

NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

31 December 2018

NBDG 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.

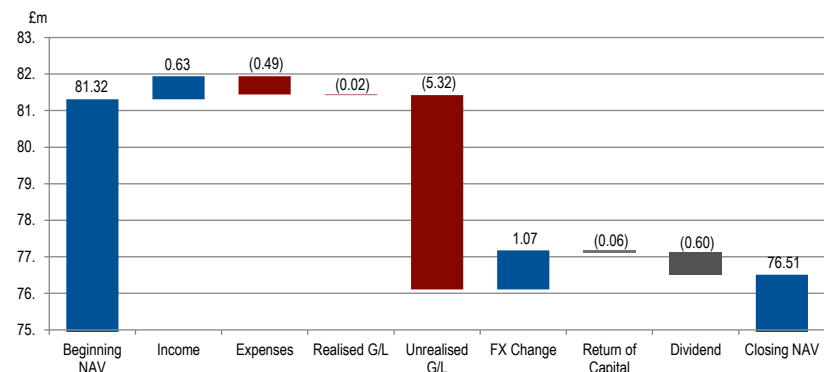
The New Global Share Class (“NBDG”) was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG’s investment period ended on 31 March 2017, following which the harvest period commenced. Including the £0.6 million income distribution paid in Q418 and share buy-backs of £8.6 million, £26.8 million (equivalent to 24% of original capital) has been distributed to shareholders since the realisation phase for this share class began.

The New Global Share Class is one of three classes of shares in NBDDIF. The others are the Ordinary Share Class and the Extended Life Share Class. The Ordinary Share Class was subject to an investment period which ended on 10 June 2013 and the Extended Life Share Class was subject to an investment period which ended on 31 March 2015. Separate factsheets are produced for those share classes.

FUND FACTS¹

NAV Per Share:	92.44p
Share Price:	89.5p
Share Price Discount vs. NAV	(10.8)%
Market Cap.	£68.3m
Total NAV	£76.5m
No. of issuers	21
Launch Date:	4 March 2014
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDG:LN
ISIN:	GG00BG0QZQ04
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 30 SEPTEMBER – 31 DECEMBER 2018



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDG 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 generally does not intend to hedge the currency exposure between Sterling (the currency in which shares are denominated) and the currency of the investments made by the share class.

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

NBDG 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 quarter, the Board paid a £0.6 million distribution of 2017 income by way of dividend. This brings total distributions (income dividend, share buybacks, and capital distribution) paid to investors to £26.8 million or 24% 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 95% and 177% of the 31 December 2018 market values of these investments, with a base case of 140%. 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.

There were no exits during the quarter. Including the Q418 income distribution, the ratio of total value (capital distributions, dividends, share buy-backs and current NAV) to original capital is 93%.

Post quarter-end, NBDG completed the sale of its largest holding, a lodging and casino investment in Las Vegas. Estimated cash proceeds distributed to NBDG from the sale in Q119 will be approximately \$9.1 million. The board will review the cash position to determine a distribution at the February board meeting.

Portfolio Update

NBDG ended the quarter with NAV per share of £0.9244 after income dividend of £0.73 per share as compared to £0.9815 at the end of September. NBDG’s NAV decreased 5% during the quarter due to unrealised mark to market loss in four 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, 98% of NBDG’s NAV was invested in distressed assets (including cash held in subsidiary accounts, receivables and net payables) with 2% held in cash.

The current portfolio consists of 21 issuers across 9 sectors. The largest sector concentrations include Lodging & Casinos, Shipping, Auto Components, and Commercial Mortgage.

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

- **Lodging & Casino investment:** During the fourth quarter, we executed a purchase and sale agreement with one buyer for the land. We increased the carrying value of this investment by 4% (£0.4 million) to reflect the progress towards the transaction. Post quarter-end, the sale was executed in February 2019. Estimated cash proceeds to NBDG are approximately \$9.1 million (9% of 31 December 2018 NAV).

