RANGER
DIRECT LENDING[1]

JUNE 2018	
Net Assets (Cum Income)	$207,695,025
Net Assets (Ex Income)	$206,284,912
Monthly NAV Return Before Loss Reserve	0.27%
Monthly Loss Reserve	-0.41%
Monthly NAV Net Return	-0.14%
Loan Loss Reserve Balance as % of NAV	-6.60%
YTD NAV Return[2]	0.71%
Shares in Issue	16,122,931
Current Price Per Share[3]	$10.56 / £8.00
Issue Price	$15.42 / £10.02
NAV Per Share (Cum Income)	$12.88 / £9.76
NAV Per Share (Ex Income)	$12.79 / £9.70
Premium/(Discount) to NAV (Cum Income)	-18.06%

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 89% secured and diversified across multiple platforms[4].
- 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.

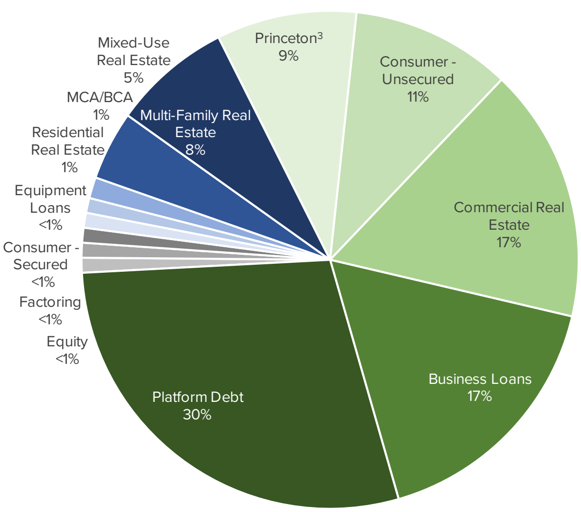
[1]Please refer to important disclosures on Page 6.
[2]As the fund in denominated in US dollars, all references to performance and balances are also in US dollars unless specifically noted otherwise.
[3]Share price as at 30 June 2018.
[4]A secured Debt Instrument is defined by the Company as a payment 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.

FUND PERFORMANCE[1]

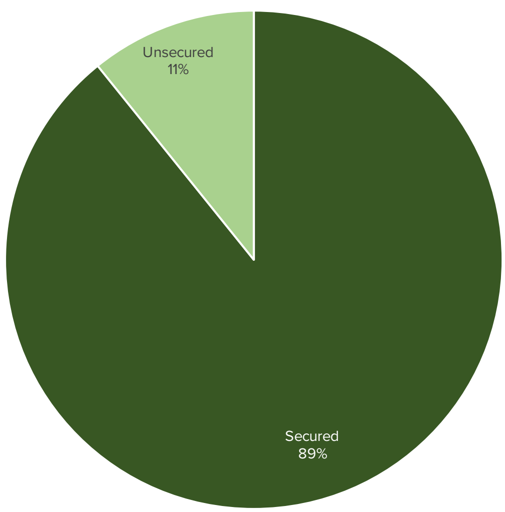
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
%NAV (Ordinary Share)	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%	0.82%	0.83%	-2.80%	5.54%
	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%	-8.32%	0.20%	0.48%	-2.95%
	2018	0.43%	0.31%	0.01%	0.17%	-0.07%	-0.14%							0.71%
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%	-3.95%	-0.82%	10.64%	-0.87%	0.76%							11.27%
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			19.79p							43.93p

