

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

31 December 2019

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.

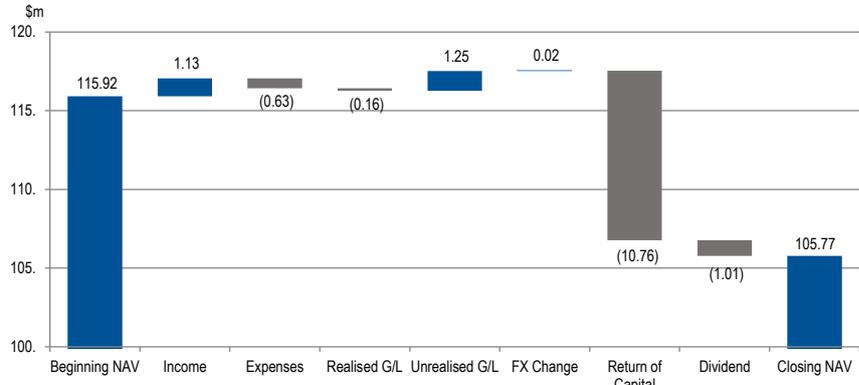
On 31 March 2015, the investment period of the Extended Life Share Class ("NBDX") expired and the assets of NBDDIF attributable to the Extended Life Shares were placed into the harvest period. Including the \$5.0 million capital distribution by way of redemption which the Fund paid during the quarter, and the \$10.5 million distribution by way of redemption that the board approved post quarter-end, \$260.9 million (equivalent to 73% of original capital) has been 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

FUND FACTS¹

NAV Per Share:	\$0.9266
Share Price:	\$0.735
Share Price Discount to NAV	(20.7)%
Market Cap.	\$83.9m
Total NAV	\$105.8m
No. of issuers	23
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:	GG00BDFZ6C48
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 30 SEPTEMBER 2019 – 31 DECEMBER 2019



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

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.

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 95% and 180% of the 31 December 2019 market values of these investments, with a base case of 142%. Generally, the range decreased slightly due to an increase in NAV and a decrease in the value of an oil & gas investment. 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 announcement.

NBDX had three exits during the quarter generating \$13.2 million cash. Details on the exits are below. During the quarter, NBDX made a distribution by way of redemption of \$10.5 million and an income dividend of \$1.0 million, both partially funded from the cash raised from the exits. The ratio of total value (capital distributions, dividends, buy-backs, and current NAV) to original capital is 102%.

Portfolio Update

NBDX ended the quarter with a NAV per share of \$0.9266 compared with \$0.9203 at the end of September 2019. NAV increased 0.7% during the quarter and total return to shareholders during the quarter was 1.6% including the income dividend. Unrealised gains in TORM and Twin River public equity, and a packaging and container private equity investment were partially offset by unrealised losses in an auto component investment and oil & gas private equity investment. During the harvest period, reorganised equities, including public equities, represent a larger percentage of NBDX's investments. More detail can be found below on public equity positions in the portfolio. At quarter-end, 94% of NBDX's NAV was invested in distressed assets (including cash held in subsidiary accounts, receivables and net payables) with 6% held in cash.

The current portfolio consists of 23 issuers across 11 sectors. The largest sector concentrations were in shipping, lodging & casinos, auto components and surface transportation.

Notable events¹ below describe activity in the investments during the quarter and post quarter-end.

- Auto Component investment - The company effected a corporate reorganisation to enable the company to more efficiently sell a portion of the business. As part of the process, we converted 1.5 lien convertible notes into private equity of a new holding company.

Data as at 31 December 2019. 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
Christopher Sherwell
Stephen Vakil

Portfolio Update (continued)

Public Equity

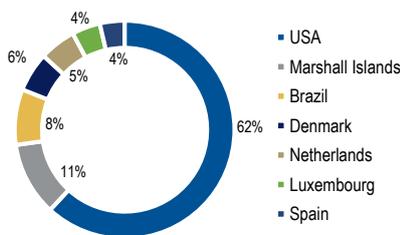
In the harvest period, the public equity portion of the portfolio is significant as the result of debt-for-equity conversions. The NBDX portfolio currently includes the following public equity holdings:

