This letter is important to all Ranger Ordinary Shareholders and Zero Dividend Preference ("ZDP") Shareholders. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from an adviser authorised under The Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom, or from another appropriately authorised financial adviser in any other territory. Please note that this letter does not constitute an invitation or inducement to any Shareholder or ZDP Shareholder to enter or offer to enter into an agreement the making or performance of which constitutes a "controlled activity" (within the meaning of section 21 of the FSMA) or to exercise any right to acquire, dispose of or underwrite their Shares or ZDPs

6th June 2018

Dear Fellow Shareholders and ZDP Shareholders

- Ranger's Board is responsible for mismanaging our fund and losing money for shareholders. It clearly needs to be refreshed and strengthened
- Hiring Ares creates a lot of new risks and uncertainties for the fund
- LIM supports an early continuation vote so that all ordinary shareholders and ZDP shareholders can decide if Ranger has a future

Winding up Ranger Direct Lending Fund plc ("Ranger" or the "Fund")

Introduction

As you know, the Board of the Fund gave our existing investment manager, Ranger Alternative Management II, LP, 12-month termination notice on 1st May 2018; it will therefore cease to act as investment manager on 30th April 2019. The Directors of the Fund are now asking Shareholders to support hiring Ares Management LLC ("Ares") as the new investment manager.

We do not agree with this proposed change of manager as it requires Ranger Alternative Management to manage our investment for another 10 months and then, under the new manager, to dramatically alter the investment strategy of the Fund. In the light of the catastrophic losses in Princeton and the badly handled Strategic Review, the Directors should instead consider the future of the Fund and ask Shareholders and ZDP Shareholders whether to continue the Fund's operations or not.

Hiring Ares as our investment manager

In order to hire Ares, a majority of shareholders must vote to approve a change to the investment policy of the Fund. In addition, the Board has stated that it will allow ordinary Shareholders the opportunity to vote on the appointment of Ares by ordinary resolution. If approved, Ares would operate a significantly different investment strategy than the current direct lending platform strategy that has been used since the Fund's launch. We understand that the new Ares strategy will involve investment in structured credit products as well as loans and that the former are likely to involve embedded leverage, which we understand would increase the overall risk within the Fund. At present, the only leverage in the Fund arises because of the presence of the ZDPs. The Board publicly emphasises the safety of these proposed investments by Ares due to their "equity cushions" or "first loss piece", but it has neglected to tell investors that Ares intends to invest in highly subordinated positions. **We also understand that Ares intends to invest in assets with longer maturities than the Fund's current investments, creating challenges around the Fund's Continuation Vote which is due in June 2020 and the repayment of the ZDPs which is due in July 2021.** If the Continuation Vote fails to vote to continue the Fund, the Fund will potentially be saddled with very long duration assets that cannot be easily unwound. The Board has still not scheduled an EGM to approve the Ares-related resolutions, despite their stated aim to hold it on the same day as the 19th June 2018 AGM.

We believe that the appointment of Ares as the new manager is a substantial change in strategy and a very material event. The Board has obviously acknowledged this by stating that it will ask shareholders for permission to change the Fund's investment strategy in order to appoint Ares. We believe that this change in strategy and Ares's declared intention to use structured credit products of varying and in some cases longer maturities may significantly increase the leverage of the Fund and its risk profile. We do not believe this is wise, especially at this time in the economic cycle.

Winding up Ranger makes more sense

One of our funds, the LIM Asia Special Situations Master Fund Limited, owns 1,753,427 Ranger ordinary shares representing 10.88% of the total outstanding, and this makes us the third largest shareholder. Oaktree Capital Management, LP ("Oaktree") has declared that they own 2,992,000 ordinary shares representing 18.56% of the total outstanding making them the second largest shareholder. In total, Oaktree and we own 29.44% of the outstanding ordinary shares in Ranger.

Both of us have separately and independently asked the Board to wind up Ranger rather than hire a new manager, and both of us have published separate open letters explaining the reasons for this. Since we went public, we have received broad support for winding up the Fund from a number of other shareholders and ZDP shareholders. However, on 1st and 8th May 2018, the Board claimed that it had the backing of 39% of shareholders who supported the hiring of Ares. There has been no update to this number since then.

