RANGER
DIRECT LENDING[1]

SEPTEMBER 2018	
Net Assets (Cum Income)	$202,775,067
Net Assets (Ex Income)	$203,226,270
Monthly NAV Return Before Loss Reserve	0.63%
Monthly Loss Reserve	-0.48%
Monthly NAV Net Return	0.15%
Loan Loss Reserve Balance as % of NAV	-7.15%
YTD NAV Return[2]	-0.21%
Shares in Issue	16,122,931
Current Price Per Share[3]	$10.17 / £7.80
Issue Price	$15.42 / £10.02
NAV Per Share (Cum Income)	$12.58 / £9.64
NAV Per Share (Ex Income)	$12.60 / £9.66
Premium/(Discount) to NAV (Cum Income)	-19.11%

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)[4].

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. Notwithstanding the above, the Board of Directors has instructed the Investment Manager to cease making new investments and to liquidate the portfolio in an orderly and timely manner with a view to maximising returns to shareholders.

[1]Please refer to important disclosures on Page 7.
[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 September 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.

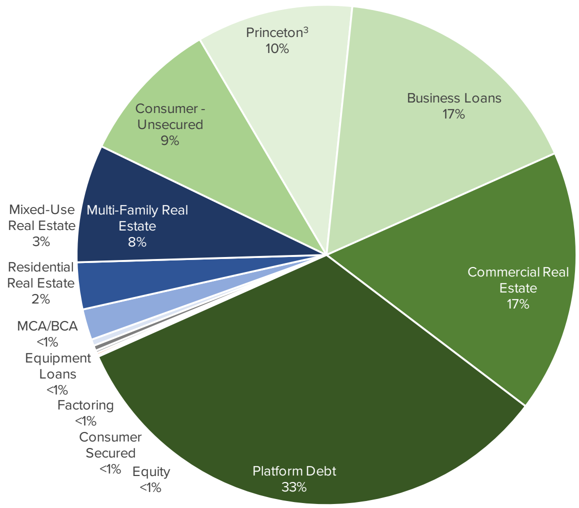
RANGER
DIRECT LENDING

FUND PERFORMANCE[1]

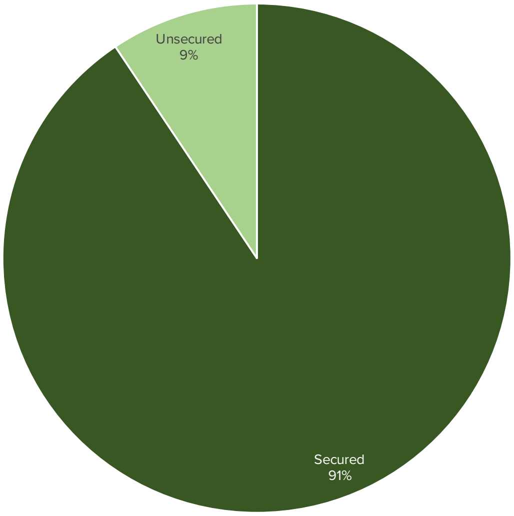
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
%NAV (Ordinary Share)	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%	0.82%	0.83%	-2.80%	5.54%
	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%	-8.32%	0.20%	0.48%	-2.95%
	2018	0.43%	0.31%	0.01%	0.17%	-0.07%	-0.14%	-1.19%	0.13%	0.15%				-0.21%
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%	-2.50%	-0.51%	0.52%				8.48%
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			17.55p				61.48p

PORTFOLIO COMPOSITION (EX CASH)
AS AT 30 SEPTEMBER 2018

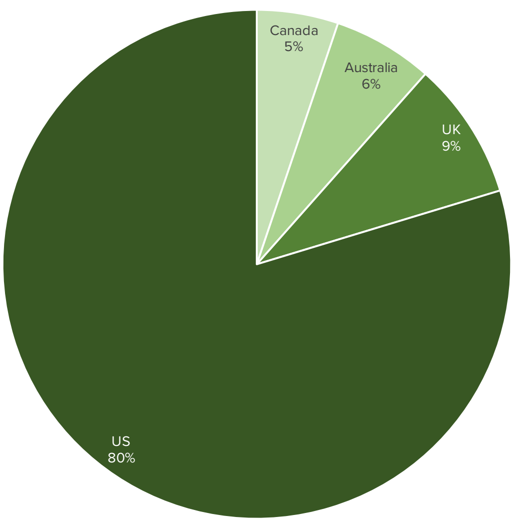
Investments by Lending Category



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. Data as at 30 June 2018.

