

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

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.

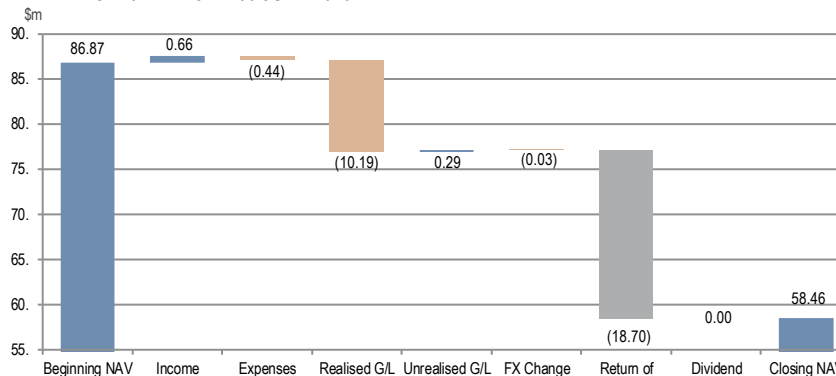
On 31 March 2015, the investment period of the Extended Life Share Class (“NBDX”) expired and the assets of NBDDIF attributable to the Extended Life Shares were placed into the harvest period. Including the \$7.5 million capital distribution by way of redemption which the Fund paid during the quarter and \$10.5 million capital distribution approved by the Board in 2Q20, \$286.1 million (equivalent to 80% 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:	\$0.7087
Share Price:	\$0.480
Share Price Discount to NAV	(32.3)%
Market Cap.	\$39.6m
Total NAV	\$58.5m
No. of issuers	13
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 MARCH – 30 JUNE 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 continued to see significant volatility in the markets due to the spread of COVID-19 and its impact on global growth expectations and economic recovery. The effects of COVID-19 on the global economy are still uncertain and the financial impact on the portfolio remains difficult to estimate. Despite the uncertainty, the investment manager remains committed to realising the investments in an orderly manner and winding down the share class as soon as practicable. For regulatory reasons, the final 10% of the total return (NAV plus cumulative distributions) in respect of any class of participating shares in NBDDIF will be returned to shareholders with a final compulsory redemption of all the outstanding shares of that class.

The investment manager's ability to estimate the gross realisable value in downside, base case and upside scenarios for each investment in the portfolio continues to be impacted by the current volatility. For this reason, it is not able to make predictions of realisable value and timing of distributions as 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. During the quarter, the Board of Directors approved and paid a \$7.5 million capital distribution by way of redemption and approved an additional \$10.5 million, which was paid in July 2020, bringing total distributions to shareholders to \$286.1 million or 80% of original capital.

Portfolio Update

NBDX ended the quarter with a NAV per share of \$0.7087 compared with \$0.8018 at the end of March 2020. NAV decreased 12% during the quarter principally due to unrealised losses in the existing portfolio as a result of impacts from COVID-19 and realised losses from investments exited during the quarter. The remaining portfolio consists of 13 issuers across 10 sectors, including surface transportation, shipping, lodging & casinos, and financial intermediaries.

Unrealised gains and losses in the portfolio included unrealised gains from positive operating results in a packaging investment, offset by unrealised losses in Exide after the company filed Chapter 11 bankruptcy protection. At quarter-end, 98% of NBDX's NAV was invested in distressed assets and U.S. Treasury securities (including net cash held in subsidiaries), with 2% held in cash.

NBDX had five exits during the quarter generating \$21 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 \$344.4 million (96% of original capital).

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

- During the quarter, Exide Technologies filed for Chapter 11 bankruptcy due to the global shutdown arising from COVID-19. The company does not expect to reorganise and has begun a sales process for the various business units. The valuation impact, a \$7.1 million unrealised loss, is a result of the decline in business operations from COVID-19, as well as the company's decision to sell the business units and wind up operations.
- Lodging & Casino investment – Company and lenders agreed on an extension to the forbearance agreement.

Data as at 30 June 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.

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

FUND MANAGERS

Michael Holmberg
30 years' investment experience

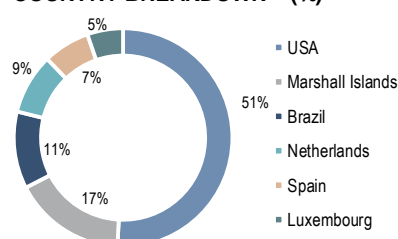
Brendan McDermott
15 years' investment experience

Ravi Soni
14 years' investment experience

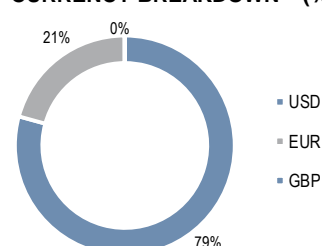
Directors:

