Share on 31 March which was paid in April 2020. No further distributions of income are anticipated with the emphasis now being on returning capital to shareholders on a timely basis.



Investment Portfolio | Largest Investments / Finance Company Concentrations (excluding IFRS 9 Provisions)

| Borrower Industry | Loan Amount (£) | % of NAV | Number of Loans | WAL |
|-------------------|-----------------|----------|-----------------|-----------|
| SME Receivables | 17,000,000 | 19.4% | 89 | 2.0 years |
| SME Leases | 16,519,721 | 18.8% | 3,744 | 1.3 years |
| SME Loans | 15,700,000 | 17.9% | 270 | 2.7 years |
| Engineering | 13,000,000 | 14.8% | 1 | 2.9 years |
| Property Trading | 10,500,000 | 11.9% | 1 | 0.9 years |
| Retail | 5,144,176 | 5.9% | 1 | 1.8 years |
| Utilities | 4,095,000 | 4.7% | 1 | 0.6 years |

Note: The net asset value 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 March 2020

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

Ordinary Shares

| | |
|---|--------------|
| Listing date | 20 June 2016 |
| ISIN | GG00BYMYC345 |
| Ticker | HWSL |
| Shares in issue | 143,499,667 |
| Share price | 47.00p |
| Market cap | £67.4m |
| Total net assets | £87.8m |
| NAV per share (after payment of the 19p capital distribution) | 61.20p |
| Gearing | 4.00% |

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 Brett Miller Nigel Ward |

The Company

HWSI Realisation Fund Limited
Le Truchot
St Peter Port
Guernsey GY1 1GR

Website

www.hadrianswallcapital.com/hwsil

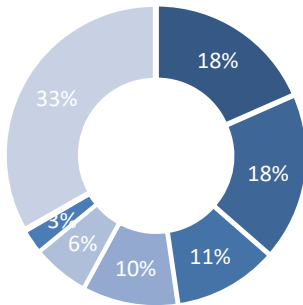
Contact Information

Ron Miao
Chief Operating Officer
Hadrian's Wall Capital Limited
rmiao@hadrianswallcapital.com
+44 (0)20 3026 8620



Investment Portfolio | Analysis

Borrower Industry



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

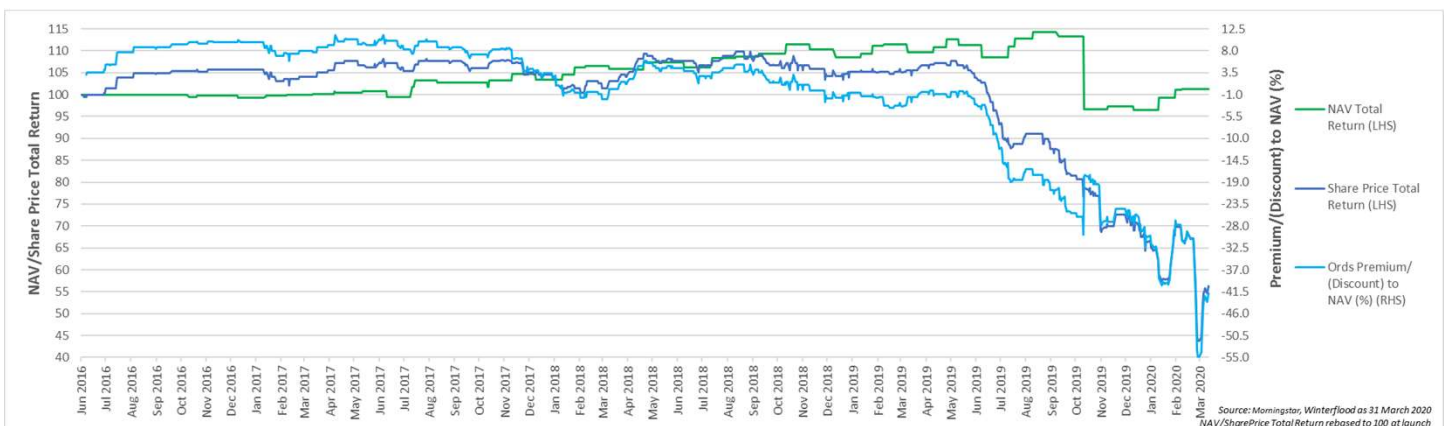
| | |
|---|-------------|
| Largest Individual Loan | 13,000,000 |
| Largest Originator Concentration | 19.36% |
| Portfolio Remaining Weighted Average Life | 1.6 years |
| Investment Yield Range | 7.50-17.50% |
| Weighted Average Yield on Invested Assets | 8.38% |

Ordinary Share Performance and Dividend Summary with Portfolio Composition

| NAV Performance (Cum Income / Capital Distribution) | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD | ITD |
|---|-------|-------|--------|-------|--------|--------|--------|--------|--------|---------|-------|--------|---------|--------|
| 2016 | - | - | - | - | - | - | -2.01% | -0.03% | -0.04% | -0.20% | 0.01% | 0.04% | -2.23% | - |
| 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% | 0.36% | 0.37% | 0.39% | 0.40% | 0.13% | 0.35% | 0.59% | 0.46% | 0.46% | 0.31% | 4.69% | - |
| 2019 | 0.39% | 0.29% | -0.01% | 1.05% | -1.18% | -0.04% | 1.40% | -0.24% | 0.70% | -13.05% | 0.61% | -0.40% | -10.48% | - |
| 2020 | 0.52% | 0.16% | -0.70% | - | - | - | - | - | - | - | - | - | -0.02% | -2.33% |

| 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 | - |
| 2019 | - | 1.50p | - | - | 1.50p | - | 1.50p | - | - | 1.50p | - | - | 6.00p | - |
| 2020 | - | 1.50p | - | - | - | - | - | - | - | - | - | - | 1.50p | 17.70p |

NAV Total Return, Share Price Total Return, Premium (Discount) since launch – Ordinary Shares



DISCLAIMER

This Report is intended solely for the information of the person to whom it is provided by the Company, Investment Adviser, Investment Manager or Administrator. This Report is not intended as an offer or solicitation for the purchase of shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this Report are not statements of fact and are subject to change, and neither the Company nor the Investment Adviser is under any obligation to update such opinions. Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated, the sources for all information contained in this report are the Investment Adviser and the Administrator. Information contained in this Report is believed to be accurate at the date of publication, but none of the Company, the Investment Adviser, the Investment Manager and the Administrator gives any representation or warranty as to the Report's accuracy or completeness. This report does not contain and is not to be taken as containing any financial product advice or financial product recommendation. None of the Company, Investment Adviser, Investment Manager and Administrator accepts any liability whatsoever for any loss (whether direct or indirect) arising from any use of this Report or its contents.