

RANGER

DIRECT LENDING FUND

Portfolio Update

The investment objective of Ranger Direct Lending Fund plc ("RDL", the "Company" or the "Fund") is to generate attractive returns, principally in the form of quarterly income distributions, by acquiring, directly or indirectly, 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, and are primarily secured against assets and/or personal guarantees and have relatively short maturities.

2015 Highlights

- The Company was launched on 1 May 2015 with a £135m offering.
- As at 31 December 2015, the Company's net IPO proceeds were fully deployed or committed to be deployed, less approximately 5% for general fund operation and FX settlements.
- Secured lending exposure accounted for approximately 82% of the invested portfolio while unsecured consumer lending accounted for approximately 18%.
- The Company had seven consecutive months of positive returns through to and including the month of December.
- Unlevered net annualized returns on investments to the Fund are in line with the Company's 12-13% target and NAV growth is in line with expectations.¹
- The Company continues to target dividend payments which equate to a yield of 10% per annum, payable in quarterly instalments.¹
- As at 31 December 2015, NAV growth since inception reached 2.45%.
- The Company successfully increased ordinary share capital by 10.17% via a tap issue of 1,348,650 shares at \$15.79 per share in December. The premium paid resulted in a 0.16% enhancement in the NAV per share in December.
- Ranger Alternative Management II, LP (the "Investment Manager") is in advanced discussions with a number of debt facility providers and expects to be in a position to apply leverage to the portfolio in late Q1 or early Q2 2016. As previously announced, the Investment Manager continues to explore ways of diversifying the Company's capital base including considering other types of leverage such as issuing fixed return securities. The Company's maximum leverage threshold of 50% of NAV is significantly less than leverage employed by other lending funds.

¹ The target dividend and the target unlevered net annualized return on investments are targets only and not a profit forecast. There can be no assurance that the target dividend or target unlevered net annualised return on investments can or will be achieved from time to time and it shall not be seen as an indication of the Company's expected or actual results or returns. In particular, the target dividend assumes that the Company (or a member of its group) will be able to agree terms for the provision of leverage in connection with the investments it makes and also assumes that investors will hold their Ordinary Shares as a long-term investment.

- Upon the commencement of each investment, the Investment Manager 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. As at 31 December 2015, the YTD loss reserve was -0.42% of NAV.
- The Company is currently hedging the declared quarterly dividend component of its portfolio along with individual FX transactions for any non-U.S. Debt Instrument (against the dollar).
- The Company has secured an equity investment in one of its lending platforms in the form of a convertible warrant. In addition, the Investment Manager is currently negotiating potential equity investments in four other lending platforms. Due to the anticipated returns from Debt Instruments, the Company does not currently expect equity investments will approach the 10% maximum equity investment threshold provided for in the Company's investment policy.

Portfolio Characteristics

The Company primarily consists of secured loans (82%) selected from 11 different platforms representing seven different lending categories. Where permitted under the relevant platform agreements, these loans were actively selected by the Investment Manager, applying its TruSight technology.

As at 31 December 2015:

- The Company contained over 4,500 loans.
- Less than 1% of debt obligations in the portfolio are in default or have been written off. In addition, the Company has had a significant number of loans either mature or pre-pay.
- Almost 100% of the debt obligations are fixed rate.
- The average non-weighted term on all secured debt obligations is 19 months and 40 months on unsecured consumer loans, with an expected average duration of 16 and 30 months respectively.
- The average size on all secured debt obligations is approximately \$295,000 and approximately \$9,500 on unsecured consumer loans.
- Excluding a small number of short-term merchant cash advance loans, the average non-weighted borrower rate for all other secured obligations is approximately 15%.

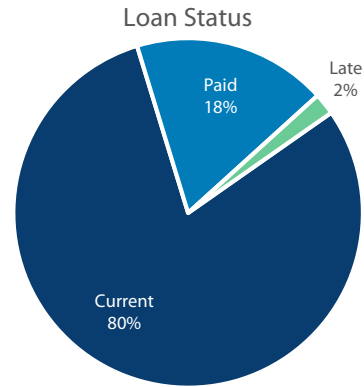
Real Estate Portfolio

The Company's real estate portfolio is diversified across many different real estate sub-categories such as commercial, mixed-use and single and multi-family homes. The Investment Manager targets low Loan-To-Value (LTV) and short durations in strong real estate markets.