RANGER
DIRECT LENDING

MONTHLY COMMENTARY

The Company announces that in September 2018, the NAV for the Company's ordinary shares appreciated by 0.15%[1]. Princeton legal expenses and professional fees for the month decreased returns by -10 bps, which were all attributed to Princeton bankruptcy proceedings. In addition to legal expenses and professional fees and as further described below, the Company also marked down the Company's Consumer Receivables Platform by -33 bps of NAV to fair market value using the bid price for loans sold in October. As at 30 September 2018, the cash and net platform receivables were $24.46M or approximately 12.1% of NAV.

As announced on 29 October 2018, the Company published a circular regarding Proposals for (i) a Managed Wind-Down of the Company through Amendments to the Investment Policy and Investment Objective, (ii) Proposed Amendment to the Company's Remuneration Policy and (iii) Proposed Amendment to the Articles of Association, together with a notice of general meeting. The General Meeting is to be held at 2.00pm on 16 November 2018 at 10 Snow Hill, London, EC1A 2AL.

Portfolio Update

The Board and the Investment Manager are continuing discussions with certain of the platforms through which the Company invests, as well as potential counterparties in connection with disposing and/or re-financing of the Company's investments in an orderly manner. The Company is aiming to maximise risk-adjusted IRRs to its shareholders. Particular attention is paid to cost management, accountability and interest alignment.

Please find below Gross Asset Values as at 30 September 2018:

Consumer Receivables Platform	$19,750,384
SME/CRE Lending Platform	$55,042,720
Real Estate Platform	$53,573,674
SME Lending Platform (secured by vehicle service contracts)	$47,841,028
International SME Platforms	$38,966,006
Canadian SME Lending Platform	$13,881,914
Remaining Five Platforms	$2,602,079
Loans held at amortised cost	$231,657,805
Princeton	$28,534,656
Other asset	$300,000
Financial assets at fair value through profit or loss	$28,834,656
Deferred tax asset	$80,669
Derivative assets	$942,429
Cash and net platform receivables	$24,463,916
Prepayments and other receivables	$363,754
Gross assets as at 30 September 2018	$286,343,229

RANGER
DIRECT LENDING

MONTHLY COMMENTARY CONTINUED

As announced on 24 October 2018, in connection with this process, the Company entered into an agreement to sell the current receivables held by it that were originated by the Consumer Receivables Platform (the "Receivables"). Pursuant to the terms of the sale agreement, the Company received a blended rate equal to 96.5 per cent. of par for all Receivables that were held by the Company (in addition to all accrued but unpaid interest attributable to such Receivables) which were either current or up to 30 days delinquent. The aggregate purchase price for the Receivables was US$18,156,865. As of the calculation date for the transaction, the Receivables had a principal balance of $18,815,404. The above noted purchase payment was paid on 23 October 2018. In addition to the sale of performing loans, the Company worked with the same Consumer Receivables Platform and sold in October a small portfolio of charged off loans for an amount equal to $191,235, after the deduction of applicable fees.

The Company has a residual balance of $1.6M originated by the Consumer Receivables Platform that was not sold. The balance includes all loans that are more than 30 days late. The Consumer Receivables Platform has a reserve balance of $228k.

The Company would like to provide the following update on the remaining portfolio (investment balances are as at 30 September 2018 and are calculated as outstanding principal + interest receivable – allowance for loss reserves):

- After having received a series of bids that fell short of our reserve price, the Company plans to retain the exposure to its largest SME/CRE Lending Platform on the balance sheet as the underlying loans run off. This does not rule out a partial or complete sale at a later point in the future. The investment balance for this platform is $55M.
- The Company has entered an agreement with its largest Real Estate Platform whereby the latter will offer individual performing loans to their existing clients and other new possible investors at par. In our view, this is the most efficient and cost-effective way of realizing this exposure. In October, $6.7M in loans were paid off in this way. The investment balance for this portfolio at the end of September was $53.6M, of which the defaulted loans in recovery constitute $14.4M.
- The Company's funding notes purchased from the SME Lending Platform and secured by vehicle service contracts are under review for purchase with several prospective buyers. There can be no certainty that a transaction will close. The investment balance is $47.8M and the Company is this platform's sole capital provider. In May the Company also extended a $4.5M loan to this platform to finance an acquisition. This loan falls due in May 2019 and is among other things secured with share pledges over several operating entities of the SME Lending Platform. This loan is included in the investment balance of the SME/CRE Lending Platform above.
- The Company has been supportive of the International SME Platform's efforts to find a new lending partner to transition the Fund's credit facility. We are advised that this transition is anticipated to close in the coming 4-8 weeks with the Fund's exposure re-financed at par. The investment balance for this platform is $39.0M.
- The Company continues discussions with individual borrowers whose loans were originated by its Canadian SME Lending Platform. To remedy issues previously undisclosed by the service provider, the Company has taken over servicing of the portfolio and is restructuring the payment obligations of a material portion of the underlying borrowers. The Company currently expects collection action will be necessary against individual borrowers representing 9.6% of the investment balance, noting that this percentage may increase over time. The investment balance for this platform is $13.9M.
- At present the Company continues to carry its Princeton exposure at $28.5M, however important further commentary is provided in the section below. As previously reported, the new Board and the Investment Manager have refocused and intensified the Company's recovery efforts by using all legal and commercial means at its disposal to maximise recoveries on a risk-adjusted basis.
- The remaining five platforms make up less than 2% of the overall portfolio and will continue to be run off, unless an attractive bid for each portfolio is received by the Company. The combined investment balance for these five platforms is $2.6M.

