

NB Distressed Debt Investment Fund Limited – Extended Life Shares (“NBDX”)

31 March 2020

NBDX FUND OBJECTIVE

NB Distressed Debt Investment Fund Limited’s (“NBDDIF”) primary objective is to provide investors with attractive risk-adjusted returns through long-biased, opportunistic stressed, distressed and special situation credit-related investments while seeking to limit downside risk.

NBDDIF’s holdings are diversified across distressed, stressed and special situations investments, with a focus on senior debt backed by hard assets. The portfolio is managed by the Distressed Debt team at Neuberger Berman, which sits within what we believe is one of the largest and most experienced non-investment grade credit teams in the industry.

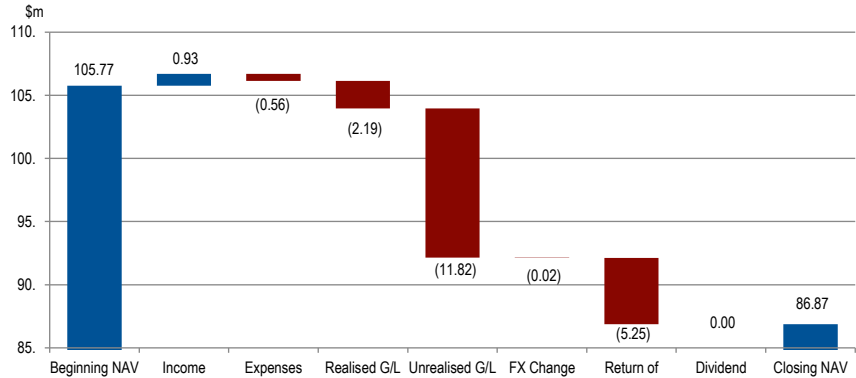
On 31 March 2015, the investment period of the Extended Life Share Class (“NBDX”) expired and the assets of NBDDIF attributable to the Extended Life Shares were placed into the harvest period. Including the \$5.0 million capital distribution by way of redemption which the Fund paid during the quarter and \$7.5 million capital distribution approved by the Board in 2Q20, \$274.9 million (equivalent to 77% of original capital) has been approved/distributed to shareholders (income by way of dividend, capital by way of redemption and share buy-backs), since the realisation phase for this share class began.

The Extended Life Share Class is one of three classes of shares in NBDDIF. The others are the Ordinary Share Class and the New Global Share Class. The Ordinary Share Class was subject to an investment period which ended on 10 June 2013 and the New Global Share Class was subject to an investment period which ended on 31 March 2017. Separate factsheets are produced for those share classes.

FUND FACTS¹

NAV Per Share:	\$0.8018
Share Price:	\$0.625
Share Price Discount to NAV	(22.0)%
Market Cap.	\$67.7m
Total NAV	\$86.9m
No. of issuers	19
Launch Date:	9 April 2013
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDX:LN
ISIN:	GG00BKVDG878
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 31 DECEMBER 2019 – 31 MARCH 2020



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDX and not on a per share basis.

Realised and Unrealised gain/loss include intraquarter adjustments that have no effect on YTD NAV.

FX Changes due to share class's exposure to foreign currencies. As detailed in its prospectus, the share class may, but is not required to, engage in currency hedging in connection with investments in assets not denominated in US dollars (the currency in which shares are denominated).

Return of Capital includes distributions and buy backs.

Figures presented are based on quarter-end published financial information and financial information provided by U.S. Bank Global Fund Services (Guernsey) Limited / U.S. Bank Global Fund Services (Ireland) Limited, as administrator to NBDDIF (the "Administrator"). This NAV bridge has not been audited and figures are subject to change.

MANAGER COMMENTARY

During the quarter, we saw significant volatility in the markets due to the spread of COVID-19, its impact on global growth expectations, and a significant decline in oil prices. The effects of COVID-19 on the global economy are not fully known at this time and the financial impact on the portfolio is difficult to estimate. The investment manager is committed to realising the investments in a timely manner and returning cash to investors. For the public equity investments, because of the demand shock and resulting economic downturn, we no longer see the expected catalysts occurring in the near term. Therefore, we are electing to realise those investments at the current prices or reasonably close to them. The sale of the public equities commenced in the first quarter and should be completed in the second quarter.

