

RANGER

DIRECT LENDING¹



JANUARY 2018

Net Assets (Cum Income)	\$216,681,574
Net Assets (Ex Income)	\$215,808,654
Monthly NAV Return Before Loss Reserve	0.66%
Monthly Loss Reserve	-0.23%
Monthly NAV Net Return	0.43%
Loan Loss Reserve Balance as % of NAV	-6.46%
YTD NAV Return ²	0.43%
Shares in Issue	16,122,931
Current Price Per Share ³	\$10.78 / £7.60
Issue Price	\$15.42 / £10.02
NAV Per Share (Cum Income)	\$13.44 / £9.48
NAV Per Share (Ex Income)	\$13.39 / £9.44
Premium/(Discount) to NAV (Cum Income)	-19.79%

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	Link Asset Services
Company Secretary	Link Company Matters 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

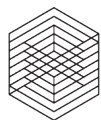
- Loan portfolio approximately 85% secured and diversified across multiple platforms⁴.
- 12%-13% targeted unlevered annual returns (after accrual for loan loss reserves or write-offs and gross of fees and expenses to the fund) with respect to portfolio investments within the fund.
- 7%-10% targeted dividend on issue price, payable quarterly.
- AI software used in the selection of applicable investments.
- VC equity opportunities available for investment by the Company.

¹Please refer to important disclosures on Page 5.

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

³Share price as at 31 January 2018.

⁴A 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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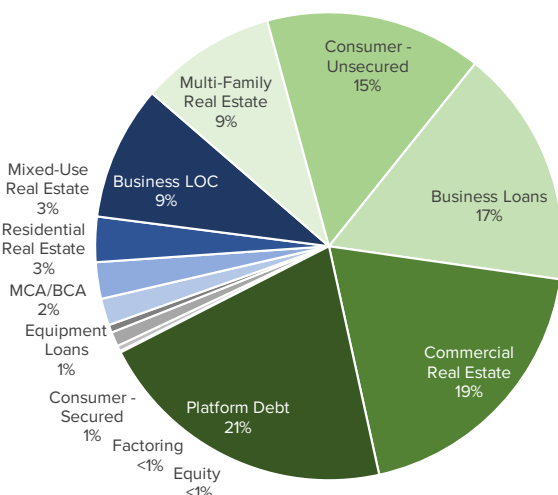


FUND PERFORMANCE¹

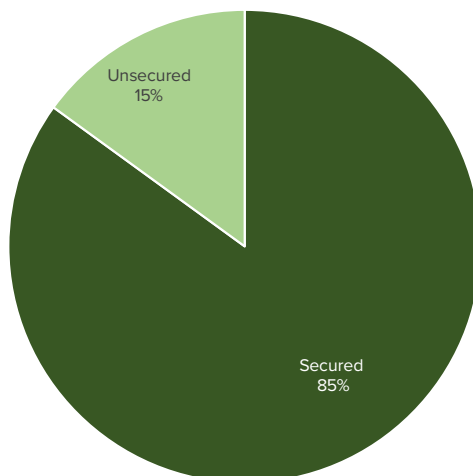
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
%NAV (Ordinary Share)	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%	0.82%	0.83%	-2.80%	5.54%
	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%	-8.32%	0.20%	0.48%	-2.95%
	2018	0.43%												0.43%
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%	-4.23%	-5.91%	-0.76%	-31.85%
	2018	5.70%												5.70%
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			21.70p		101.76p
	2018			24.14p										24.14p

PORTFOLIO COMPOSITION (EX CASH) AS AT 31 JANUARY 2018

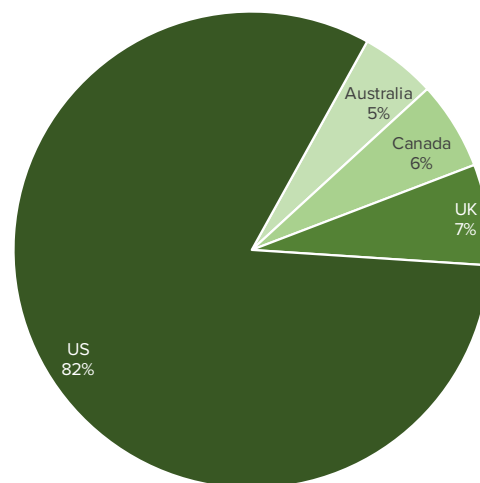
Investments by Lending Category



Secured Versus Unsecured Loans²

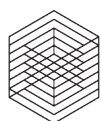


Geographic Breakdown



¹Performance is presented cum income.