RANGER
DIRECT LENDING

MONTHLY COMMENTARY CONTINUED

Further to the announcement made on 24 October 2018 regarding the sale of the current receivables held by the Company that were originated by the Consumer Receivables Platform (RNS: 0262F), the Directors have approved the distribution of the bulk of the proceeds of this sale to the Company's shareholders by way of a special dividend of 85 pence per ordinary share (equivalent US$1.10 per ordinary share) (the "Special Dividend"). The Special Dividend will be paid on 16 November 2018 to shareholders on the register as of 2 November 2018. The ex-dividend date is 1 November 2018. This Special Dividend is in addition to the Q2 2018 dividend which was announced within the Company's Half Year Report on 25 September 2018 and is payable on 8 November 2018.

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[2]. The Company has recently suspended all new investments except for two existing platforms where the Company is the sole capital provider.

Princeton Update

As announced on 7 November 2018, on 6 November 2018, the United States Bankruptcy Court for the District of New Jersey entered a ruling granting the Company's motion for the appointment of a Chapter 11 Trustee in the bankruptcy cases of Princeton Alternative Income Fund ("Princeton") and its manager Princeton Alternative Funding. The Court will direct the Office of the United States Trustee to effectuate the appointment of a Trustee. The Office of the United States Trustee will allow the Company and its affiliates to suggest candidates to serve as the Chapter 11 Trustee. However, the United States Trustee retains the discretion to make the final selection and appointment. Among other things, the Court found that the existence of irreconcilable conflicts of interest between the Princeton fund and its insider management and the existence of an outstanding claim filed in the cases by the Securities and Exchange Commission required an independent Trustee to be appointed. In the interim period, the Company will request that the Court enter an order requiring Princeton to maintain the status quo and operate in the ordinary course of business, to prohibit further investments by Princeton and to preserve all business records and electronically stored information. The Company cannot predict the likelihood as to whether the Court will enter its requested Order. Upon his or her appointment, the Trustee will displace current management and assume control over Princeton and its assets. The Company looks forward to working constructively with the Trustee to effectuate an orderly recovery of our shareholders' capital. The Company will provide further update upon the appointment of the Princeton Trustee.

As part of the Chapter 11 bankruptcy process, the Company is entitled to receive information relating to Princeton Alternative Funding's assets under management (including the assets held by Princeton). The Company has received certain, albeit limited, information regarding the assets of Princeton pursuant to this process.

Although the Company does not yet have sufficient information to form an opinion on the value of such underlying assets, it does believe that based on the information available: (i) there is a possibility that the values asserted by Princeton may be incorrectly estimated and overstated, and (ii) the implementation of a protective impairment in the value of its investment is warranted.

The Company will continue to work on determining the amount of the protective impairment to its net asset value as it further evaluates the information at its disposal and any additional information received pursuant to the Chapter 11 proceedings. A further announcement will be issued by the Company as soon as the final amount of the impairment is set.

RANGER
DIRECT LENDING

MONTHLY COMMENTARY CONTINUED

ZDP Update (as at 30 September 2018)

Ticker	RDLZ
Shares in Issue	53,000,000
Accrued Capital Entitlement	£1.10
Share Price	£1.12
September 2018 Cum-Income NAV	£155.5
Estimated ZDP Liability 30 September 2018	£58.5

	Including Princeton (£m)	Excluding Princeton (£m)
September 2018	£214.0	£192.1
ZDP Redemption[3]	£67.6	£67.6
Estimated ZDP Cover	3.2x	2.8x

[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 at 30 September 2018, debt instruments secured by real estate represented approximately 30% of the Company's investment portfolio.
[3]The ZDP redemption is not a guaranteed repayment amount.

RANGER
DIRECT LENDING

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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