

RANGER

DIRECT LENDING¹



SEPTEMBER 2017

Net Assets (Cum Income)	\$238,759,876
Net Assets (Ex Income)	\$226,884,581
Monthly NAV Return Before Loss Reserve	0.71%
Monthly Loss Reserve	-0.49%
Monthly NAV Net Return	0.22%
Loan Loss Reserve Balance as % of NAV	-0.55%
YTD NAV Return ²	5.14%
Shares in Issue	16,122,931
Current Price Per Share ³	\$10.77 / £8.04
Issue Price	\$15.42 / £10.02
NAV Per Share (Cum Income)	\$14.81 / £11.05
NAV Per Share (Ex Income)	\$14.07 / £10.50
Premium/(Discount) to NAV (Cum Income)	-27.26%

FUND FACTS

Type of Fund	Closed End Fund
Listing	London Stock Exchange (Main Market – Premium Segment)
Dividend	Quarterly
NAV Calculation	As of last day of each month
Management Fee	1%
Performance Fee	10%
ISIN	GB00BW4NPD65

SERVICE PROVIDERS

Investment Advisor	Ranger Alternative Management II, LP
Administrator	Sanne Fiduciary Services Limited
Corporate Broker	Liberum Capital Limited
Auditor	Deloitte LLP
Custodian	Merrill Lynch
Registrar	Capita Asset Services
Company Secretary	Capita Company Secretarial Services Limited

BACKGROUND AND INVESTMENT OBJECTIVE

The investment objective of the Ranger Direct Lending Fund plc (the “Company”) is to generate attractive returns, principally in the form of quarterly income distributions, by acquiring a portfolio of debt obligations, including without limitation, loans, invoice receivables and asset financing arrangements (the “Debt Instruments”). Debt Instruments are generally originated or issued by direct lending platforms. A majority of the Debt Instruments in the portfolio are secured against assets and/or personal guarantees and have relatively short maturities (average 2 years).

Direct lending platforms are an increasing source of liquidity, in particular for small and medium sized enterprises and consumers. Opportunities are presenting themselves as banks continue to retreat from SME lending as a result of new regulatory requirements. Direct lending platforms will typically focus on a particular category of borrower and/or underlying industry asset class. By investing in Debt Instruments originated or issued by a number of different direct lending platforms, the Company seeks to reduce concentration and interest rate risk by constructing a diversified portfolio comprised of loans with differing industries, geographic areas and loan maturities.

INVESTMENT HIGHLIGHTS

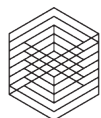
- Loan portfolio approximately 75% secured⁴ and diversified across multiple platforms.
- 12%-13% targeted unlevered annual returns (after accrual for loan loss reserves or write-offs and gross of fees and expenses to the fund) with respect to portfolio investments within the fund.
- 7%-10% targeted dividend on issue price, payable quarterly.
- AI software used in the selection of applicable investments.
- VC equity opportunities available for investment by the Company.

¹ Please refer to important disclosures on Page 4.

² As the fund is denominated in US dollars, all references to performance and balances are also in US dollars unless specifically noted otherwise.

³ Share price as at 30 September 2017.

⁴ A secured Debt Instrument is defined by the Company as a payment obligation in which property, revenue (including receivables), or a payment guaranty has been pledged, mortgaged or sold to the Company as partial or full security with respect to such obligation. However, investors are cautioned that the term “secured” does not imply that a debt instrument is not potentially subject to default or loss of principal; and the value of applicable collateral may either fluctuate, depreciate, or otherwise fail to provide the protection anticipated at the time of investment.



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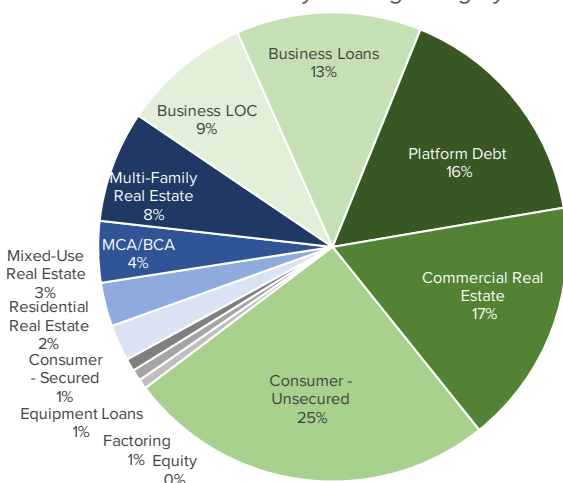