Portfolio as at December 31, 2015

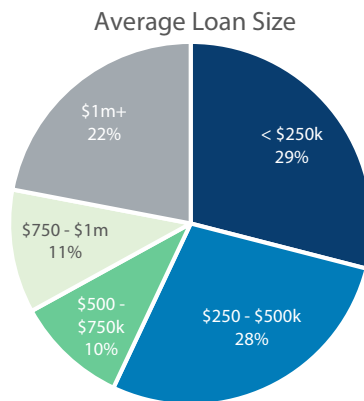
PORTFOLIO STATUS

The real estate portfolio has not experienced a write-off. There are currently only two loans with late payments; however, both have low LTV's, liens against secondary collateral, and ongoing work-out discussions with the borrowers. The Investment Manager does not anticipate it will write-off losses on these loans at this time.



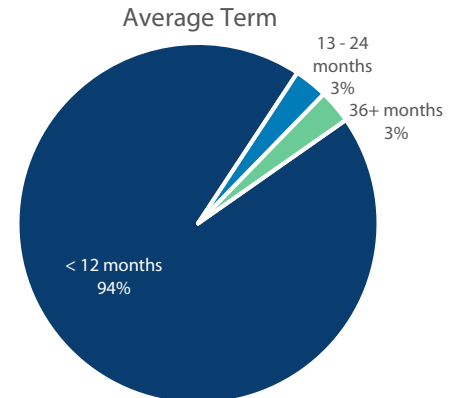
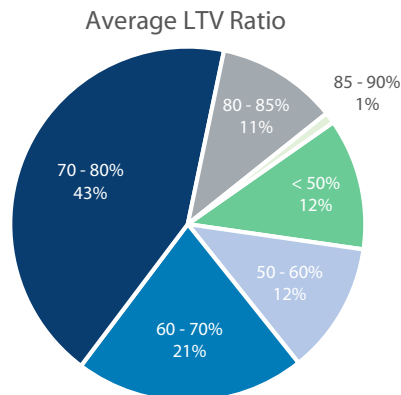
LOAN SIZE

The average loan size is approximately \$770,000, with over 55% of the loans in the portfolio being less than \$500,000.



LOAN TERMS & LTV RATIO

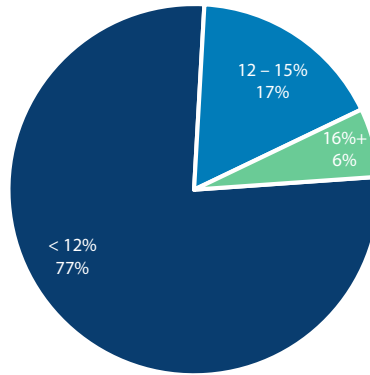
The average LTV is less than 70% and the average term is 13 months.



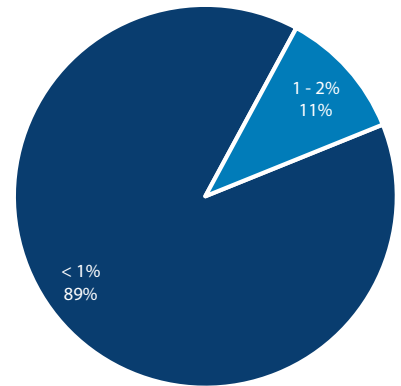
INTEREST RATE TO BORROWER

The average interest rate to real estate borrowers is 12.6% with a calculated loss reserve of approximately 0.6%.

Average Interest Rate to Borrower



Average Calculated Loss Rate



SME Portfolio

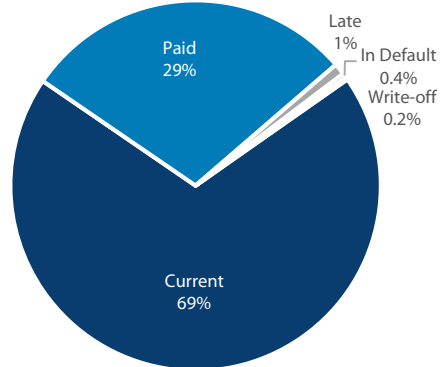
SME loans are diversified across many different lending categories including small business loans, equipment finance, merchant cash advances and invoice receivables.

