

RANGER

DIRECT LENDING¹



OCTOBER 2018

Net Assets (Cum Income)	\$184,629,636
Net Assets (Ex Income)	\$185,576,017
Monthly NAV Return Before Loss Reserve	0.41%
Monthly Loss Reserve	-0.67%
Monthly NAV Net Return	-0.26%
Loan Loss Reserve Balance as % of NAV	-7.81%
YTD NAV Return ²	-0.48%
Shares in Issue	16,122,931
Current Price Per Share ³	\$10.15 / £7.96
Issue Price	\$15.42 / £10.02
NAV Per Share (Cum Income)	\$11.45 / £8.98
NAV Per Share (Ex Income)	\$11.51 / £9.02
Premium/(Discount) to NAV (Cum Income)	-11.35%

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

Upon conclusion of the current Manager's Investment Advisory Agreement, the Company will be managed, either by a third party non-EEA investment manager or internally, by the Company's board of directors with the intention of realising all remaining assets in the Portfolio, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its Shareholders in an orderly manner and meeting the obligations of the Company to ZDPco in respect of the ZDP Shares or purchasing ZDP Shares to reduce those obligations in advance of the final date for payments on the ZDP Shares.

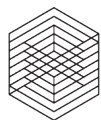
The Company pursues a Managed Wind-Down with a view to realising all of the Investments in a manner that achieves a balance between maximising the value received from Investments and making timely returns to Shareholders. The Company may sell its Investments either to co-investors in the relevant Investment or to third parties, but in all cases with the objective of achieving the best available price in a reasonable time scale.

As part of the realisation process, the Company may also exchange existing Debt Instruments issued by any Direct Lending Platform for equity securities in such Direct Lending Platform where, in the reasonable opinion of the Board, the Company is unlikely to be able to otherwise realise such Debt Instruments or will only be able to realise them at a material discount to the outstanding principle balance of that Debt Instrument.

¹Please refer to important disclosures on Page 6.

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 October 2018.



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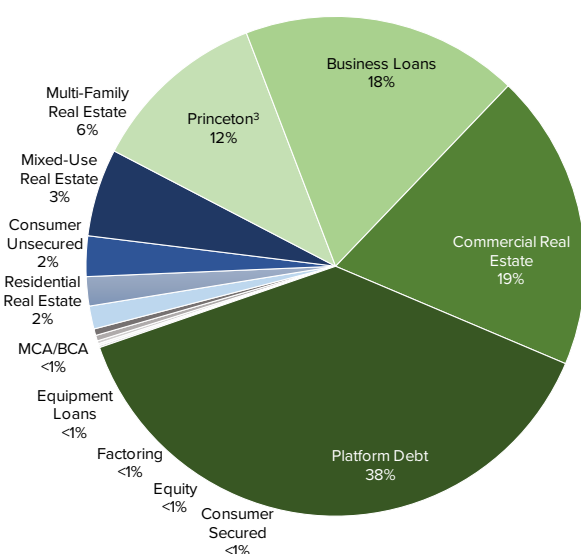


FUND PERFORMANCE¹

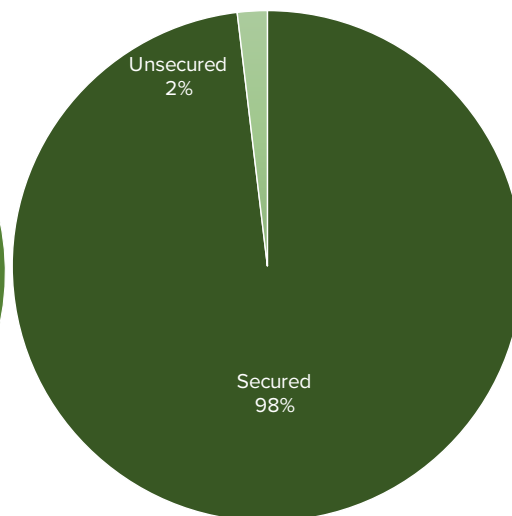
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
%NAV (Ordinary Share)	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%	0.82%	0.83%	-2.80%	5.54%
	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%	-8.32%	0.20%	0.48%	-2.95%
	2018	0.43%	0.31%	0.01%	0.17%	-0.07%	-0.14%	-1.19%	0.13%	0.15%	-0.26%			-0.48%
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%	2.05%			10.71%
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			14.28p	85.00p			143.21p

