

NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

31 March 2019

NBDD 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.

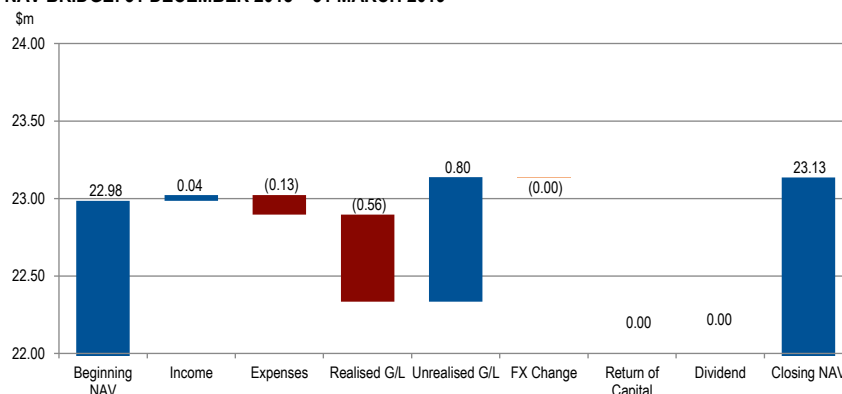
On 10 June 2013, the investment period of the NBDD Share Class (“NBDD”) expired and the assets of NBDDIF attributable to the Ordinary Shares were placed into the harvest period. Including the \$8.0 million capital distribution by way of redemption which the board approved during the quarter (and distributed in 2Q19), \$132.8 million (equivalent to 107% of original capital) has been distributed (income by way of dividend and capital by way of redemption) to shareholders since the realisation phase for this share class began.

The Ordinary Share Class is one of three classes of shares in NBDDIF. The others are the Extended Life Share Class and the New Global Share Class, which both offered exposure to new opportunities in this asset class beyond 10 June 2013. The Extended Life Share Class was subject to an investment period which ended on 31 March 2015 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:	\$0.9888
Share Price:	\$0.910
Share Price Discount vs. NAV	(8.0)%
Market Cap.	\$21.3m
Total NAV	\$23.1m
No. of issuers	12
Launch Date:	10 June 2010
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDD:LN
ISIN:	GG00BDFZ6F78
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 31 DECEMBER 2018 – 31 MARCH 2019



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDD 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 / 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

NBDD 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 91% and 156% of the 31 March 2019 market values of these investments, with a base case of 129%. These ranges include expected proceeds from the sale of all investments in 2019. 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 was one exit during the quarter. The ratio of total value (capital distributions, dividends and current NAV) to original capital is 119%.

Portfolio Update

NBDD ended the quarter with NAV per share of \$0.9888 as compared to \$0.9824 at the end of December 2018. The NAV increased by 0.7% in the quarter, principally driven by unrealised gains in one equity investment. During the harvest period, reorganised equities, including public equities, represent a larger percentage of the fund's investments. More detail can be found below. At quarter-end, 59% of NBDD's NAV was invested in distressed assets (including cash in subsidiary accounts, receivables and net payables) with 41% held in cash net of payables (inclusive of \$8.0 million of cash that was distributed in 2Q19).

The portfolio consists of 12 issuers across 8 sectors. The largest sector concentrations were in surface transportation, utilities, building & development and auto components.

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

- **Vistra** – During the quarter the company initiated a quarterly dividend payment program targeted to return cash to shareholders and increase share visibility.

Data as at 31 March 2019. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

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 NBDD investment or a change in NBDD'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

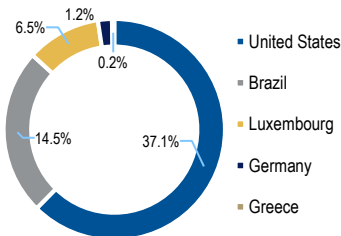
Brendan McDermott
15 years' investment experience

Ravi Soni
14 years' investment experience

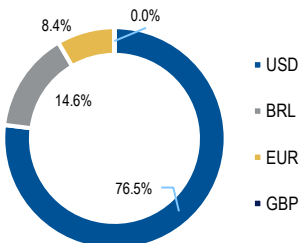
Directors:

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

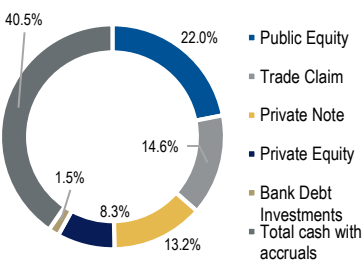
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁶ (%)