The investment manager's ability to estimate the gross realisable value in downside, base case and upside scenarios for each investment in the portfolio has been impacted by the current volatility. For this reason we will not make predictions of realisable value and timing of distributions as we have in past quarters. As there is more clarity on the magnitude of the global slowdown and effects on global business and trade, we will update investors on the realisation expectations. Based on the public equity sales to date, the Board approved a \$7.5 million capital distribution by way of redemption post quarter-end, bringing total distributions to shareholders to \$274.9 million or 77% of original capital.

NBDX had four exits during the quarter generating \$0.8 million cash. Details on the exits are below. The ratio of total value (capital distributions, dividends, buy-backs, and current NAV) to original capital is 99%.

Portfolio Update

NBDX ended the quarter with a NAV per share of \$0.8018 compared with \$0.9266 at the end of December 2019. NAV decreased 13% during the quarter. Of the 19 investments in the portfolio, 4 had unrealised gains in the quarter. The public equities were particularly affected by market volatility during the quarter, representing 63% of the unrealised loss in the quarter. At quarter-end, 95% of NBDX's NAV was invested in distressed assets (including cash held in subsidiary accounts, receivables and net payables) with 5% held in cash.

The current portfolio consists of 19 issuers across 11 sectors. The largest sector concentrations were in shipping, surface transportation, lodging & casinos, and financial intermediaries.

Notable events² below describe activity in the investments during the quarter and post quarter-end.

- Nonferrous Metals/Mining investment – Post quarter-end, the sale of the company closed. We are waiting for the company to finalise the distribution to shareholders.
- Public Equities – Post quarter-end, Five Point Holdings, TORM, Twin River and a majority of Eagle Bulk shares were sold generating proceeds of approximately \$13 million. Not all proceeds are available at the time of the publication of this factsheet but will be distributed as soon as enough has been received to make distribution economic.

Data as at 31 March 2020. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDX.

¹ Source: Bloomberg, except where otherwise stated

² Notable corporate events may or may not result in an increase or decrease in the value of an NBDX investment or a change in NBDX's NAV per share. Please note that an investment may experience a change in value (positive or negative) during the quarter whether or not it was subject to a notable corporate event. Not all events involving existing investments are disclosed. In addition, certain corporate events may not have been disclosed due to confidentiality obligations.

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FUND MANAGERS

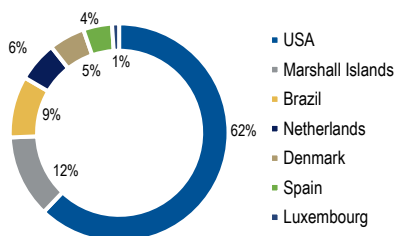
Michael Holmberg
30 years' investment experience

Brendan McDermott
15 years' investment experience

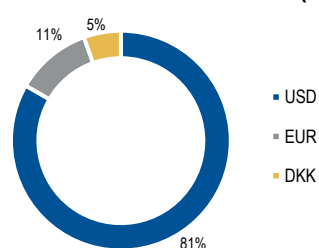
Ravi Soni
14 years' investment experience

Directors:
John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Stephen Vakil

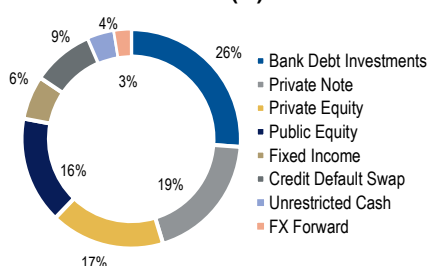
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



SECTOR BREAKDOWN⁷ (%)

Shipping	20%
Surface Transport	13%
Lodging & Casinos	13%
Financial Intermediaries	12%
Auto Components	11%
Nonferrous Metals/Minerals	7%
Commercial Mortgage	6%
Oil & Gas	5%
Building & Development	5%
Containers and Packaging	1%
Utilities	0%
Net Restricted Cash	-1%
Unrestricted Cash and FX	7%

Portfolio Update (continued)

Public Equity

As mentioned, the public equity positions are in the process of being divested and we expect that process to be completed in 2Q20. The chart below shows the changes in public equity holdings from year end to the date of the factsheets.

