

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

30 September 2018

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.

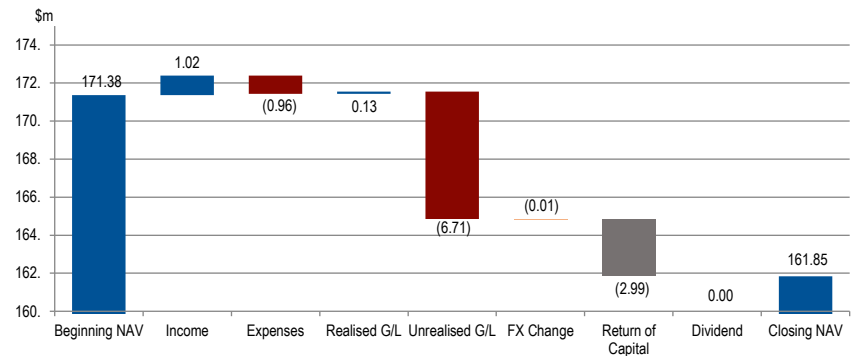
On 31 March 2015, the investment period of the Extended Life Share Class (“NBDX”) expired and the assets of NBDDIF attributable to the Extended Life Shares were placed into the harvest period. Including the \$3.0 million capital distribution paid in Q318 (as described below), \$220.4 million (equivalent to 61% of original capital) has been distributed (income by way of dividend, capital by way of redemption and share buy-backs) to shareholders since the realisation phase for this share class began. Post quarter-end, the Board approved an income distribution by way of dividend to be paid in the fourth quarter of \$2.1 million bringing total capital approved / distributed to \$222.5 million or 62% of original capital.

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: | \$1.0422 |
| Share Price: | \$0.98 |
| Share Price Discount vs. NAV | (6.0)% |
| Market Cap. | \$152.2m |
| Total NAV | \$161.8m |
| No. of issuers | 28 |
| 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: | GG00BG5NC983 |
| Website: | www.nbddif.com |
| Fund Type: | Closed-ended Investment Company |

NAV BRIDGE: 30 JUNE 2018 – 30 SEPTEMBER 2018



Source: Neuberger Berman

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

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 / Quintillion Limited, as administrator to NBDDIF (the “Administrator”). This NAV bridge has not been audited and figures are subject to change.

MANAGER COMMENTARY

NBDX is in the harvest period and the investment manager is working to restructure, reorganise, and realise exits for each investment to maximise the value of the portfolio for the shareholders. During the harvest period, the investment manager seeks a catalyst for each of the remaining investments that will allow for a realisation and return of capital and profits, if applicable. Post quarter-end, the Board approved a \$2.1 million (\$0.0134 / share) distribution of 2017 income by way of dividend to investors which brings total distributions approved / paid to 62% of original capital.

The investment manager uses economic, industry and issuer specific data to estimate the gross realisable value in downside, base case and upside scenarios for each investment in the portfolio. It currently estimates the range of the aggregated realisable value for the investments in the portfolio is between 92% and 167% of the 30 September 2018 market values of these investments, with a base case of 131%. Shareholders should, however, note that: (i) the realisable values of the investments are calculated on a gross basis and, in particular, do not reflect the investment manager’s management fee and investment-related expenses; and (ii) this range of aggregate realisable values is an estimate only, and there is no guarantee that the value actually realised will be within this range. Further details on the risks relating to “forward looking information” are set out at the end of this factsheet.

The investment manager’s current expectation is that we will distribute 85-90% of 30 September 2018 NAV in 2019, and the remainder in 2020. Delays in the timing of the exits of a commercial real estate investment and an oil and gas investment, representing 11% of 30 September 2018 NAV, shifted the timing of distributions from 2018 to 2019. Changes to timing are expected and will continue to be updated in the quarterly factsheets. For regulatory reasons, the final 10% of the 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.

NBDX had one exit detailed below, as the last of the Chicago condominium investments was exited. This was the sole exit and generated \$0.4 million cash during the quarter. The exit was in line with the previous quarter’s base case estimates for value and timing. This cash, combined with \$0.7 million cash generated from performing investments, was used to fund the income dividend approved in Q418. The ratio of total value (capital distributions, dividends, buy-backs, and current NAV) to original capital is 106%.