John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Stephen Vakil

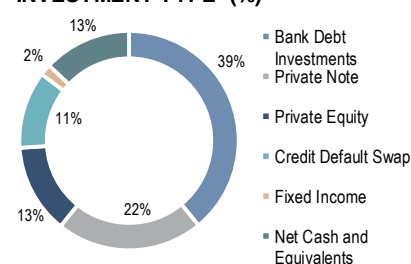
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



SECTOR BREAKDOWN⁴ (%)

Surface Transport	19%
Shipping	17%
Lodging & Casinos	15%
Financial Intermediaries	11%
Commercial Mortgage	9%
Oil & Gas	7%
Containers and Packaging	5%
Auto Components	5%
Building & Development	0%
Utilities	0%
Net Restricted Cash	0%
Net Unrestricted Cash, U.S. Treasury Securities and FX	13%

Portfolio Update (continued)

Significant Value Change (+/- \$300,000)³

INDUSTRY	INSTRUMENT	2Q20 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Packaging	Private Equity	1.92	2.72	28%	Performance improved during the quarter
Lodging & Casinos	Secured Loan	0.48	3.98	9%	Positive developments for lenders
Surface Transportation	Secured Loan	0.34	4.15	7%	Arbitration progressing
Shipping	Secured Loan / Private Equity	(0.88)	9.71	-8%	Vessel values declined with global slowdown
Surface Transportation	Trade Claim	(0.88)	6.67	-15%	Decline in state revenue due to pandemic
Financial Intermediaries	Secured Notes	(4.04)	6.22	-27%	Potential negative effect on portfolio from COVID-19
Auto Components	Secured Notes / Private Equity	(7.10)	2.75	-72%	Company filed for Chapter 11 bankruptcy and intends to sell business units and not reorganise

Exits

There were 5 exits during the quarter with total return of (\$25.2 million). Inception to date there have been 66 exits, total return is \$77.5 million, with weighted average IRR of 7% and weighted average ROR of 13%.

Exit 62 Five Point Holdings

NBDX invested \$10.1 million in the post-reorg private equity of FPH, a company that develops communities, builds infrastructure, and delivers home sites in construction-ready condition to homebuilders. The company owns land in three master planned communities located in California. We purchased the reorg equity at a significant discount to NAV and believed the share price would accrue towards NAV as development started and home price appreciation remained positive. Development was subsequently delayed due to environmental litigation at two of the land developments. Despite resolution of the litigation, we ultimately sold our investment in the secondary market when a lack of liquidity couple with uncertainty around the company's future development as a result of COVID-19 led to a potential lack of catalysts. Cash received was \$4.8 million and total return was (\$5.3 million), with IRR of (9%) and ROR of (53%) and a holding period of 111 months.

Exit 63 TORM

NBDX invested \$10.1 million in the senior secured debt of Torm, a leading product tanker company. The company restructured in 2015 and secured debt was converted to take-back debt and equity. We expected a cyclical recovery in product tankers, along with the IMO 2020 catalyst, to drive higher freight rates and asset values. We exited the investment in the quarter by selling our publicly traded shares. Cash received was \$6.8 million with total return of (\$3.3 million). IRR was (8%) and ROR was (32%) over the holding period of 75 months.

Exit 64 Twin River Holdings Worldwide

NBDX purchased \$3.2 million post-reorg private equity and Contingent Value Rights (“CVRs”) in a company owning gaming properties in Rhode Island and Mississippi. Litigation between the CVR holders and the equity holders created uncertainty over the distributions to each class, which caused both classes to trade at a discount to fair value. We purchased an almost equal percentage of the outstanding common shares and CVRs to hedge this risk. The litigation was ultimately resolved, which had a positive impact on the equity value as it simplified the company's equity structure. On the operational side of the business, the company was expecting competitive pressures from the opening of two new casinos in Massachusetts and focused on diversifying itself away from this impact by constructing a new casino, opening a new hotel, and acquiring a number of smaller casinos in Colorado, Kansas and Mississippi. In March 2019, the company completed a merger with a smaller publicly traded gaming operator. Upon conclusion of this transaction the company became publicly traded. In recent months, the company was impacted by mandatory shutdowns caused by COVID-19. We ultimately sold our investment in the secondary market with cash proceeds of \$4.9 million. Total return was \$1.7 million with IRR of 9% and ROR of 54% and a holding period of 74 months.

Exit 65 Non-Ferrous Metal Manufacturer

NBDX purchased \$11.8 million of post-reorg private equity in a global leader in the production and sale of aluminium rolled products. The company operates more than 40 production facilities throughout the Americas, Europe and Asia. Approximately 90% of the business is set on spread contracts which limit the impact of changes in aluminium prices. The company invested heavily in two \$400 million capacity expansion projects in China and the US to serve the aerospace and auto industries. The company was originally expected to be sold in 2017 to a Chinese buyer but the transaction could not close due to national security concerns. (cont..)