ISSUER	MARKET VALUE AT 31 DECEMBER 2019 (\$ in millions)	% NAV
Five Point Holdings LLC	6,373,996	6.0%
Eagle Bulk Shipping Inc	4,673,491	4.4%
Rivera Resources	234,269	0.2%
Star Bulk	211,710	0.2%
Sandridge Energy Inc	105,580	0.1%
Grand Total	23,820,756	22.5%

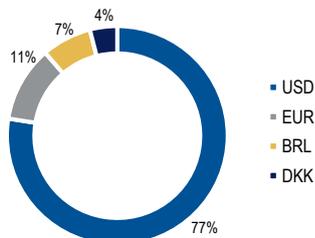
Significant Value Change (approximately 0.5% of NBDX NAV or +/- \$550,000)³

INDUSTRY	INSTRUMENT	4Q19 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
TORM	Public equity	\$1.5	6.1	28%	Accelerating day rates on IMO 2020
Packaging and Containers	Private Equity	\$1.3	3.9	43%	Performance improved due to cost cutting and better pass through of pricing increases
Twin Rivers	Public equity	\$0.7	6.1	12%	Improving equity markets
Auto Components	Secured Notes/Private Equity	\$(0.7)	12.4	-5%	Corporate restructuring with 1.5 lien convertible notes converted to private equity
Oil & Gas	Private Equity	\$(1.0)	4.2	-18%	Forced seller put pressure on price

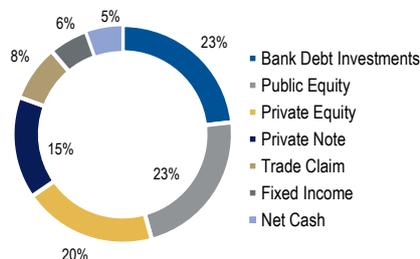
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



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 December 2019.

5. Includes cash and accruals.

Exits

Exit 55 – TXU / Vistra

We invested \$24.4 million to purchase senior secured debt on the largest electricity generator and retailer in Texas. As we had anticipated, our debt was converted to equity during a Chapter 11 reorganisation. The Company substantially deleveraged during its restructuring and used its clean balance sheet to fund a special dividend to shareholders and complete a major acquisition. The transaction has approximately doubled the earnings of the company and diversified its asset base outside of Texas. The investment underperformed expectations due to weaker than expected power prices. The cash received to date is \$19.2 million. Total return on the investment for NBDX was flat. The exit value was slightly above the base case estimate.

Exit 56 – Forest Products

NBDX invested \$8.3million to purchase senior notes at 63% of par, secured by assets of a Polish-German manufacturer of engineered wood products. A portion of the notes was redeemed within two years of our initial purchase. Our remaining stake was restructured into equity of the company. The company was able to increase its profitability but a number of inflationary and competitive pressures resulted in earnings growing less than planned. Due to a lack of an upcoming catalyst we ultimately sold our remaining position in the secondary market. The cash received to date is \$10.0 million. Total return on the investment for NBDX is \$1.7 million, the IRR is 8% and the ROR is 20%. The exit value was at the base case estimate.

Exit 57 – GV Holdings LLC/Landmark

NBDX invested \$23.1 million to purchase a senior construction loan senior construction loan secured by 107 condominium units and a 140,000 square feet mixed-use retail space in Greenwood Village, Colorado. The lenders successfully petitioned the court to install a nationally recognised real estate company to act as receiver, refurbish and complete the remaining condominiums for sale, rebrand and lead marketing of the residential units, and lead leasing efforts for the retail space. All of the condominiums and retail space were ultimately sold and litigation claims were resolved. The cash received to date is \$30.1 million. Total return on the investment for NBDX is \$7.0 million, the IRR is 10% and the ROR is 30%. The exit value was slightly less than the downside case estimate due to higher litigation costs which lowered cash reserve balance.

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SECTOR BREAKDOWN⁷ (%)

Shipping	21%
Lodging & Casinos	14%
Auto Components	12%
Surface Transport	12%
Financial Intermediaries	9%
Building & Development	6%
Nonferrous Metals/Minerals	6%
Commercial Mortgage	5%
Oil & Gas	5%
Containers and Packaging	4%
Utilities	0%
Air Transport	0%
Restricted Cash and FX Forwards	1%
<i>Unrestricted Cash & Equivalents</i>	6%

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
55	\$24.4	\$24.4	-	0%	0%	105
56	\$8.3	\$10.0	\$1.7	8%	120%	85
57	\$26.7	\$33.6	\$7.0	10%	130%	77

Inception to date, NBDX has experienced 57 exits with a total return of \$115.2 million, weighted average IRR of 11% and weighted average ROR of 23%.