Portfolio Update

NBDX ended the quarter with NAV per share of \$1.0422 compared to \$1.0840 at the end of June. The NAV decreased 3.9% in the quarter principally due to decreases in five equity investments. During the harvest period, a larger percentage of the fund’s investments are in reorganised equities, including public equities, which were affected by the market volatility during the quarter. More detail can be found below. At quarter-end, 97% of NBDX’s NAV was invested in distressed assets (including cash held in subsidiary accounts, receivables and net payables) with 3% held in cash, including the cash for the approved income dividend.

The current portfolio consists of 28 issuers across 13 sectors. The largest sector concentrations were in Lodging & Casinos, Shipping, Oil & Gas and Auto Components.

Data as at 30 September 2018. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDX
1. Source: Bloomberg, except where otherwise stated.

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

30 September 2018

FUND MANAGERS

Michael Holmberg

28 years' investment experience

Brendan McDermott

13 years' investment experience

Ravi Soni

12 years' investment experience

Directors:

John Hallam (Chairman)

Michael Holmberg

Christopher Legge

Christopher Sherwell

Stephen Vakil

Portfolio Update continued

Notable events below describe activity in the investments during the quarter and post quarter-end¹.

- Lodging & Casino - During the third quarter we terminated the previously disclosed LOI negotiations with a potential buyer as they wished to change the terms of the transaction. We are currently in discussion with another interested party. We reduced the carrying value of this investment by 9% (\$0.6 million) to reflect the delay in timing and increased uncertainty of the transaction.

Significant Value Change (approximately 0.5% of NBDX NAV or +/- \$800,000)²

| INDUSTRY | INSTRUMENT | Q318 TOTAL RETURN | MARKET VALUE | QUARTERLY PRICE CHANGE | COMMENT |
|------------------------|----------------|-------------------|----------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| TORM | Public Equity | (\$1.0 million) | \$3.3 million | -23% | With weakness in the crude tanker market, new build crude tankers are carrying refined products, creating excess capacity and putting pressure on charter rates for TORM vessels. |
| Containers & Packaging | Private Equity | (\$1.1 million) | \$5.2 million | -16% | An inflationary raw material price environment negatively impacted margins as the company struggles to pass through the increase costs to its customers. |
| Lodging & Casino | Private Equity | (\$1.6 million) | \$17.3 million | -9% | See Portfolio Update above. |
| Five Point Holdings | Public Equity | (\$1.7 million) | \$8.6 million | -16% | Environmental clean-up concerns at one of the company's properties continue to weigh on the company. In addition, rising rates have impacted valuations in the homebuilding sector in general. |
| Non-ferrous metals | Private Equity | (\$2.0 million) | \$6.8 million | -26% | The company announced it was being acquired, but the value to equity owners was less than expected and the price declined on the news. |

Sector Analysis – Auto Components

Our quarterly in-depth look at investments by sector focuses on NBDX's Auto Components sector investments, which is its fourth largest sector, representing 8.7% of NAV.

NBDX owns First Lien Notes, Second Lien Convertible Notes, and private equity in an auto component company. The company is a global leader in stored electrical energy solutions, and one of the largest manufacturers and suppliers of lead-acid batteries for transportation and industrial applications in the world. We originally purchased secured notes that were converted to equity in 2015 following a lengthy Chapter 11 bankruptcy process that included significant negotiations with California State environmental regulators. Following the company's emergence from bankruptcy the newly hired management team identified opportunities to dramatically improve manufacturing capacity, eliminate costs, and capture incremental market share from its largest competitors. The transformational business plan required incremental capital to upgrade technology and modernise manufacturing plants. Existing shareholders, including NBDX, funded the plan in 2017. Performance has been modestly below plan projections, but the plan is in-process and management remains confident in long-term profitability projections.

Exits

There was one exit during the quarter with total return of \$3.1 million. This was the conversion of a partial realisation to an exit once the warranties at the property had expired. Inception to date, NBDX has experienced 52 exits with total return of \$112.8 million, IRR of 15% and ROR of 27%.