Portfolio as at December 31, 2015

PORTFOLIO STATUS

The SME portfolio has had only one loan realizing a partial write-off. This write-off was applied against the Fund's reserve pool and equates to less than 0.2% of the entire portfolio.

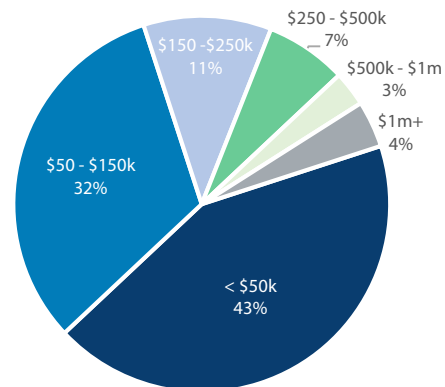
Loan Status



LOAN SIZE

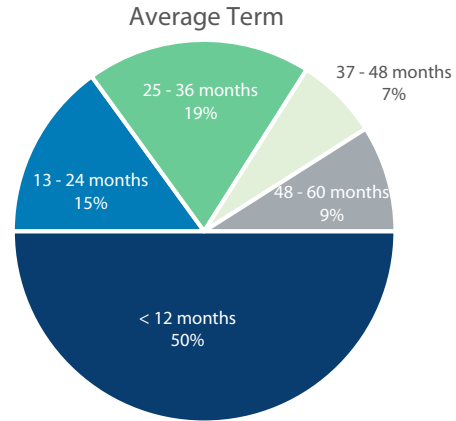
The average SME loan size is approximately \$216,000 with 75% of the loans in the portfolio being under \$150,000.

Average Loan Size



LOAN TERMS

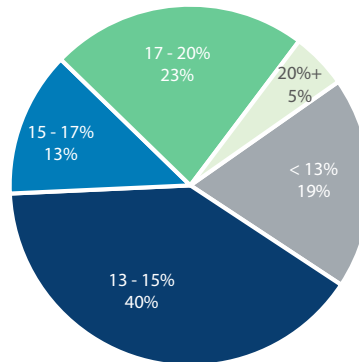
The average term for SME loans is 20 months. Over 83% of the loans have terms of three years or less.



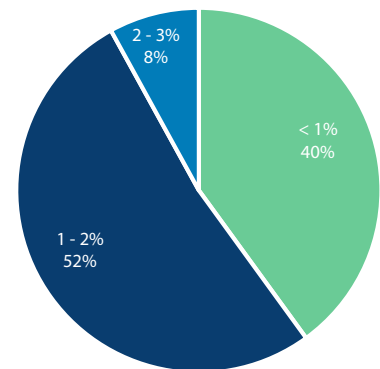
INTEREST RATE TO BORROWER

The average interest rate to SME borrowers is 15.6%. Over 90% of the loans have an anticipated loss reserve of 2% or less.

Average Interest Rate to Borrower



Average Calculated Loss Rate



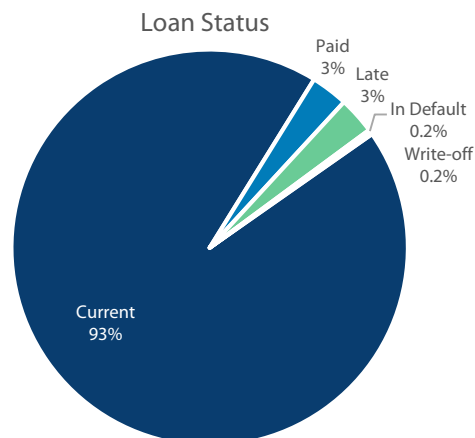
Consumer Portfolio

As at December 31, 2015, unsecured consumer loans currently compose only 18% of the entire portfolio, with a target of less than 25% of the portfolio. The Investment Manager's TruSight Technology is used to actively select all consumer loans in the portfolio.