ISSUER	MARKET VALUE AT 31 DEC 2019 (\$ millions)	% NAV	MARKET VALUE AT 1 MAY 2020 (\$ millions)	% NAV
Five Point Holdings LLC	\$6.4	6.0%	0	0%
Torm A/S	\$6.1	5.8%	0	0%
Twin River Management	\$6.1	5.8%	0	0%
Eagle Bulk Shipping Inc	\$4.7	4.4%	0.3	0.4%
Rivera Resources	\$0.2	0.2%	0	0%
Star Bulk	\$0.2	0.2%	0	0%
Sandridge Energy Inc	\$0.1	0.1%	0	0%
Grand Total	\$23.8	22.5%	0.3	0.4%

Significant Value Change in Top Ten Investments³

INDUSTRY	INSTRUMENT	1Q20 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Financial Intermediary	Secured Notes	1.1	10.3	10%	Private notes rose during 1Q20 due to possible corporate event but declined in 2Q20 to date with global slowdown.
Auto Components	Secured Debt	(2.6)	9.8	-19%	Impacted by market selloff in illiquid credit due to Covid-19.
Surface Transportation	Trade Claim	0.9	7.9	10%	Extended maturity to one year to give time to sell claim
Commercial Mortgage	Secured Debt	(0.5)	5.2	-7%	Sale of building delayed by COVID-19 uncertainty
TORM	Public Equity	(1.5)	4.6	-22%	Oil price war and global downturn, shares sold 2Q20
Oil & Gas	Private Equity	0.2	4.4	-9%	Private shares illiquid and declined in 2Q20 to date
Five Point Holding	Public Equity	(1.4)	4.1	-27%	COVID-19 volatility on expected delays in lot sales, shares sold 2Q20
Twin Rivers Casino	Public Equity	(3.0)	3.1	-49%	Casinos shut down and public equity markets decline, commenced share sale in 2Q20
Eagle Bulk Shipping	Public Equity	(2.8)	1.9	-60%	Global downturn reducing charter rates, commenced share sale in 2Q20
Container/Packaging	Private Equity	(3.1)	0.8	-79%	Company released strong earnings post quarter end, but effect of CV19 in future not known

Exits

There were 4 exits during the quarter.

Exits 58 (Private), 59 (Linn Energy) & 61 (Sandridge) – Oil & Gas investments

Beginning with the 2014 decline in oil and natural gas commodity prices, U.S. upstream oil and gas companies have been under intense financial pressures. The decrease in commodity prices, along with the decline in production and drilling, resulted in significant reductions in revenue, EBITDA, and cash flow. As announced previously, we invested in secured and unsecured debt in certain U.S. E&P companies. Our expectation was that commodity prices are cyclical and the debt, if converted to equity, could realise attractive returns upon normalisation. Unfortunately, low commodity prices persisted and nearly all domestic producers were unable to earn their cost of capital in the existing environment. As discussed, our investments are likely to be permanently impaired and as we did not foresee meaningful remaining upside we exited the balance of our exposure to the sector.

3. Industry categorisations determined by Neuberger Berman. Total Return determined by the Administrator and includes realised and unrealised gains and losses, expenses, FX gains and losses, and all income on investments according to US GAAP accounting. References in this factsheet to the market value of specific fund investments refers to the value determined in accordance with NBDX's valuation policy, which may include fair valued investments where third party prices are not available or are not considered accurate.

4. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 31 March 2020.

5. Includes cash and accruals.

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Exits (continued)

Exit 60 – Excel Maritime / Starbulk

We invested in the senior secured debt of Excel Maritime, a dry bulk shipping company with 34 vessels. The Company restructured in 2014 and shortly thereafter the assets were sold to Star Bulk Carriers Corporation for cash and stock in Star Bulk. We expected a cyclical recovery in dry bulk along with the IMO 2020 catalyst to drive higher freight rates and asset values. Shipping rates did not perform as expected over the time period we held the shares and we exited the investment in the quarter by selling our publicly traded shareholding.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
58	\$5.7 million	\$0.7 million	(\$5.0 million)	-34%	-87%	59
59	\$1.7 million	\$0.5 million	(\$1.2 million)	-31%	-69%	59
60	\$5.1 million	\$4.0 million	(\$1.1 million)	-23%	-21%	84
61	\$7.5 million	\$2.3 million	(\$5.3 million)	-53%	-70%	64

Inception to date, NBDX has experienced 61 exits with a total return of \$102.7 million, weighted average IRR of 9% and weighted average ROR of 19%.

Partial Realisations

There was no activity during the quarter. The table below has been updated with current values.