We believe that the Board is pursuing Ares without giving sufficient consideration to alternative views from shareholders and ZDP shareholders, and we see this is a black mark against the Board. We do not believe that the Board is sufficiently focussed on listening to different views and alternatives for Ranger from its shareholders. **LIM is therefore more determined than ever to recommend voting against the Board's proposals if a shareholder EGM should be called.**

Ranger is not a viable entity

We do not believe that Ranger has a viable future even with Ares as its new manager because:

1) in our view its current market capitalisation of approximately £128 million makes it too small to conduct a diversified lending business and to attract new investors;

2) it may suffer significant uncertainty for more than a year as the current manager transitions to the new manager and as the current loan portfolio is recycled into significantly different investments. There will also be uncertainty around the continuation of the fund leading up to the Continuation Vote in or around June 2020; and

3) we expect that there may be a significant overhang of unhappy shareholders who may want to exit the Fund, possibly in the secondary market. We note several recent suggestions by shareholders, market participants, and a journalist that the Board should conduct a tender offer priced at close to NAV to facilitate the exit of those shareholders who wish to depart, but the Board has not responded to any of them. The Fund's unwillingness to conduct a tender offer is, we think, further evidence of its insufficient size.

The Continuation Vote that is due in 2020 makes it unwise to hire a new manager

The Fund will hold a Continuation Vote at its 5th AGM, on or about June 2020. It makes no sense to hire a new manager now when there may not be support to continue the Fund at its 5th AGM in two years. We note many of the Fund's alternative lending peers took more than a year to rehabilitate themselves. If the mandatory Continuation Vote at the 5th AGM does not pass, the Fund would have to start winding down its portfolio when it has possibly just gone through an expensive restructuring process. A sensible and responsible Board should verify that the Fund has a future before embarking on such an expensive and time-consuming course of action.

Ranger's investment in Princeton

Following poor NAV performance of Ranger in 2017, principally because of the investment made into the Princeton Alternative Income Fund, LP ("Princeton"), there appears to be some legal progress in the recovery of the Fund's investment in Princeton. Although this investment has been written down by the Board from US$55.6m as of 30th June 2016 to US$29.3m, we are braced for more write downs. Further losses from Princeton will result in more harm for Ranger shareholders and will worsen the ZDP cover ratio (the ratio of the fund's net assets less estimated liquidation costs of the ZDP Company to the final expected value of the ZDPs), which currently stands at 3.2x. We note that this cover has already fallen from 3.70x in December 2016 and that the Fund becomes seriously constrained once this ratio falls below 2.75x.

The Ranger Board of Directors has not yet been held to account for large losses and poor governance

We believe that the Board has made significant mistakes, starting with the decision in 2016 to allow US$55m to be invested into Princeton despite stating at its launch that it intended to invest just US$15m to US$20m. It appears that the Board then failed to act expeditiously to protect and recover Ranger's capital investment in Princeton following increasing bad news, especially during 2017, and this is another black mark against the Board. The chart below shows the Fund's share price and NAV since launch in the upper section and the share price discount in the lower section. From summer 2017, the Ranger share price fell from a premium to a discount of approximately 30% as shareholders sold shares rather than wait for any recovery in the share price. The discount recovered to approximately 20% on 1st June 2018, but we believe that the discount contraction is more a reflection of the possibility that Ranger will be wound up or that a tender will be offered to buy back shares rather than that the Fund's performance will recover.

SOURCE: Bloomberg LLP, 30 May 2018

Concerned about increasing losses and late loans in the Fund's portfolio, we set out detailed questions on its credit and valuation policies in a letter to both the Board and the investment manager dated 24th January 2018. The Board chose not to answer these questions. The Board began a Strategic Review of Ranger (the "Review") on 29th January 2018. It refused our suggestion to take on new non-executive Directors to improve Board accountability, arguing that doing so would be disruptive to the process.

The Review and its conclusions have been badly handled. The only action that has been put to shareholders is the Board's preferred solution of hiring Ares as the new investment manager. There has been no public debate about any other courses of action that the Board may have considered, so no one knows how thoroughly these options were considered or why they were rejected. LIM and Oaktree have therefore been forced to make separate public appeals against the hiring of a new manager and for the winding up of the Fund. We are strongly opposed to a process that gives shareholders only one choice – the appointment of Ares – and the Board's refusal to give shareholders a say on the continued life of the Fund.