PORTFOLIO COMPOSITION (EX CASH)
AS AT 30 JUNE 2018

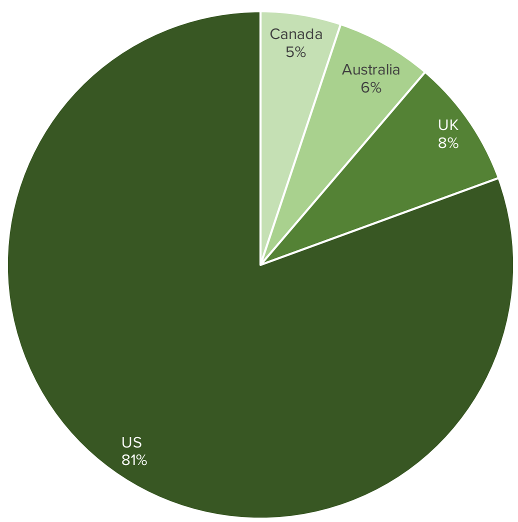
Investments by Lending Category



Secured Versus Unsecured Loans[2]



Geographic Breakdown



[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.*
[3]*Please reference the Monthly Commentary for additional information.*

RANGER
DIRECT LENDING

MONTHLY COMMENTARY

As announced on 27 July 2018, the Board of Directors for Ranger Direct Lending Fund plc (the “Company”) disclosed directorate changes. The Board announced that Dominik Dolenec will serve as Executive Chairman of the Company and Brett Miller assumed the role of Executive Director for an interim period to assist with the day to day management of the fund on its approach to wind down. Both positions went into effect on 26 July 2018. The Board continues to focus on the realisation of the Company in an orderly manner and the return of capital to shareholders.

The Company announces that in June 2018, the NAV for the Company’s ordinary shares fell by -0.14%[1]. The Princeton Alternative Income Fund LP (“Princeton”) reported a significant loss in June which equated to -37 bps. Without this loss and Princeton legal expenses (-7 bps), the Company’s June NAV increase would have been 0.29%. In June 2018, the loss reserve for two previously impaired real estate loans from the Company’s Real Estate Lending Partner was increased by $400,000 in anticipation of expected write-offs in July as noted below. Additionally, there was an increase to the loss reserves by $100,000 in the asset value of an international loan from the Company’s International SME Lending Platform.

The Company currently has 5 real estate loans in Default/Impairment Status with an approximate carrying value of $14.8 million. A brief summary of these loans is as follows:

- Two properties are currently in contract status ($8.2 million carrying balances) with expected close dates in Q4 2018 and Q1 2019. The Company will take a $400,000 write-off in July 2018 for these properties due to lower projected recovery prices than previously expected.
- Foreclosure proceedings for two properties with carrying values of $5.1M were completed. Properties will be re-marketed with expected close dates in Q4 2019. The Company will take a $300,000 write-off on one of these properties in July 2018 also due to lower projected recovery prices than previously expected.
- One property with a carrying value of $1.5M is currently in foreclosure and is expected to close in late 2019.

As at 30 June 2018, the cash and net platform receivables were $10.58M or approximately 5.1% of NAV. A breakdown of June’s NAV calculation is as follows:

RDL NAV Return Before Legal / Reserve / Princeton		0.70%
Monthly Loss Reserve	-0.41%	
NAV Appreciation Before Princeton		0.29%
Princeton Legal Expenses	-0.07%	
Princeton Net Loss - June 2018	-0.37%	
Monthly NAV Net Return/(Loss)		-0.14%

It should be noted that in most prior months, Princeton had been reporting net interest income[2]. Since January, the Company has been recording the Princeton interest income as a revenue item, with a corresponding default reserve, thereby having a zero net effect on the NAV.

For the month of June, Princeton recorded a net loss in their monthly statement without explanation as to what generated the loss. Therefore, at this time the Company cannot determine if this loss was pursuant to a cash effect (eg, from legal fees, extraordinary overhead expenditures at the Princeton fund level, etc.) or if it was a non-cash item (eg, an additional impairment, a reversal of income recorded in a prior period, etc.). At the time the Company begins to receive more detailed expense information from Princeton, the Company can share that with the RDL shareholders.

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 finance[3]. The Company has 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 19% of the outstanding principal of the portfolio as at 30 June 2018. Nevertheless, the Company has recently suspended all new investments except for two existing platforms where the Company is the sole capital provider.

