

RANGER

DIRECT LENDING¹



NOVEMBER 2018

Net Assets (Cum Income)	\$176,573,055
Net Assets (Ex Income)	\$185,578,921
Monthly NAV Return Before Loss Reserve	-0.20%
Monthly Loss Reserve	-4.17%
Monthly NAV Net Return	-4.36%
Loan Loss Reserve Balance as % of NAV	-12.44%
YTD NAV Return ²	-4.82%
Shares in Issue	16,122,931
Current Price Per Share ³	\$8.75 / £6.86
Issue Price	\$15.42 / £10.02
NAV Per Share (Cum Income)	\$10.95 / £8.59
NAV Per Share (Ex Income)	\$11.51 / £9.02
Premium/(Discount) to NAV (Cum Income)	-20.11%

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

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.

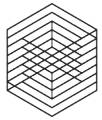
The Company pursues a Managed Wind-Down with a view to realising all of the Investments in a manner that achieves a balance between maximising the value received from Investments and making timely returns to Shareholders. The Company may sell its Investments either to co-investors in the relevant Investment 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 7.

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 30 November 2018.



RANGER

DIRECT LENDING

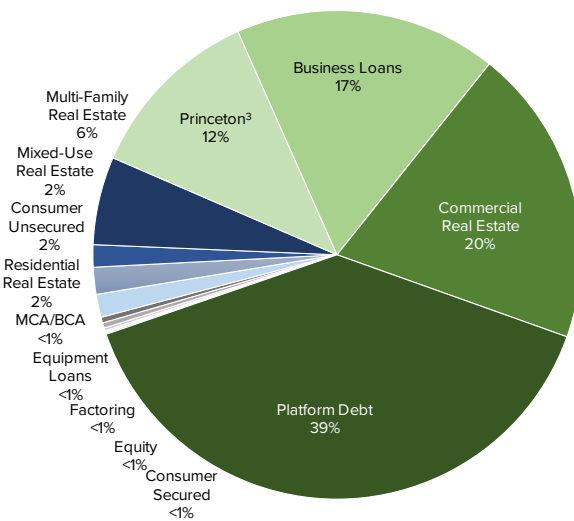


FUND PERFORMANCE¹

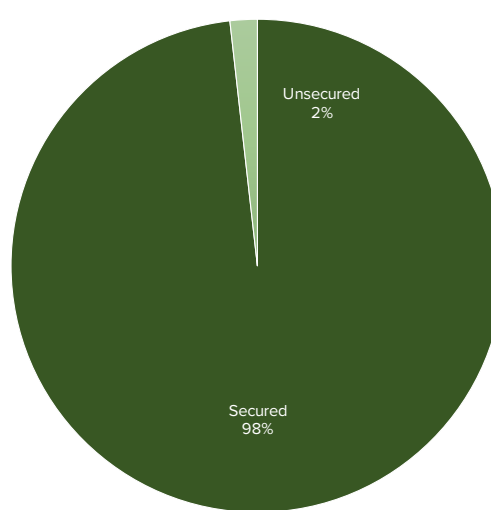
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
%NAV (Ordinary Share)	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%	0.82%	0.83%	-2.80%	5.54%
	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%	-8.32%	0.20%	0.48%	-2.95%
	2018	0.43%	0.31%	0.01%	0.17%	-0.07%	-0.14%	-1.19%	0.13%	0.15%	-0.26%	-4.36%		-4.82%
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%	-13.82%		-4.59%
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		145.00p	288.21p

PORTFOLIO COMPOSITION (EX CASH) AS AT 30 NOVEMBER 2018²

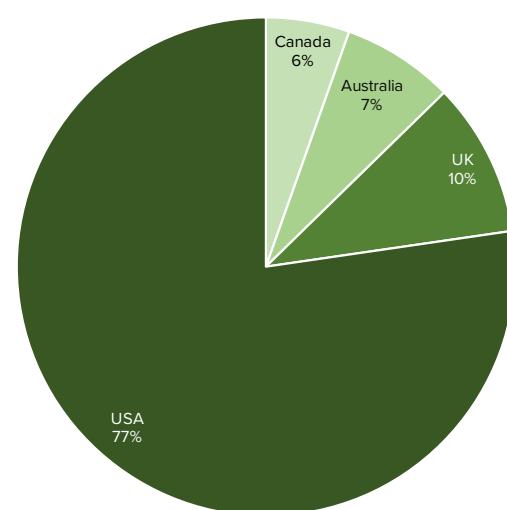
Investments by Lending Category



Secured Versus Unsecured Loans⁴



Geographic Breakdown

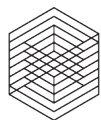


¹Performance is presented cum income.

²The charts above are computed using the outstanding principal balances as at 30 November 2018. These balances do not include interest receivable nor loss reserves as defined in the investment balances in the Portfolio Update commentary on pages 4 and 5.