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	0.4	2.4	25%	48%	82
5	Containers & Packaging	H12017	6.6	16.7	2.6	12.7	53%	191%	85

Distributions

The investment manager's expectation at the start of 2020 is to distribute approximately 65-70% of 31 December 2019 NAV in 2020 and the remainder in 2021. This is not a significant change from the previous quarter. 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. In the harvest period, we continue to focus on restructuring and monetising our investments, balancing timely realisations with maximising proceeds to our investors. Changes to timing are expected based on market conditions and investment developments and will continue to be updated in the quarterly factsheets.

During the quarter, the board paid a \$10.5 million (\$0.0833/share) capital distribution paid via redemption of shares bringing total distributions (dividends, redemptions and buy-backs) to \$260.9 million or 73% of original capital. The board also paid an income dividend of \$1.0 million to shareholders per the terms of the fund documents.

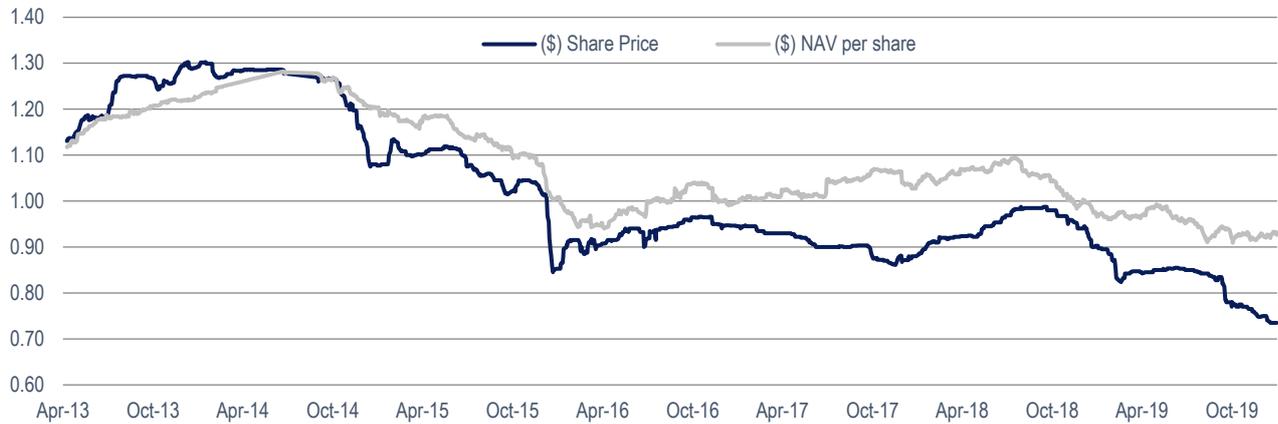
Share Buy-Backs

NBDDIF repurchased 360,000 shares in NBDX during the quarter at a weighted average discount of 20% and a cost of \$265,688. Inception to date, a total of 11,266,812 or 3% of the original NBDX shares, have been repurchased and cancelled.

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FUND PERFORMANCE⁶



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁷

Holding	Industry	Current Instrument	Status	Country	% of NAV	Primary Assets
1	Auto Components	Secured Notes/Private Equity	Post-Reorg	US	12%	Manufacturing plant and equipment
2	Shipping	Secured Loan/Private Equity	Post-Reorg	Marshall Islands	11%	Maritime vessels
3	Financial Intermediary	Secured Notes	Defaulted	US	9%	Cash & securities
4	Surface Transport	Trade Claim	Defaulted	Brazil	8%	Municipal claim
5	Building & Development	Public Equity	Post-Reorg	US	6%	Residential real estate
6	Nonferrous Metals/Minerals	Private Equity	Post-Reorg	US	6%	Manufacturing/distribution real estate
7	Shipping	Public Equity	Post-Reorg	Denmark	6%	Maritime vessels
8	Lodging & Casinos	Public Equity	Post-Reorg	US	6%	Hotel/lodging real estate
9	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	5%	Commercial real estate
10	Shipping	Public Equity	Post-Reorg	US	4%	Maritime vessels
					73%	

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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