Even the simple task of using an independent valuer to review the valuation of the non-Princeton part of the portfolio appears to have been badly handled. We do not know why the Board refuses to disclose the identity of the independent valuer or if it was the independent valuer that refused to be named in the Company's announcement regarding its report. The Board has simply stated that as a result of the exercise *"… the Company has not made any change in the valuation of the parts of the portfolio reviewed as compared to the value arrived at as part of the calculation of the unaudited net asset value at 31st December 2017".* **This is another black mark against the Board that raises additional questions about them and the Strategic Review process.**

The pattern of poor behaviour by the Board as set out above has been harmful to the interests of shareholders. It is for this reason that we have lodged a resolution at the shareholder AGM to remove Chris Waldron as a Director. He has been the Chairman of Ranger since its launch and is therefore responsible for this behaviour and for the losses.

The Ranger Board of four directors is unchanged since the Fund's launch in May 2015. We think that the Board urgently needs strengthening with individuals who have fresh views and relevant skills, and **we have therefore proposed two new non-executive directors, Eric Long and Brendan Hawthorne, who have extensive experience in US lending and asset recovery, respectively, which will be of great use to the Board in protecting shareholders' interests.** Further details of these two individuals are contained in Appendix 1. Oaktree has also separately proposed two new non-executive Directors for the Ranger Board, Dominik Dolenec and Greg Share. **We intend to vote in favour of all four proposed new Directors at the shareholder AGM as we believe that they will significantly strengthen the Board and improve its corporate governance.**

The rights of the ZDP shareholders

We think the Board has also mismanaged our Fund's relations with its ZDP shareholders. Since late April we have been asking the Board and its financial adviser to treat the ZDP shareholders fairly and to publish guidance on their entitlement regarding an early winding up and their rights with respect to holding a ZDP shareholder meeting in order to approve any changes to the investment policy. Both shareholders and ZDP shareholders need to be involved in any winding up of Ranger and they need to have a sensible relationship in order for it to proceed.

One ZDP shareholder, Staude Capital Limited, sent a public letter to the Board dated 25th May 2018 that sets out its concerns if there is to be a new investment manager or a winding up of Ranger and which asks for a ZDP shareholder vote to approve any such proposals. The Board responded with an RNS announcement to the ZDP shareholders dated 1st June 2018 stating that they had unanimously concluded that their proposed amendment to the investment policy would not be materially prejudicial to the interests of ZDP Shareholders and that therefore no vote is required or planned for them. **We disagree with this view because the Ares investment approach is significantly different from that of our current investment manager. We also think that this is an extraordinarily aggressive position to take with the ZDP shareholders given that the Board is voluntarily letting ordinary shareholders vote on the terms of the proposed investment management agreement (as no vote is actually required by law, regulation or Ranger's constitutive documents). We think this is yet another indication of the Board's desperation to pursue its chosen objective of hiring a new manager.**

We note that the three non-executive Directors on the Board of Ranger Direct Lending ZDP PLC (the "ZDP Board") which is a subsidiary company to Ranger and which issued the ZDPs are the three independent Directors on the Ranger Board. We believe that there is a potentially huge conflict of interest facing them as there is no ZDP Board Director who is independent of the Ranger Board. **We believe that the ZDP Board should urgently add at least one suitably experienced independent non-executive Director and make him or her the Chairman of that board in order to reduce the conflict burden on the existing ZDP Directors. If this requires a change to the constitutive documents of the Fund or the ZDP subsidiary, then this change should be proposed immediately. We do not believe that the Board has done enough to look after the interests of the ZDP shareholders, which is another black mark against the Board.**

We urge any ZDP shareholder who also owns Ranger shares to voice their displeasure at this treatment by voting with us to install new non-executive Directors on the Ranger Board, to remove the current Chairman as a Director and to oppose any resolutions that would enable Ares to be hired.