Portfolio as at December 31, 2015

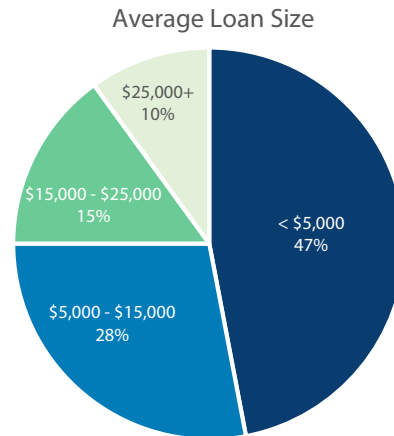
PORTFOLIO STATUS

The total number of consumer loans is over 3,500.



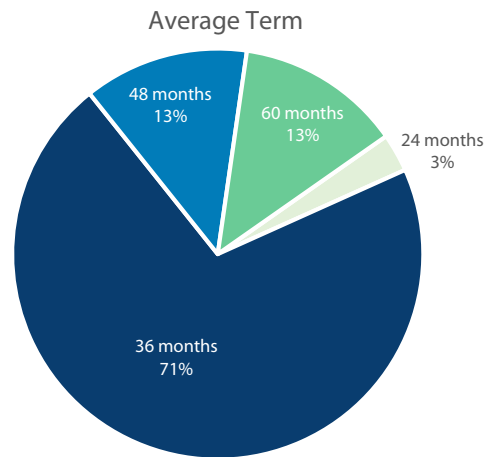
LOAN SIZE

The average loan size is approximately \$9,500 with almost 50% of the loans under \$5,000.



LOAN TERMS & DURATIONS

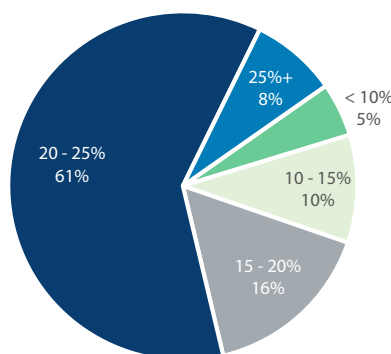
The average term of the consumer loan portfolio is 40 months with an average duration expected to be approximately 30 months. Almost three quarters of the consumer loan portfolio has terms at or below three years.



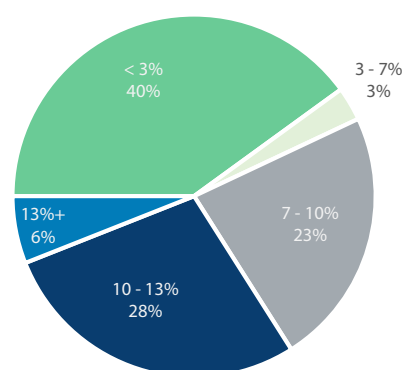
INTEREST RATE TO BORROWER

The average interest rate to consumer borrowers is 20.8% with an average calculated loss reserve of 7.4%.

Average Interest Rate to Borrower



Average Calculated Loss Rate

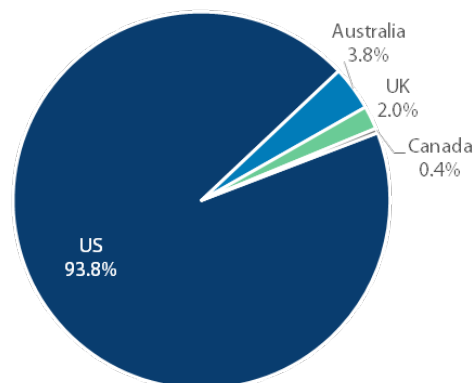


Geographic Characteristics

The Investment Manger seeks to mitigate risk in the portfolio through diversification, including geographic diversification. Currently, the Investment Manager believes the U.S. lending markets offer investment opportunities with the most attractive risk/return profiles. However, the Investment Manager continues to carefully evaluate non-U.S. investment opportunities.

The Investment Manager invests in loans originated in the U.S., U.K., Canada and Australia. The U.K. and Australian platforms, which were launched in December 2015, are international divisions of a U.S.-based platform already established with the Company.

Geographic Breakdown



Important Disclosure

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All data in this annual portfolio update is at or to 31 December 2015 unless otherwise stated.

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Ranger Direct Lending Fund plc

Registered office 40 Dukes Place, London, EC3A 7NH.

Registered as an investment company in England under section 833 of the Companies Act 2006.

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