

11 June 2018

RANGER DIRECT LENDING FUND PLC (the "Company")

Management Review Process Update

On 1 May 2018 the Independent Directors of the Company announced that, following the conclusion of the management review process, Ares Capital Management III LLC ("**Ares**") was their preferred candidate to manage the Company going forward and that this appointment would be subject to a shareholder vote.

In the intervening period the Independent Directors have concluded commercial discussions with Ares and with the Company's existing investment manager, Ranger Alternative Management II, LP ("**Ranger**") in order that an efficient transitional period be implemented. Ares has also made a number of presentations to shareholders which have been well received. Over the course of the review process, the Company has had direct engagement with 14 shareholders representing in total 83.67 per cent of the Company's ordinary share capital, as well as ZDP shareholders that have requested meetings. As part of the dialogue with shareholders, certain investors requested sight of the Company's final draft circular on a wall-crossed basis prior to its publication. This process commenced on 4th June 2018 and the Company expected to publish the circular following regulatory approval on 12th June 2018.

The Independent Directors and their advisers continue to believe based on that engagement that a majority of shareholders are supportive of the merits of the Ares proposition to manage the Company going forward and would emphasise that they have not been informed of any change in sentiment from shareholders who are (and remain) supportive of the Ares proposal.

As at today's date, Oaktree Capital Management, LP ("**Oaktree**") and LIM Asia Special Situations Master Fund Limited ("**LIM**") together hold 29.44 per cent of the Company's share capital. This aggregate shareholding has significantly increased since the end of January (the period over which the management review has taken place).

For the Company to have a successful future under Ares' management, it requires a smooth realisation and reinvestment programme alongside encouraging new investor interest to reduce the discount, improve liquidity in the Company's shares and, in time, grow the Company. However, against the potential backdrop of calls by activist shareholders to change the board and call for a winding-up which can reasonably be expected should be Ares be appointed, Ares has notified the Board that it does not wish to take up the appointment of investment manager to the Company.

Given Ares' decision, the fact that Ares was the preferred candidate and that any other replacement manager would face the same issues, the Board has concluded that in the interests of certainty and protecting shareholder value the Company should move to realise its assets in an orderly manner. The Company's advisers concur with this view. However, the Independent Directors also remain of the view that it is wholly inappropriate for the Oaktree and LIM nominees to be elected to the board, given that their sponsors have led a campaign containing a significant number of inaccurate statements which has culminated in Ares' withdrawal. In consequence, other shareholders will not have the opportunity to vote on proposals that the Independent Directors continue to believe would create the greatest long-term value for shareholders as a whole.

In summary therefore -

1. The Company is withdrawing the proposal that Ares, subject to shareholder approval, be appointed as the Company's investment manager. The Independent Directors would like to put on record their gratitude to Ares for the commitment it has shown throughout this process.
2. The Board continues to recommend that shareholders vote against the Oaktree and LIM resolutions being voted on at the AGM on 19th June 2018 (Resolutions 8, 9, 10, 11 and 12) for the reasons set out below.
3. Provided that the current independent directors make up a majority of the board following the AGM, the Board will appoint additional independent non-executive directors following consultation with shareholders to assist with the winding up and the realisation of the Company's assets in an orderly manner.

Assuming the current independent directors continue to make up a majority of the board following the AGM, the Board will commence a dialogue with ordinary shareholders and ZDP shareholders about a portfolio realisation process and timetable for winding-up the Company. Any such process will also have full regard for the rights of the ZDP shareholders. In the meantime, the Board have instructed Ranger to consider how best to realise the portfolio in a manner that maximises value for all shareholders. The Board would emphasise that any process of orderly realisation of the portfolio needs to take into consideration the status of the legal proceedings currently in process in respect of the investment in Princeton and they intend for the Company to continue to actively engage in those proceedings with Ranger until their conclusion.

A further announcement will be made following the conclusion of the Company's AGM on 19 June 2018.

Oaktree

The Company notes that Oaktree published an open letter to shareholders last week which made several claims about the conduct of the Board.

The Independent Directors take particular note of Oaktree's assertion that the Board side-lined Oaktree's ability to participate in the process.

The Independent Directors and their advisers have attempted to have a dialogue with Oaktree throughout the process. Oaktree's first open letter to Company shareholders was written on 11th April 2018 and released publicly on 24th April 2018. The Independent Director's first formal engagement with Oaktree and its advisers took place on a conference call which occurred on 9th February 2018 and which was the first of a series of meetings and conference calls with Oaktree and its advisers. As can be seen from the open letter on 24th April 2018 (10 weeks after the initial discussions with Oaktree commenced) there is not one single reference to the Board not engaging with Oaktree. Indeed, the Oaktree letter published on 24th April 2018 refers to an invitation by the Independent Directors to Oaktree to participate in the management review.

In Oaktree's letter of 11th April 2018 they called into question, inter alia, the strength of resources and access to quality investments available to the Company. Between 12th April and 21st April 2018 there was a considerable time spent with Oaktree and its legal advisers discussing the basis upon which Oaktree were willing to be wall-crossed in advance of the publication of the review process findings (publication of which happened on 1st May 2018).

The Independent Directors were willing to share with Oaktree all then current information on the review process from 12th April 2018 and this was communicated to Oaktree.

The Independent Directors felt that they had strong answers to Oaktree's questions but as a matter of law, rather than an "ultimatum" as such, the information had to be shared under a proper wall-crossing procedure, the basis of which was entirely in Oaktree's control. Only Oaktree could decide the extent to which they wanted to receive information and when they were to receive it. The wall-crossing procedure took place on 21st April 2018 at which time Oaktree became aware of Ares potential involvement and ability to address key questions around resource and access to investments. Oaktree then made their letter to the Board public on 24th April 2018 and commenced direct engagement with Company shareholders.

The Board also notes that Oaktree insinuated that the Board and/or its advisors were conflicted by virtue of commercial relations or affiliations with Ares. The Board and its advisers have no such conflict.

The Independent Directors do not believe that Oaktree's nominees would best protect the interests of longer term shareholders in the Company in implementing a realisation of the portfolio. The Board therefore continues to recommend shareholders vote against the appointment of their nominees at the annual general meeting.

LIM

The Board would note that LIM received a presentation from Ares on 20th April 2018. Following this presentation, LIM wrote to the Company's adviser stating that it was willing to be supportive of the Ares proposition provided that it was given assurances on the constitution of the board going forward. The Ares presentation included all of the detail of the proposed Ares investment strategy which is no different from the strategy that LIM has subsequently criticised in public letters.

While LIM is of course permitted to change its views as a shareholder, the Board does not accept its claims around the process and merits of the Ares proposition, merits that LIM previously endorsed.

The Board would urge shareholders to note this in considering LIM's motivations in proposing nominees at the annual general meeting.

Recommendations

The Board believes that the best basis for an orderly wind up which maximises value for longer term shareholders rests with the Board, as supplemented by additional independent directors who will look to represent all shareholders' interests rather those proposed by individual shareholders.

The Board continues to recommend shareholders to vote against resolutions 8, 9, 10, 11 and 12 at the annual general meeting on 19 June 2018.

This announcement includes inside information.

For further information, please contact:

Link Company Matters Limited
Secretary

+44 (0)1392 477 510

Liberum Capital Limited
Joshua Hughes

+44 (0)20 3100 2000

+44 (0) 207 087 9100

Kinmont
Gavin Kelly

Media Enquiries
Redleaf Communications
Elisabeth Cowell
Robin Tozer

+44 (0)20 3757 6865

LEI: 549300VGZSKYQ7C2U221

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