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MONTHLY COMMENTARY

Ranger Direct Lending Fund plc (the “Company”) announces that in January 2018, the NAV for the Company’s ordinary shares appreciated by 0.43%¹. Without legal expenses related to the Princeton Arbitration Proceedings, which took place over four business days in January (-18 bps) and Princeton Income not accrued/reserved (-07 bps), the Company’s January NAV increase would have been 0.68%. As at 31 January 2018, the cash and net platform receivables were \$13.10M or approximately 6.1% of NAV. A breakdown of January’s NAV with and without the investment in Princeton is as follows:

RDL Return Before Legal / Reserve / Princeton		0.92%
Monthly Loss Reserve	-0.23%	
NAV Appreciation Before Princeton		0.68%
Princeton Legal Expenses	-0.18%	
Princeton Net Income Not Accrued / Reserved – January 2018	-0.07%	
Monthly NAV Net Return		0.43%

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 finance². The Company continued 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 18% of the outstanding principal of the portfolio as at 31 January 2018.

IFRS Implementation for the Company

IFRS 9 requires companies to make provisions based on future expected losses across their entire loan portfolio. Given the methodology the Company has applied in the past when interpreting IAS 39, the preliminary calculations as performed and reviewed by the Investment Manager and Fund Administrator implementing the new IFRS 9 standards show that any impact of the new standard will be immaterial for the Company. It should be noted that all IFRS 9 calculations will not be deemed final until completion of the 31 December 2017 audit.

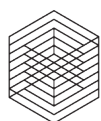
Other Updates

On 1 March 2018, the Directors of the Company declared an interim dividend of 24.14 pence per ordinary share (USD equivalent 33.61 cents per ordinary share) for the three month period to 31 December 2017. The dividend will be paid on 20 April 2018 to shareholders on the register as of 9 March 2018. The ex-dividend date is 8 March 2018.

The Board is actively engaged in the matters set out in the Company’s announcement of 29 January 2018, namely the ongoing external management arrangements process and, in conjunction with the investment manager, the independent valuation process³. Further announcements on these matters will be made as soon as practicable.

Princeton Update

The Company announced via previous monthly updates that the arbitration proceedings initially took place over 20 November 2017 to 30 November 2017 but were continued to a four-day period from 18 January 2018 in order to accommodate proposed testimony. The testimony is now substantially complete and the remaining witness testimony is estimated by the Company to require an additional two-day hearing period. These additional days have been scheduled and are expected to conclude by 9 March 2018. Following conclusion of the testimony, the parties will submit post hearing briefings and then the arbitration panel will have up to 30 days to make a determination in respect of its ruling.



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MONTHLY COMMENTARY CONTINUED

As previously described in the October 2017 NAV newsletter, the Company also sued MicroBilt and related parties in the Delaware Court of Chancery. The Princeton parties moved to force the Company to pursue the claims against MicroBilt and its related parties within the existing arbitration; and that motion was granted by the arbitration panel. As a result, the Company dismissed its claims in Delaware without prejudice and without waiving its rights to later seek review of the arbitration panel's decision compelling arbitration. The Company has refiled its claims in arbitration. The Company does not expect that the filing of such claims in arbitration will impede or delay the arbitration panel's decision with respect to the claims currently being pursued against Princeton or its General Partner. The MicroBilt proceedings continue to be conducted by the Company's attorneys on a contingency basis as previously announced.

ZDP Update (as at 31 January 2018)

Ticker	RDLZ
Shares in Issue	53,000,000
Accrued Capital Entitlement	£1.07
Share Price	£1.07
Prior Ranking Debt	Nil
Yield to Redemption (Based off initial issue price)	5%

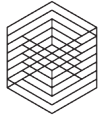
	Including Princeton (\$m)	Excluding Princeton (\$m)
January 2018 Cum-Income NAV	\$216.7	\$187.4
Estimated ZDP Liability 31 January 2018	\$80.3	\$80.3
Gross Assets	\$301.5	\$265.6
ZDP Final Capital entitlement ⁴	\$95.9	\$95.9
Estimated ZDP Cover	3.1x	2.8x

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.

²As at 31 January 2018, debt instruments secured by real estate represented approximately 34% of the Company's investment portfolio.

³The valuation consulting services will consist of certain limited procedures that the Company has identified and requested the independent valuation firm to perform. For clarity, the Company is ultimately and solely responsible for determining fair value of the investments in good faith. The identification of limited procedures on the appointment of an independent valuer is customary for such an appointment.

⁴The ZDP share final capital entitlement is not a guaranteed repayment amount.



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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.

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Ranger Direct Lending Fund plc

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