PORTFOLIO COMPOSITION (EX CASH) AS AT 31 OCTOBER 2018

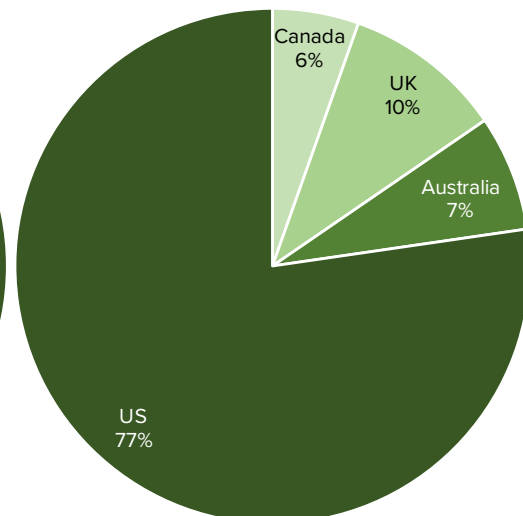
Investments by Lending Category



Secured Versus Unsecured Loans²



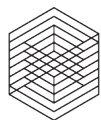
Geographic Breakdown



¹Performance is presented cum income.

²A 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.

³Please reference the Monthly Commentary for additional information. Data as at 30 June 2018.



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MONTHLY COMMENTARY

In October 2018, the NAV per share for the Company's ordinary shares fell by -0.26%. The loss was mainly due to the following factors: 1) additional write-offs and an increase in the loss reserve in the Company's Canadian SME Lending platform (-54 bps); 2) Princeton legal expenses (-10 bps); 3) currency FX and hedging (-2 bps); and 4) an expense attributed to an increase in Director's fees / Executive fees (-6 bps) as per the shareholder vote on 16 November 2018, and back-dated to 26 July 2018. As at 31 October 2018, the cash and net platform receivables were \$39.8M or approximately 21.5% 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. All Resolutions were passed on 16 November 2018.

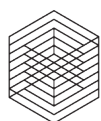
As announced on 12 November 2018, Jonathan Schneider has resigned as a director of the Company and the Company's subsidiary, Ranger Direct Lending ZDP plc. On 4 December 2018, Joe Kenary was appointed as a non-executive director of the Company. The directors of the Company are pleased to welcome Mr Kenary, who has extensive experience in the direct lending sector, to both boards.

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.

The Company would like to provide the following platform and portfolio updates (investment balances are as at 31 October 2018 and are calculated as outstanding principal + interest receivable – allowance for loss reserves):