PARTIAL REALISATION	SECTOR	QUARTER REPORTED	CASH INVESTED	CASH RECEIVED TO DATE	CURRENT VALUE OF INVESTMENT	TOTAL RETURN	CURRENT IRR	CURRENT ROR	MONTHS HELD
4	Containers & Packaging	H12017	5.1	7.2	\$0.1	2.2	24%	43%	89
5	Containers & Packaging	H12017	6.6	16.7	\$0.8	10.9	51%	164%	91

Distributions

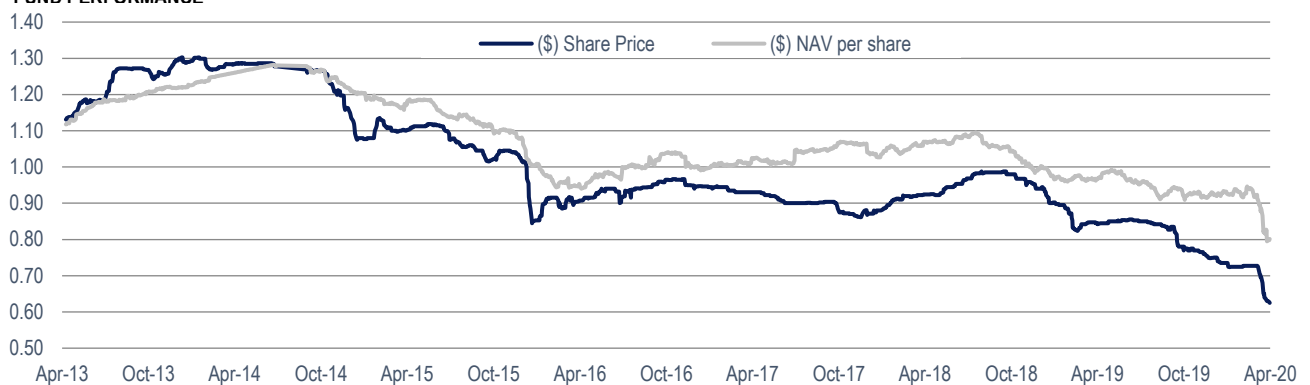
With the uncertainty as to how long the economic shutdown will last, certain realisations in NBDX have been delayed. As stated earlier, we are not releasing the estimates of timing of distributions at this time and will update investors as volatility is reduced and there is clarity on the scope of the global slowdown. For regulatory reasons, the final 10% of total return in respect of any class of participating shares in NBDDIF will be returned to shareholders with the final compulsory redemption of all of the outstanding shares of that class. The investment manager is committed to realising the investments in a timely manner to distribute cash to investors as soon as possible.

During the quarter, the company made a \$5.0 million (\$0.0461/share) capital distribution via redemption of shares which, when combined with a further distribution of \$7.5 million approved post quarter end, will bring total distributions (dividends, redemptions and buy-backs) to \$274.9million or 77% of original capital.

Share Buy-Backs

NBDDIF repurchased 375,000 shares in NBDX during the quarter at a weighted average discount of 20% and a cost of \$265,075. Inception to date, a total of 11.6 million shares or 3% of the original NBDX shares, have been repurchased and cancelled.

FUND PERFORMANCE⁶



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁷

Holding	Industry	Current Instrument	Status	Country	% of NAV	Primary Assets
1	Auto Components	Secured Loan	Post-Reorg	US	12%	Manufacturing Plant and Equipment
2	Shipping	Secured Loan	Post-Reorg	Marshall Islands	11%	Ships
3	Financial Intermediaries	Secured Notes	Defaulted	US	9%	Cash and Securities
4	Surface Transport	Trade Claim	Defaulted	Brazil	8%	Municipal Claim
5	Metals/Mining	Post-Reorg Equity	Post-Reorg	US	6%	Manufacturing Plant and Equipment
6	Lodging & Casinos	Post-Reorg Equity	Post-Reorg	US	6%	Hotel/Lodging Real Estate
7	Shipping	Secured Loan	Post-Reorg	Denmark	6%	Ships
8	Building & Development	Post-Reorg Equity	Post-Reorg	US	6%	Residential Real Estate
9	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	5%	Commercial Real Estate
10	Oil & Gas	Post-Reorg Equity	Post-Reorg	US	5%	Ethanol Plant
					74%	

6. Source: Bloomberg

7. Categorisations determined by Neuberger Berman; percentages determined by Neuberger Berman and the Administrator. Please note that irrespective of the "sector" in which an investment is made, the underlying assets constituting the collateral for the investment comprise real estate assets in a majority of cases. As a result, NBDX's overall exposure to the real estate sector may be more than its actual direct exposure to that sector.

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