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 fact sheet 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 30 June 2020.

5. Includes cash and accruals.

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

Exit 65 (continued)

A new buyer emerged in 2018 and after a lengthy regulatory review period the company was ultimately sold in 2020. Cash proceeds were \$6.8 million with total return of (\$4.9 million) with IRR of (9%) and ROR of (42%) and a holding period of 80 months.

Exit 66 Eagle Bulk Shipping

NBDX invested \$19.6 million in the senior secured debt of Eagle Bulk, a dry bulk shipping company with a fleet of Supramax and Ultramax vessels. The company filed for Chapter 11 in 2014, converting pre-petition senior secured bank debt to equity and has since approached the capital markets for incremental liquidity to fund operations and capitalise on market dislocations. We expected a cyclical recovery in dry bulk along with the IMO 2020 catalyst to drive higher freight rates and asset values. We exited the investment in the quarter by selling our publicly traded shares. Cash received was \$6.1 million and total return was (\$13.5 million). IRR was (28%) and ROR was (69%) over the holding period of 85 months.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
62	\$10.1 million	\$4.8 million	(\$5.3) million	-9%	-53%	111
63	\$10.1 million	\$6.8 million	(\$3.3) million	-8%	-32%	75
64	\$3.2 million	\$4.9 million	\$1.7 million	9%	54%	74
65	\$11.8 million	\$6.8 million	(\$4.9) million	-9%	-42%	80
66	\$19.6 million	\$6.1 million	(\$13.5) million	-28%	-69%	85

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 million	\$7.2 million	\$0.4 million	\$2.5 million	25%	48%	92
5	Containers & Packaging	H12017	\$6.6 million	\$16.7 million	\$2.7 million	\$12.8 million	193%	164%	94

Distributions

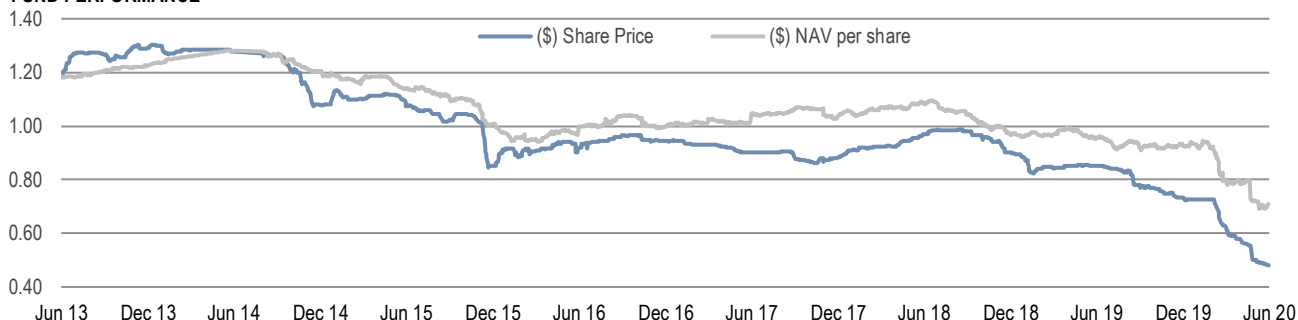
During the quarter, the Company made a \$7.5 million capital distribution via redemption of shares which, when combined with a further distribution of \$10.5 million approved in the quarter and paid in July 2020, brings total distributions (dividends, redemptions and buy-backs) to \$286.1 million or 80% of original capital.

With the uncertainty as to how long the economic shutdown will last, certain realisations in NBDX are 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 an orderly manner to distribute cash to investors as soon as possible.

Share Buy-Backs

NBDDIF repurchased 1,336,822 shares in NBDX during the quarter at a weighted average discount of 30% and a cost of \$717,718. Inception to date, a total of 13.0 million shares or 4% 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	Shipping	Secured Loan/Private Equity	Post-Reorg	Marshall Islands	17%	Vessels
2	Surface Transport	Trade Claim	Defaulted	Brazil	11%	Municipal Claim
3	Financial Intermediaries	Secured Notes	Defaulted	US	11%	Cash and Securities
4	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	9%	Commercial Real Estate
5	Lodging & Casinos	Secured Notes	Post-Reorg	US	8%	Hotel/Lodging Real Estate and Casino
6	Oil & Gas	Post-Reorg Equity	Post-Reorg	US	7%	Ethanol Plant
7	Surface Transport	Secured Loan	Defaulted	Spain	7%	Concession
8	Lodging & Casinos	Secured Loan	Defaulted	US	7%	Hotel/Lodging Real Estate and Casino
9	Auto Components	Secured Loan	Post-Reorg	US	5%	Manufacturing Plant and Equipment
10	Specialty Packaging	Post-Reorg Equity	Post-Reorg	Germany	4%	Manufacturing Plant and Equipment
					86%	

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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