Exit 52

NBDX invested \$7.2 million to purchase a senior construction loan secured by 168 condominium units and related parking spaces located south of Downtown Chicago, Illinois. The lender group executed a deed-in-lieu with the borrower and took possession of the underlying collateral. The group engaged a nationally recognised real estate firm to act as asset manager and broker for the remaining units, invested \$0.8 million additional capital to complete the units and common areas, and rebranded the property. The remaining units were sold with proceeds being used to return capital and profits to the owners. Cash received to date is \$11.1 million. The total return on the investment for NBDX is \$3.1 million over 93 months. The IRR is 11% and ROR is 39%.

| EXIT | CASH INVESTED | CASH RECEIVED | TOTAL RETURN | IRR | ROR | MONTHS HELD |
|------|---------------|----------------|---------------|-----|-----|-------------|
| 52 | \$8.0 million | \$11.1 million | \$3.1 million | 11% | 39% | 93 |

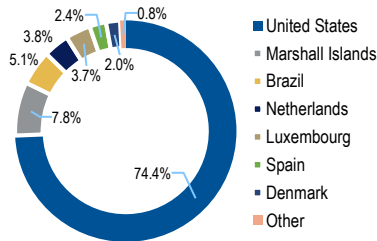
1. Notable corporate events may or may not result in an increase or decrease in the value of an NBDX investment or a change in NBDX's NAV per share. Please note that an investment may experience a change in value (positive or negative) during the quarter whether or not it was subject to a notable corporate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

2. 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

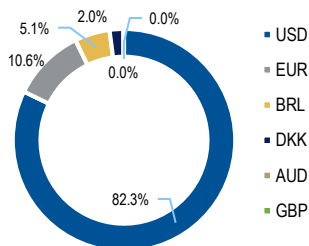
NB Distressed Debt Investment Fund Limited – Extended Life Shares (“NBDX”)

30 September 2018

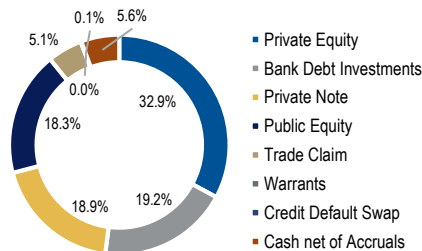
COUNTRY BREAKDOWN^{1,2} (%)



CURRENCY BREAKDOWN^{1,2} (%)



INVESTMENT TYPE³ (%)



SECTOR BREAKDOWN⁴ (%)

| | |
|----------------------------|-------|
| Lodging & Casinos | 22.7% |
| Shipping | 13.6% |
| Oil & Gas | 9.0% |
| Auto Components | 8.7% |
| Surface Transport | 7.5% |
| Utilities | 7.4% |
| Financial Intermediaries | 7.2% |
| Building & Development | 5.5% |
| Commercial Mortgage | 4.2% |
| Nonferrous Metals/Minerals | 4.2% |
| Containers and Packaging | 3.7% |
| Forest Products | 0.7% |
| Air Transport | 0.0% |
| Real Estate Development | 0.0% |
| Net Cash and Accruals | 4.1% |
| Restricted Cash | 1.5% |

Partial Realisations

There was no material partial realisation 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 |
|---------------------|------------------------|------------------|----------------|-----------------------|-----------------------------|----------------|-------------|-------------|-------------|
| 3 | Commercial Mortgage | Q217 | \$23.1 million | \$29.8 million | \$0.7 million | \$7.4 million | 10% | 32% | 62 |
| 4 | Containers & Packaging | Q217 | \$5.1 million | \$6.9 million | \$0.7 million | \$2.5 million | 28% | 50% | 69 |
| 5 | Containers & Packaging | Q217 | \$6.6 million | \$16.7 million | \$5.2 million | \$15.3 million | 56% | 230% | 72 |

Distributions

During the third quarter, NBDX paid a capital distribution by way of redemption of \$3.0 million. Post quarter-end, the Board approved a \$2.1 million income distribution to be paid by way of dividend in the fourth quarter. Since inception, \$222.5 million (or 62% of original capital) has been approved / distributed to shareholders in the form of share redemptions, income dividends and share buy-backs. The ratio of total value (capital distributions, dividends, buy-backs, and current NAV) to original capital is 106%.