FUND PERFORMANCE¹

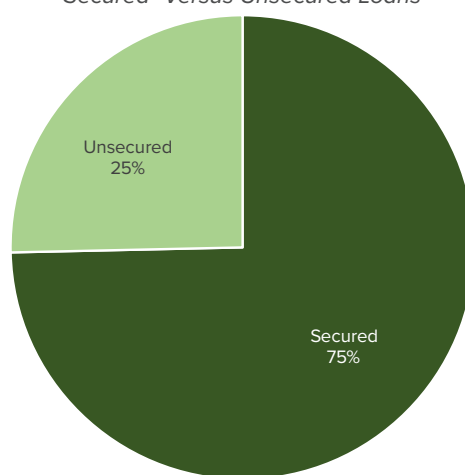
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
%NAV (Ordinary Share)	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%	0.82%	0.83%	-2.80%	5.54%
	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%				5.14%
Share Price (Ordinary Share)	2015					4.30%	1.63%	-0.71%	0.05%	0.66%	-0.66%	-1.23%	-1.44%	2.50%
	2016	-6.15%	-0.31%	-2.50%	2.14%	2.62%	-1.02%	6.19%	3.69%	3.56%	5.97%	-3.50%	-6.72%	2.93%
	2017	-0.19%	1.61%	3.27%	-17.90%	-5.46%	-4.61%	-0.58%	-5.84%	4.96%				-23.79%
Dividend Per Share (Ordinary Share)	2015											8.36p		8.36p
	2016		14.62p			20.45p			26.87p			27.67p		89.61p
	2017		28.51p				26.93p		24.62p					80.06p

PORTFOLIO COMPOSITION (EX CASH) AS AT 30 SEPTEMBER 2017

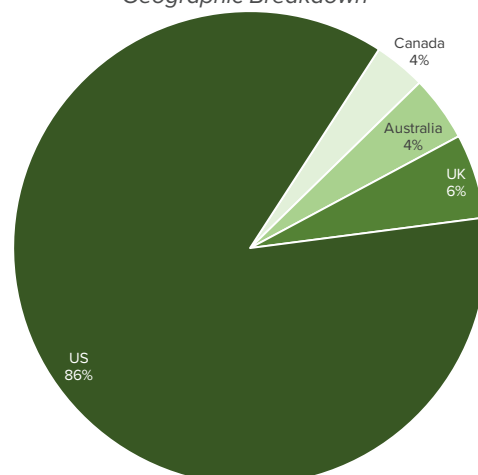
Investments by Lending Category



Secured² Versus Unsecured Loans



Geographic Breakdown

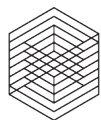


As explained in prior Company announcements, a portion of the Company's investment in the Princeton Alternative Income Fund ("Princeton") was used by Princeton to provide credit lines to Argon Credit ("Argon"). The Argon credit lines were assigned an investment category of Business Lines of Credit by the Company. Each of the Argon credit lines were secured by an over collateralised portfolio of unsecured consumer loans that Argon originated ("Argon Loans").

Following Argon's bankruptcy, Princeton has taken possession of a portion of the Argon Loans and has begun directly servicing them. Consequently, as at 30 June 2017, the Argon Loans that are now controlled by Princeton are being reclassified by the Company as Consumer Loans - Unsecured. As a result of this change, the allocation of unsecured consumer loans in the portfolio has increased by 7% as at 30 June 2017. Subsequently, Princeton has also taken control of the underlying loans from at least one other credit line. However, at this time there is insufficient information available to determine which RDL loan category reclassifications may be needed. The Company will continue to comply with its investment restrictions set out in investment policy, together with the subsequent directions issued by the Board which have previously been announced, and which apply at the time of investment when making further investments in Debt Instruments (whether directly or indirectly).

¹ Performance is presented cum income.

² A secured Debt Instrument is defined by the Company as a payment obligation in which property, revenue (including receivables), or a payment guaranty has been pledged, mortgaged or sold to the Company as partial or full security with respect to such obligation. However, investors are cautioned that the term "secured" does not imply that a debt instrument is not potentially subject to default or loss of principal; and the value of applicable collateral may either fluctuate, depreciate, or otherwise fail to provide the protection anticipated at the time of investment.



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MONTHLY COMMENTARY

The Ranger Direct Lending Fund plc (the “Company”) announces that in September 2017, the NAV for the Company’s ordinary shares appreciated by 0.71%, and after applying a loss reserve of 0.49%¹ netted a 0.22% appreciation. As at 30 September 2017, the cash and net platform receivables were \$21.4M or approximately 9% of NAV.