- The Company has ceased making additional investments in the SME Lending platform that is secured by vehicle service contracts. The investment balance as of 31 October 2018 was \$47.8M. The combination of the loss in volume from the reduced number of new contracts generated (due to the cessation of funding) and losses in related entities has had an adverse effect on the LTV, representing a material breach of the LTV requirement. Additionally, the platform has failed to make certain mandatory prepayments and update its financials within the period permitted by the Master Loan Agreement. These factors would entitle the Company to declare an event of default pursuant to its Master Loan Agreement. The platform has recently found a new funding source for new vehicle service contracts and has further offered a revised repayment schedule and security package which is under review by the Company. The Company's funding notes purchased from the SME Lending Platform and secured by vehicle service contracts are under review for purchase with one prospective buyer, but there can be no certainty that a transaction will close. Finally, 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 below.
- The Company has begun discussions with the SME/CRE Lending platform to allow the platform to sell the Company's loans to its existing and new investors. Three loans matured but cash has not yet been received. The investment balance for this platform at 31 October was \$53.6M.
- The Company continues to work with the Real Estate platform to offer individual performing loans to the platform's existing and new investors. The investment balance for this platform at 31 October was \$42.3M, of which the defaulted loans in recovery constitute \$14.4M. Since 1 November 2018 the Real Estate platform has sold and received payment on one loan totaling \$1.8M. This loan was sold at or near par. With the short-duration of the Real Estate platform's loans, an additional two loans matured during this time totaling \$0.9M and were paid off.
- The Company remains supportive of the International SME platform's efforts to find a new lending partner to transition the Fund's credit facility. The Company has been advised that the International SME platform is in final stages of documenting a proposed transaction with a prospective lender; and that such transaction could close in the near future. The investment balance is \$38.1M.
- 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 in order to maximize payments. In October the Company increased its loss reserves on this portfolio by \$1M CAD and \$0.5M U.S. (for U.S. loans originated by platform). As of October 31, 2018, outstanding loans represented \$12.4M. 30% of the portfolio represents loans that are in the process of being restructured, 10% of the portfolio represents non-performing loans of which the Company is in process of exercising its rights, and



MONTHLY COMMENTARY CONTINUED

60% of the portfolio represents loans which are performing in accordance with original or restructured terms (including loans of which no payment is yet due under their original terms).

- The remaining six platforms that make up less than 2% of the overall portfolio continue to wind-down and the combined investment balance for these portfolios is \$2.8M.

Princeton Update

On November 6, 2018, the United States Bankruptcy Court for the District of New Jersey granted the Company's motion for the appointment of a chapter 11 Trustee in the bankruptcy cases of Princeton and directed the United States Trustee to appoint a chapter 11 Trustee. 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. The United States trustee appointed Matthew Cantor as chapter 11 Trustee and the Bankruptcy Court entered an order approving the appointment. Mr. Cantor, the Trustee, is an experienced financial professional and served as Chief Counsel for Lehman Brothers Holdings, Inc. Upon his appointment, the Trustee displaced current management and assumed control over Princeton and its assets. The Trustee has retained legal and financial professionals and is currently evaluating the fund assets and formulating a plan of liquidation. The Company looks forward to working constructively with the Trustee to effectuate an orderly recovery of our shareholders' capital. The Princeton fund, as former debtor-in-possession, and Microbilt Corporation appealed the order of the Bankruptcy Court appointing the Trustee to the United States District Court. However, on December 3, 2018, the Bankruptcy Court denied the joint motion of the Princeton fund and Microbilt for a stay of the order appointing the Trustee pending the appeal. Accordingly, the trustee and his professionals remain in place and continue to move forward with the orderly liquidation process.

ZDP Update

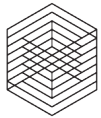
As of 14 December 2018 the Company held 7,278,193 Zero Dividend Preference shares. The Board of the Company has recently passed a resolution to waive the Company's entitlement to the accrued principal on its ZDP holdings up to 14 December 2018. This has been reflected in the below calculation of the Estimated ZDP Cover.

Ticker	RDLZ
Shares in Issue	45,721,807
Accrued Capital Entitlement (IFRS 9)	£1.11
Accrued Capital Entitlement (legal entitlement without issue cost)	£1.12
Share Price	£1.13
October 2018 Cum-Income NAV	£144.8
Estimated ZDP Liability 31 October 2018 (IFRS 9)	£58.8

	Including Princeton (£m)	Excluding Princeton (£m)
October 2018	£203.6	£181.2
ZDP Redemption ¹	£59.4	£59.4
Estimated ZDP Cover	3.4x	3.0x

The Board would like to draw attention to the above Accrued Capital Entitlement calculated in accordance with the IFRS 9 accounting standard. The figure differs from the legal accrued capital entitlement (also shown above) due to the amortisation of issuance costs of approximately £609k over the life of ZDPs.

¹The ZDP redemption is not a guaranteed repayment amount.



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IMPORTANT DISCLOSURES

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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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