Share Buy-Backs

There were no buybacks during the quarter. Total shares repurchased since inception to date is 7,616,313 or 2% of the original NBDX shares. All shares have been cancelled.

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1. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 September 2018.

2. Includes cash and accruals.

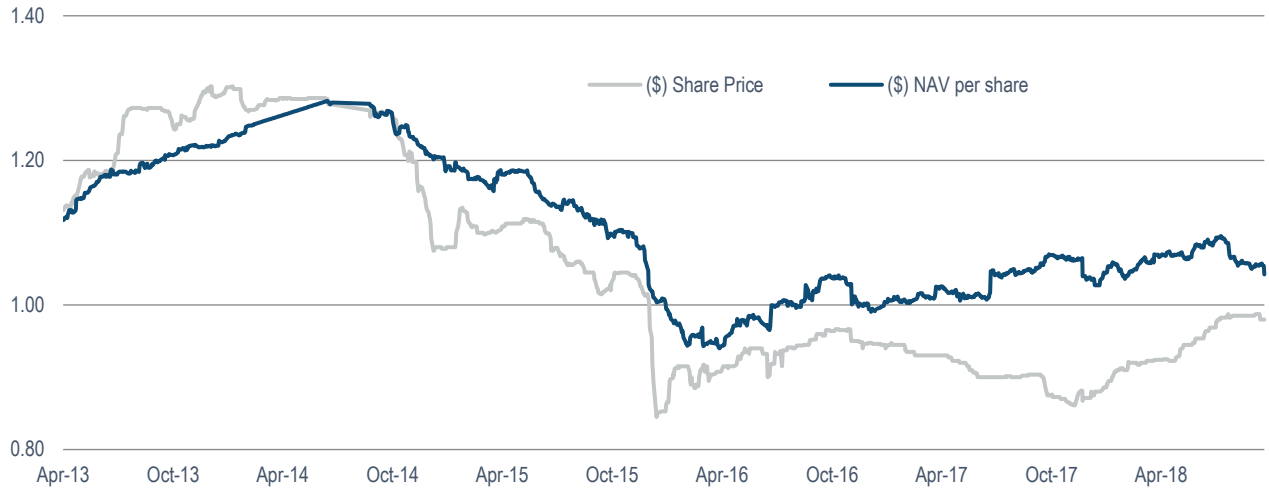
3. Cash includes restricted and unrestricted cash, net accruals.

4. 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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30 September 2018

FUND PERFORMANCE¹



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS²

| Holding | Industry | Instrument | Status | Country | % of NAV | Primary Assets |
|--------------|----------------------------|-------------------|------------|------------------|------------|----------------------------------------|
| 1 | Lodging & Casinos | Secured Loan | Post-Reorg | US | 11% | Hotel/lodging real estate |
| 2 | Auto Components | Secured Notes | Post-Reorg | US | 9% | Manufacturing plant and equipment |
| 3 | Shipping | Secured Loan | Post-Reorg | Marshall Islands | 8% | Maritime vessels |
| 4 | Financial Intermediary | Secured Notes | Defaulted | US | 7% | Cash & securities |
| 5 | Oil & Gas | Post-Reorg Equity | Post-Reorg | US | 7% | Bio-fuel plant |
| 6 | Utilities | Secured Loan | Post-Reorg | US | 7% | Power plants |
| 7 | Building & Development | Post-Reorg Equity | Post-Reorg | US | 5% | Residential real estate |
| 8 | Lodging & Casinos | Post-Reorg Equity | Post-Reorg | US | 5% | Hotel/lodging real estate |
| 9 | Surface Transport | Trade Claim | Defaulted | Brazil | 5% | Municipal claim |
| 10 | Nonferrous Metals/Minerals | Post-Reorg Equity | Post-Reorg | US | 4% | Manufacturing/distribution real estate |
| Total | | | | | 68% | |

1. Source: Bloomberg

2. 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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The value of investments designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital.

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