MONTHLY COMMENTARY CONTINUED

Princeton Update

As announced on 3 August 2018, the Company notes the following developments in the ongoing bankruptcy proceedings relating to Princeton Alternative Income Fund, LP ("Princeton") and its former general partner Princeton Alternative Funding, LLC.

As previously announced, the bankruptcy court ruled that portions of the Company's claims against Princeton and the general partner in pending arbitration proceedings could proceed and be fully adjudicated. The arbitration panel has now rendered a "Partial Final Award" on Phase I of the arbitration as follows:

1. Princeton breached the investment documents by failing to provide the required opt out rights on investments.
2. Princeton breached the investment documents by suspending the Company's redemption and withdrawal rights in circumstances where it was not permitted to do so.
3. Princeton breached the investment documents by failing to provide the information required under the terms of the investment documents.
4. Princeton breached its fiduciary duties.
5. The arbitration panel found insufficient evidence to find Princeton liable on the Company's claim of fraud and violations of 10b-5.

The arbitration panel awarded gross damages in the amount invested by the Company and the US domestic fund which is managed by the Company's investment manager, which is US$61.8 million, and adjusted that award to net damages totalling US$30.7 million, plus pre-judgment interest accruing from 30 November 2016. The damages award is attributable to both the Company's investment in Princeton as well as the investment by the US domestic fund, less the amount previously received as a return of principal (US$9.1 million), less the amount the Panel attributed to the Argon sidepocket in Princeton (US$22 million). In addition, the arbitration panel found that the Company and the US domestic fund are entitled to 99 per cent. of any distributions from the Argon sidepocket in Princeton.

Because the Bankruptcy Court limited its grant of relief from the automatic bankruptcy stay to the entry of a final award by the arbitration panel on these matters, the Company cannot presently seek confirmation and/or enforcement of the award without further relief from the Bankruptcy Court. The Company is unable at this time to determine whether Princeton's assets are sufficient to pay the entire judgment.

The Company will continue to pursue its claims in full against Princeton through the bankruptcy proceedings and it views the arbitration panel decision as a positive development that gives independent confirmation of the failings of Princeton and the General Partner to abide by their contractual and legal obligations. The Company is evaluating whether to seek relief from the automatic bankruptcy stay to pursue of Phase II of the arbitration – which seeks damages against certain individuals and entities other than Princeton. The bankruptcy court previously ruled that the automatic bankruptcy stay applies to Phase II, so that additional relief will be required to proceed.

MONTHLY COMMENTARY CONTINUED

ZDP Update (as at 30 June 2018)

Ticker	RDLZ
Shares in Issue	53,000,000
Accrued Capital Entitlement	£1.09
Share Price	£1.11
Prior Ranking Debt	Nil
Yield to Redemption (Based off initial issue price)	5%

	Including Princeton ($m)	Excluding Princeton ($m)
June 2018 Cum-Income NAV	$207.7	$179.2
Estimated ZDP Liability 30 June 2018	$76.3	$76.3
Gross Assets	$290.9	$262.3
ZDP Final Capital entitlement[4]	$89.2	$89.2
Estimated ZDP Cover	3.3x	2.9x

[1]Upon 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.

[2]As a result of the Arbitration Panel's judgement in July, the Company received an award for a liquidated claim effective as of November 2016, plus interest. Consequently, the treatment of this obligation due the Company may give cause to an accounting adjustment retroactively and/or prospectively as a result of that Arbitration Award. In addition, there is a risk that future litigation in the pending bankruptcy case which may challenge or alter any accounting treatment.

[3]As at 30 June 2018, debt instruments secured by real estate represented approximately 31% of the Company's investment portfolio.

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

IMPORTANT DISCLOSURES

This newsletter is published in the United Kingdom by Ranger Direct Lending Fund plc (the "Company"). It is provided for the purpose of information only, and if you are unsure of the suitability of this investment you should take independent advice. Net Asset Value (NAV) performance is not linked to share price performance and shareholders may realise returns that are lower or higher in performance.

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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