The future of Ranger should be decided by a new Board

We urge shareholders to vote FOR all of the proposed new non-executive directors put forward at the AGM and to remove the current Chairman as a director. The new Board should then determine who amongst them is best suited to be the new Chairman.

We also urge shareholders not to support the calling of an EGM that would permit the hiring of Ares. If the Board decides against proceeding with the appointment of Ares, we urge the Board to immediately review the future of the Fund by consulting directly with all shareholders and ZDP shareholders. It is our view that a significant number of them will support a wind up of the Fund via a methodical run down of its loan portfolios with concurrent and vigorous pursuit of the Princeton investment. If this is the case, the Continuation Vote of Ranger shareholders should be brought forward and proposed at a new EGM to be held as soon as possible. We believe that a resolution proposing early repayment of the ZDPs if the Fund fails its continuation vote should also be put to an EGM of ZDP shareholders at the same time.

Our recommendation to Shareholders

All shareholders should attend the AGM, which is scheduled to be held in London on 19th June 2018, or they should vote by proxy. This is your Fund and its future now depends on your votes; it cannot be left to this Board.

We have set out the resolutions being considered at the AGM in Appendix 2 and indicated how we recommend that shareholders should vote on them.

We recommend that shareholders should vote at the AGM FOR the four new non-executive Directors (two nominated by LIM and two nominated by Oaktree) and vote FOR the removal of Chris Waldron as a Director.

If you wish to discuss this letter and our views, please contact Nick Paris who is based in London by telephoning him on +44 207 031 8252 or sending an email to nick.paris@limadvisors.com.

Yours sincerely

Nick Paris

N Paris, Director

LIM Advisors (London) Limited

Appendix 1 – New non-executive Directors nominated by LIM

Brendan Hawthorne is based in London and he has more than 20 years' experience as a specialist in financial investigations and asset recovery. He has extensive multi-jurisdictional experience including acting as an independent director of substantial onshore and offshore investment funds. He also acts as an advisor to fund investors. He has previously held Managing Director positions at corporate recovery and valuations experts Duff & Phelps, Stroz Friedberg and Kroll. He is a Chartered Accountant and Certified Fraud Examiner. He has a degree from the University of Natal in South Africa. His forensic accounting, asset recovery and litigation experience will be especially helpful in supervising the Princeton assets and recovery process. He has no connection with LIM.

Eric Long is based in Boulder, Colorado, USA and he has extensive experience in banking, lending and credit in the US, especially the small and middle lender markets. He is currently President of the Boulder market for First Western Trust Bank in Colorado responsible for corporate and retail loans and deposits. He has formerly worked at a number of US banks, namely Silicon Valley Bank, BBVA Compass Bank, Comerica Bank, Bank One, Colorado National Bank and Bank of America (where he attended their management training programme). He has a Masters in International Business Studies from the University of South Carolina and an undergraduate degree from Davidson College. Shareholders should note that he is the brother of George Long, who is the Chairman and Founder of LIM, but he is not involved in our investment in Ranger or in LIM's management.

Appendix 2 –

Resolutions being considered at the AGM

Resolution number	Resolution content	LIM's recommendation
Ordinary Resolutions:		
1	Approve the Annual Accounts to 31st December 2017	FOR
2	Approve Director's Remuneration Report	FOR
3	Approve the Company's dividend policy	FOR
4	Re-elect Scott Canon as a Director	FOR
5	Re-elect Christopher Waldron as a Director	AGAINST
6	Re-elect Jonathan Schneider as a Director	FOR
7	Re-elect Matthew Mulford as a Director	FOR
8	**Elect Dominik Dolenec as a Director**	**FOR**
9	**Elect Gregory Share as a Director**	**FOR**
10	**Elect Brendan Hawthorne as a Director**	**FOR**
11	**Elect Eric Long as a Director**	**FOR**
12	**Remove Christopher Waldron as a Director**	**FOR**
13	Appoint Deloitte LLP as auditors	FOR
14	Authorise Board to determine the auditor's remuneration	FOR
15	Allot additional shares	AGAINST
Special Resolutions:		
16	Disapplying pre-emption rights	AGAINST
17	General share buyback authority	FOR
18	Shorten notice period of general meetings to 14 clear days' notice	AGAINST