Lower net returns in September were due to a number of factors. The Company’s unsecured consumer portfolio continues to perform under the target return and the Company has begun discussions with other firms interested in purchasing part of the consumer loan portfolio at or near par. The SME platform that provides short-duration business cash advances also continued to show a decrease in income due to a number of loans affected by the recent hurricanes in Texas and Florida. The Company estimates that a majority of this portfolio will mature over the next few months. In September, the Company also incurred write-offs in two of the suspended portfolios (equipment finance platform and invoice-factoring platform) which equated to approximately 11 bps.

The Company currently expects to declare an interim dividend of USD 28.45 cents (approximately GBP 21.59 pence) per Ordinary Share for the third quarter². This anticipated dividend would bring the total for the four dividends paid in 2017 to 101.65 pence per Ordinary Share, which includes the Q4 2016 earnings that were declared in February 2017².

The Company is working with its auditor and fund administrator to determine the effects IFRS-9 will have to the Company in 2018. Since inception, the Company has implemented a loan loss reserve account and has complied with many elements of the new rule. The Company will update shareholders on the determination reached by all parties.

The Company is invested in debt instruments from multiple direct lending platforms within a diverse group of asset classes, including but not limited to real estate loans, SME loans, invoice receivables, and equipment finance³. The Company continues its geographic diversification by allocating capital to non-US lending platforms, which include investments in the UK, Australia and Canada, in total equal to approximately 14% of the portfolio as at 30 September 2017.

As noted in an announcement dated 1 November 2017, the Board, in conjunction with Ranger Alternative Management II, LP (the “Manager”), is in discussions with potential co-managers who could assist in and strengthen some or all aspects of the Manager’s current role and responsibilities, including identifying new lending categories, sourcing platform partnerships, conducting platform due diligence, structuring investments, portfolio management and back-office support.

No agreement has been reached in respect of any of these discussions and the Board will release further updates to the extent that any of these discussions materially progress.

Princeton Update

There are no new updates at this time that the Company can provide to shareholders regarding its investment in Princeton Alternative Income Fund Ltd (“Princeton”). The Princeton arbitration proceedings are progressing and have entered into the discovery phase. Through discovery, the Company is pursuing complete portfolio transparency.

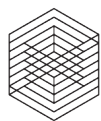
The proceedings date has been set to begin on Monday, 20 November 2017 and are expected to be completed by the end of November 2017 with a definitive ruling expected soon after. The proceedings will be heard by a three-arbitrator panel, and the outcome will be binding on each of the parties. The legal expenses for the Princeton arbitration from the Company reduced returns by 12 bps for the month of September. A favorable arbitration outcome may result in the Company recouping some or all legal fees incurred in connection with the Proceedings.

The Company will continue to update shareholders on its progress in realising the investment in Princeton through Corporate Update announcements and the monthly fact sheets produced at the time of publication of each net asset value.

¹Upon the commencement of each investment, the Company may assign a loss reserve that will be accrued over the term of such investment, or pool of investments, for the purpose of offsetting potential future write-offs that may be realised with respect to such investment. On the first page of this report, the Monthly and Cumulative Loss Reserve reflects the total of such accruals. With the portfolio maturing and anticipated write-offs being realised, the Investment Manager continues to actively manage the reserves.

²Based on an exchange rate of US\$1.3173:£1.00; this dividend has not yet been declared and is expected to be declared following the Board of Directors Meeting on 9 November 2017.

³As of September 30, 2017, debt instruments secured by real estate represented approximately 30% of the Company’s investment portfolio.



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IMPORTANT DISCLOSURES

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Past performance should not be seen as an indication of future performance. The value of investments and any income may fluctuate and investors may not get back the full amount invested. The views expressed are those of the Company’s investment manager, Ranger Alternative Management II, LP as at the time of writing. These are subject to change without notice and do not constitute investment advice. Although the Company and Ranger Alternative Management II, LP have used reasonable efforts to ensure the accuracy of the information contained in this newsletter, neither the Company nor Ranger Alternative Management II, LP make any warranties or representations with respect to the completeness or accuracy of the information set forth herein. Examples of investment process, risk management, due diligence, position sizes, diversification, leverage, assessment of risk and similar information (together, the “Investment Programme”) are presented as general guidelines used for illustration purposes only and are subject to change without notice to investors at any time at the sole discretion of the Ranger Alternative Management II, LP. In addition, the composition and size of, and risks associated with, current or future investments of the Company may differ substantially from examples set forth in this newsletter. Accordingly, actual implementation of the Investment Programme may vary from the examples presented herein.

All data in this newsletter is at or to the final day of the calendar month identified in the heading of the newsletter’s front page unless otherwise stated.

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Ranger Direct Lending Fund plc

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