Data as at 31 December 2018. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

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 NBDG investment or a change in NBDG’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
28 years' investment experience

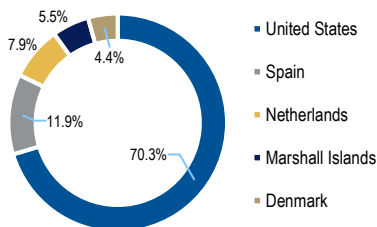
Brendan McDermott
13 years' investment experience

Ravi Soni
12 years' investment experience

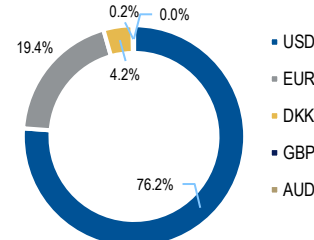
Directors:

John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Christopher Sherwell
Stephen Vakil

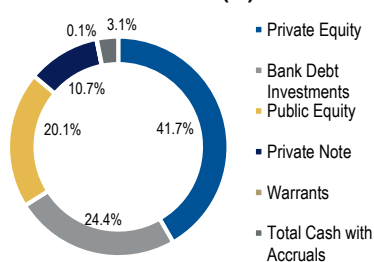
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁶ (%)



SECTOR BREAKDOWN⁷ (%)

Lodging & Casinos	38.8%
Shipping	15.4%
Auto Components	8.4%
Commercial Mortgage	7.7%
Oil & Gas	7.1%
Utilities	6.4%
Nonferrous Metals/Minerals	5.4%
Surface Transport	4.1%
Building & Development	3.5%
Air Transport	0.0%
Unrestricted Cash and Accruals	1.7%
Restricted Cash	1.4%

Portfolio Update (continued)

- Oil and Gas investment: Post quarter-end, the investment entity's directors and requisite shareholders approved the sale of one of its bio-fuel facilities with an expected closing date in early Q219. Shortly after closing, the company will distribute proceeds to its shareholders, expected to result in approximately \$1.0 million due to NBDG, after the sale closes. We will communicate details to shareholders when further details are confirmed.

Significant Value Change (approximately 0.5% of NBDG NAV or +/- £400,000)³

INDUSTRY	INSTRUMENT	Q418 TOTAL RETURN (£ in millions)	MARKET VALUE (£ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Lodging & Casino	Private Equity	£0.4	£7.2	4%	Encouraging discussions with potential buyers of the land point toward a potential transaction in 2019.
Roan /Riviera Resources	Public Equity	(£0.4)	£0.7	-38%	Energy prices negatively impacted public equity price
Industrials	Private Notes/ Private Equity	(£0.5)	£6.4	-12%	Macro-economic issues affected pricing in securities
Eagle Bulk	Public Equity	(£0.9)	£4.5	-18%	Global trade concerns and volatility in public equity markets impacted valuation
Five Point Holdings	Public Equity	(£0.9)	£2.7	-26%	Interest rate speculation and macro-economic concerns on US housing pressured equity prices into year-end
Lodging & Casino	Private Equity	(£1.1)	£13.9	-10%	Volatility in equity markets negatively impacted share price due to proposed merger and conversion to public company

Exits

There were no exits this quarter. Inception to date, NBDG has experienced 16 exits with a total return of £10.0 million, IRR of 18% and ROR of 26%

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
1	Lodging & Casino	Q118	£4.5 million	£5.9 million	£1.1 million	£2.5 million	18%	57%	58

Distributions

The investment manager's current expectation is that we will distribute 40-45% of 31 December 2018 NAV in 2019, and the remainder in 2020. Financial market upheaval and global trade uncertainty affected the timing of some investments, pushing estimated exits from 2019 to 2020. 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 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 NBDG will be returned to shareholders with the final compulsory redemption of all of the outstanding shares of that class.

The Board approved an income distribution by way of dividend of £0.6 million during the fourth quarter. Since inception, £26.8 million (or 24% of original capital) has been 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 93%.

To help better understand changes to our expected timeline for realising proceeds and distributions, overleaf we highlight significant investments and rationale for changes within the portfolio.

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 NBDG'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 2018.

5. Includes cash and accruals.

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

7. Categorisations 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, NBDG's overall exposure to the real estate sector may be more than its actual direct exposure to that sector.