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



RANGER
DIRECT LENDING



MONTHLY COMMENTARY

In November 2018, the NAV per share for the Company's ordinary shares fell by -4.36%. The loss was mainly due to the following factors: 1) additional increase in the loss reserve in the Company's Canadian SME Lending platform (-331 bps); 2) additional increase in the loss reserve in the SME/CRE Lending platform (-56 bps); 3) Princeton legal expenses (-17 bps); and 4) currency FX and hedging (-13 bps). As at 30 November 2018, the cash and net platform receivables were \$25.5M or approximately 13.8% of NAV.

As announced on 21 December 2018, the Directors of the Company are pleased to have declared a Special Dividend of £1.45 per ordinary share (equivalent US\$1.84 per ordinary share) (the "Special Dividend"). The Special Dividend was paid on 18 January 2019 to shareholders on the register as of 4 January 2019. The ex-dividend date was 3 January 2019. The Company has elected to designate all of the Special Dividend as a dividend distribution to its shareholders.

As announced on 15 January 2019, the Board is pleased to have announced that Joe Kenary, who has extensive experience in the direct lending sector and who was appointed to the Board as a non-executive Director on 4 December 2018, has assumed the role of Executive Director of the Company with immediate effect to assist with the day-to-day management of the Company on its approach to wind down.

The Company's New Investment Objective and Policy

Pursuant to a General Meeting of Ranger Direct Lending Fund plc (the "Company"), held on 16 November 2018, the Company adopted the following new Investment Objectives and Investment Policies (the "New Investment Objectives"):

New Investment Objective

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.

New Investment Policy

The Company will pursue its New Investment Objective by effecting a Managed Wind-Down with a view to realizing all of the investments in a manner that achieves a balance between maximizing 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 realization 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.

The following investment restrictions will apply to the Company:

The Company will cease to make any new investments or to undertake capital expenditure except, with the prior written consent of the Board and where:

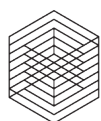
- The investment is a follow-on investment made in connection with an existing investment made in order to comply with the Company's pre-existing obligations; or
- Failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or
- The investment is considered necessary by the Board to protect or enhance the value of any existing investments or to facilitate orderly disposals.

Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders will be held by the Company as cash on deposit and/or as cash equivalents.

The Company will not undertake new borrowing other than for short-term working capital purposes.

ZDPco, the Company's subsidiary, has ZDP Shares in issue which are repayable on 31 July 2021. In order to facilitate the Company's realisation strategy the Company will be permitted to purchase ZDP Shares at the discretion of the Board.

Any material change to the New Investment Policy would require Shareholder approval in accordance with the Listing Rules.



RANGER
DIRECT LENDING



MONTHLY COMMENTARY CONTINUED

Termination of Management Agreement

The Company informed shareholders that it has received notice from its investment manager, Ranger Alternative Management II, LP (the “Manager”) that the Manager intends to terminate the investment management agreement between it and the Company with effect from 12 February 2019. Shareholders are reminded that the Company has previously served a termination notice on the Manager which takes effect on 1 May 2019 to the extent the agreement has not already been terminated.

The Board of the Company is evaluating the optimal approach for its management arrangements following the termination of the Manager’s appointment and will provide further updates in due course.

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.

In connection with this process, the Company executed agreements to sell the receivables from two of its lending platforms.

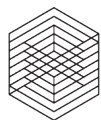
As announced on 11 January 2019, the International MCA Platform has refinanced and paid off such promissory notes as were issued by the Company pursuant to the terms of the Company’s Master Loan Agreement.

As of 11 January 2019, the effective date of the refinancing and payoff, the outstanding obligations of the International MCA Platform, including principal, interest and reimbursable expenses, amounted to approximately US\$38 million the entirety of which has been received by the Company (at par).

Second, the Company executed an agreement to sell its portfolio back to the Secured Medical Loans platform. Pursuant to the terms of the Sale Agreement, the Company received a slight premium for the sale. The amount of the portfolio at the time of the sale was US\$121k.

The Company would like to also provide the following platform and portfolio updates (investment balances are as at 30 November 2018 and are calculated as outstanding principal + interest receivable – loss reserves):

- As previously reported, the Company has ceased making additional investments in the SME Lending platform that is secured by vehicle service contracts. In May the Company also extended a \$4.5M loan to this platform to finance an acquisition and is among other things secured with share pledges over several operating entities of the SME Lending Platform. This loan falls due in May 2019 and is reported in the balance of the SME/CRE Lending Platform. The investment balance secured by vehicle service contracts at 30 November was \$47.6M, in addition to the \$4.5M loan made in May 2018. The combination of the loss in volume from the reduced number of new contracts generated (due in part to the cessation of funding), the platform’s failure to make a series of mandatory pre-payments and losses in related entities has had an adverse effect on the LTV, which currently stands at 103%, representing a significant breach of the LTV requirement. 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 going forward and is making payments under a revised repayment schedule. Since 30 November and through 9 January the Company has received \$4.2M in payments under the new payment arrangement. The Company is also in the final stages of executing a Forbearance Agreement and Cash Control Agreement which will bring credit monitoring and controls to a standard customary for financing structures of this type. The Company’s funding notes purchased from the SME Lending Platform and secured by vehicle service contracts are continuing to be under review for purchase with at least one prospective buyer, but there can be no certainty that a transaction will close.
- In November, the Company gained further insight into a few loans that are involved in legal action in the SME/CRE lending platform portfolio and as such, elected to increase the reserve for these loans by approximately \$1M. The Company is continuing its discussions with the SME/CRE Lending platform to allow the platform to sell the Company’s loans to its existing and new investors. The investment balance for this platform at 30 November was \$50.3M.
- The Company also continued its servicing and re-structuring of payment obligations with individual borrowers whose loans were originated by the Canadian SME Lending Platform. As a result of further details about each of the borrowers, the Company has elected to increase its loss reserves for the platform by approximately \$5.3M CAD and \$2.2M U.S. (for U.S. loans originated by platform). The investment balance for this platform at 30 November was \$6.1M.