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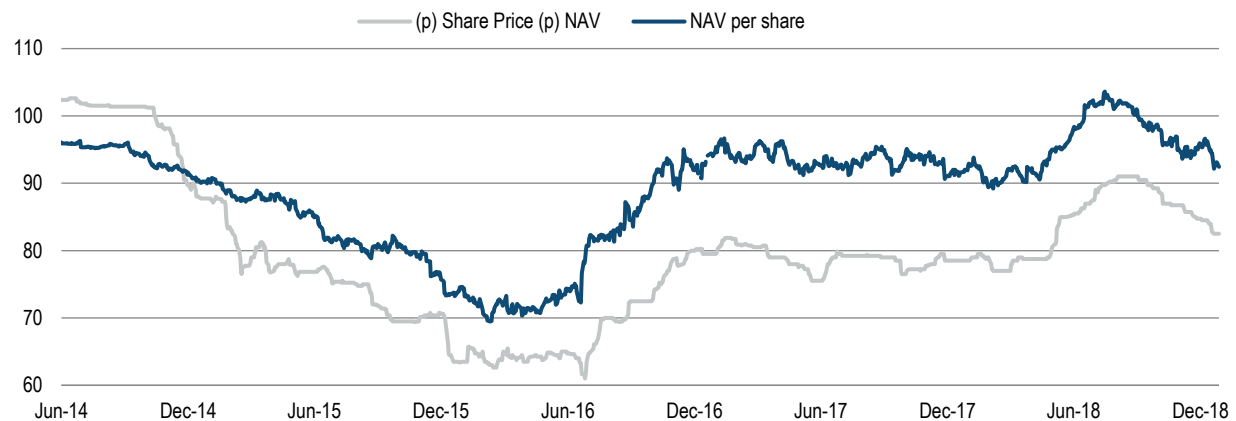
Significant Investments Experiencing Exit Timing Changes

INDUSTRY	INSTRUMENT	MARKET VALUE	COMMENT
Lodging & Casino	Post-reorg Equity	£13.9 million	Announced transaction to merge with listed entity versus sale of company to a strategic buyer has push out timing of ultimate realisation
Auto Components	Secured Notes/Private Equity	£6.4 million	Slower than expected benefits from plant capex and a CEO change have likely pushed back a liquidity event for the company
Commercial Mortgage	Secured Loan	£5.9 million	Company conducted limited offering that did not meet the lenders' expectations; will approach broader market to conduct formal sales process
Lodging & Casino	Post-reorg Equity	£5.7 million	Certain operational restructuring initiatives pushed into 2019 delayed management's plan to explore strategic alternatives
Non-ferrous Metals	Post-reorg Equity	£4.1 million	Rejection of original transaction by US government resulted in a delay; have since agreed to sell equity to a new buyer. Transaction expected to close in 2019
Shipping	Secured Loan	£3.9 million	Temporary softness in larger vessels in the dry bulk market and long-term charters paying more attractive rates than short-term charters has pushed off near term asset sale potential
Vistra Energy	Public Equity	£3.6 million	Positives from increased 2019 guidance, tightening Texas market, Dynegy integration, and commencement of a dividend have increased realisation expectations
Oil & Gas	Post-reorg Equity	£3.3 million	Strategic alternatives process which could push out a liquidity event, still in progress.
Five Point Holdings	Public Equity	£2.7 million	Uncertainty around timing of Shipyard environmental testing by US Navy has delayed catalyst for development in San Francisco; Company working towards initial lot deliveries at Newhall in 4Q19

Share Buy-Backs

The company bought 75,000 shares in NBDG during the quarter at a weighted average discount of 11.57% and a cost of £63,028. 11% of the original NBDG shares have been repurchased and cancelled.

FUND PERFORMANCE⁸



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁹

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casinos	Post-Reorg Equity	Post-Reorg	US	18%	Hotel/casino
2	Lodging & Casinos	Secured Loan	Post-Reorg	US	9%	Hotel/lodging real estate
3	Auto Components	Secured Notes	Post-Reorg	US	8%	Manufacturing plant
4	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	8%	Commercial real estate
5	Lodging & Casinos	Secured Loan	Current	Spain	7%	Hotel/lodging real estate
6	Shipping	Secured Loan	Post-Reorg	US	6%	Maritime vessels
7	Nonferrous Metals/Minerals	Post-Reorg Equity	Post-Reorg	US	5%	Manufacturing plant
8	Shipping	Secured Loan	Post-Reorg	Marshall Islands	5%	Maritime vessels
9	Utilities	Secured Loan	Post-Reorg	US	5%	Power plants
10	Oil & Gas	Post-Reorg	Post-Reorg	US	4%	Bio-fuel plant
Total					77%	

⁸ Source: Bloomberg

⁹ 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, NBDG’s overall exposure to the real estate sector may be more than its actual direct exposure to that sector.

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