RANGER
DIRECT LENDING



MONTHLY COMMENTARY CONTINUED

- 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 30 November was \$39.6M, of which the defaulted loans in recovery constitute \$10.2M. Since 1 December 2018 the Real Estate platform has sold and received payment on 1 loan totaling \$1.7M. This loan was sold at or near par.

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 and its counsel are working closely with the Trustee to formulate a plan of liquidation and 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. The appeal is presently in abeyance as a result of the temporary government shutdown impacting certain portions of the United States government. Accordingly, the trustee and his professionals remain in place and continue to move forward with the orderly liquidation process.

ZDP Update

Proposal made to holders of ZDPs

As announced on 12 December 2018, the Company made an open proposal to holders of ZDPs. The proposal set out in the announcement remains subject to agreement and there can be no certainty that an agreement based on this proposal can be reached, that any Offer for the ZDP Shares will be made by the Company or the terms of any Offer that may be made.

Further to the RNS announcement dated 15 November 2018 Titled "Shareholder update", the ZDP Committee of the Board (the "Committee") has made a proposal to a group (the "ZDP Group") of large holders of zero dividend preference shares (the "ZDP Shares") issued by the Company's subsidiary, Ranger Direct Lending ZDP plc ("ZDPCo") with a view to seeking their agreement on a framework for addressing the interests of the holders of ZDP Shares and balancing them with the interests of the shareholders of the Company.

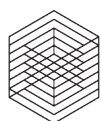
The proposal which the Committee has made is as follows:

1. Subject to the ZDP Group agreeing to the proposal, the Company is prepared to make an offer of 116p in cash per ZDP Share to all holders of ZDP Shares (the "Offer").
2. The Offer will be conditional on receiving acceptances of at least 61% (approximately 32m ZDP Shares) of the ZDP Shares in issue (the "Minimum Threshold"). The 13.73% of the ZDP Shares already held by the Company will not be counted for the purpose of satisfaction of the Minimum Threshold.
3. The Company is willing to agree not to vote any ZDP Shares acquired in the Offer in a Continuation Resolution (as defined in the articles of association of ZDPCo) and will meet with the ZDP Group or their representatives to conduct good faith negotiations with a view to providing appropriate safeguards for the interests of any holders of ZDP Shares who wish to remain until the Final Capital Entitlement (as defined in the articles of association of ZDPCo) becomes payable in July 2021.
4. The Company intends that the initial settlement of ZDP Shares acquired pursuant to any Offer would take place prior to 31 December 2018 provided that the Minimum Threshold is met sufficiently in advance of that date.

All of the elements of this proposal are subject to contract and without prejudice to the Company's rights under the Loan Agreement and Undertaking with ZDPCo. This proposal remains subject to agreement with the ZDP Group and there can be no certainty that an agreement based on this proposal can be reached with the ZDP Group, that any Offer for the ZDP Shares will be made by the Company, the terms of any Offer that may be made or how any such Offer may be structured.

In the meantime, and to the extent it is permitted to do so by law, the Company will seek to buy ZDP Shares in the market at its discretion. The price range set out in the announcement dated 4 October 2018 no longer applies.

The Board met with representatives of ZDP holders on 18 December and discussions are in progress.



RANGER
DIRECT LENDING



MONTHLY COMMENTARY CONTINUED

ZDP Update

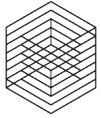
As of 14 December 2018 the Company held 7,278,193 Zero Dividend Preference shares. The Board of the Company has recently passed a resolution to waive the Company's entitlement to the accrued principal on its ZDP holdings up to 14 December 2018. This has been reflected in the below calculation of the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

Ticker	RDLZ
Shares in Issue	45,721,807
Accrued Capital Entitlement (IFRS 9)	£111
Accrued Capital Entitlement (legal entitlement without issue cost)	£112
Share Price	£1.15
November 2018 Cum-Income NAV	£138.4
Estimated ZDP Liability 30 November 2018 (IFRS 9)	£59.1

	Including Princeton (£m)	Excluding Princeton (£m)
November 2018	£197.5	£175.1
ZDP Redemption ¹	£59.4	£59.4
Estimated ZDP Cover	3.3x	2.9x

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.



RANGER
DIRECT LENDING



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.

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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