SECTOR BREAKDOWN⁷ (%)

Surface Transport	14.5%
Utilities	13.4%
Building & Development	10.0%
Auto Components	9.4%
Containers and Packaging	6.5%
Financial Intermediaries	3.6%
Forest Products	1.2%
Shipping	1.0%
Restricted cash net of accruals	0.6%
Unrestricted cash net of accruals	39.9%

Significant Value Change (approximately 0.5% of NBDD NAV or +/- \$120,000)³

INDUSTRY	INSTRUMENT	Q119 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Vistra	Public Equity	\$0.3	\$2.7	+13%	Better than expected earnings, dividend introduction, reaffirmed strong 2019 guidance.
Industrials	Private Notes/ Private Equity	(\$0.3)	\$1.8	-15%	The Company reported below-plan results for 12/31/18

Exits

There was one exit during the quarter.

Exit 43

Details of this exit were announced via RNS in February 2019. NBDD had invested \$5.2 million to purchase a non-performing loan secured by approximately 60 acres of land adjacent to the gaming corridor in Las Vegas at a significant discount to par value. The lender group foreclosed on the loan collateral, which included undeveloped land and an apartment complex of 998 units. The group made significant improvements to the residential units and worked with advisors to conduct broad and deep marketing of the property to potential buyers. A Purchase & Sale Agreement was ultimately executed in 3Q18 and the transaction was completed in February 2019. Cash received to date is \$7.3 million. The total return on the investment for NBDD is \$2.1 million over 96 months. The IRR is 4% and ROR is 40%.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
43	\$5.2 million	\$7.3 million	\$2.1 million	4%	40%	96

Inception to date, NBDD has experienced 43 exits with a total return of \$195.7 million, IRR of 15% and ROR of 28%

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
3	Containers & Packaging	Q217	\$2.0 million	\$2.8 million	\$0.2 million	\$1.0 million	26%	50%	75
4	Containers & Packaging	Q217	\$2.6 million	\$6.5 million	\$1.3 million	\$5.2 million	54%	203%	78

Distributions

The investment manager's current expectation is to realise 100% of 31 March 2019 NAV in 2019 and to distribute the proceeds in the shortest possible time after realisation. There were no significant changes in expected exit timing for any investment during the quarter. 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.

The Board approved a capital distribution by way of redemption of \$8.0 million during the first quarter, which was distributed in 2Q19.

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 NBDD'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 2019.

5. Includes cash and accruals.

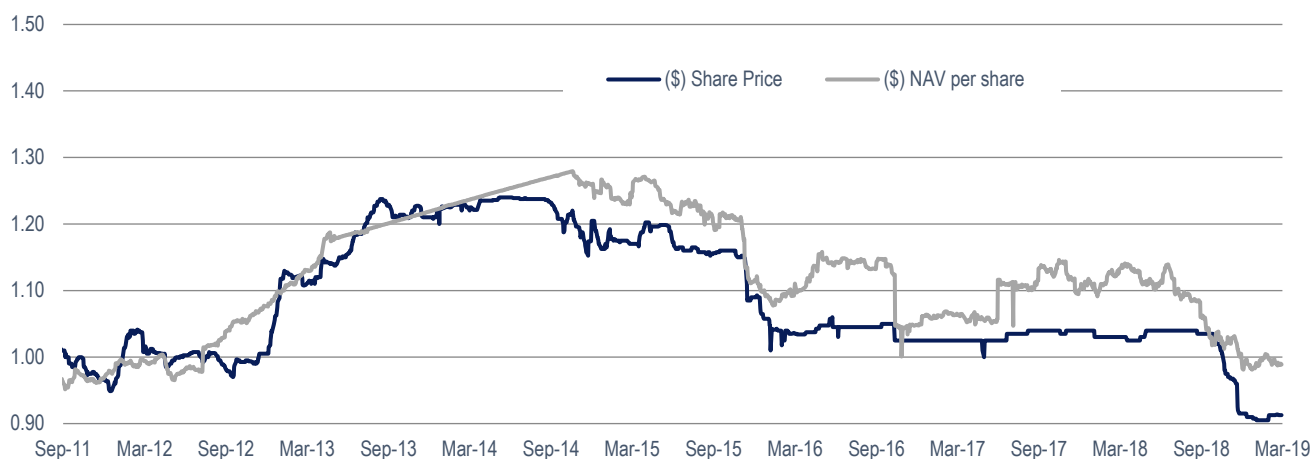
6. Cash includes restricted and unrestricted cash, net accruals.

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

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FUND PERFORMANCE⁸



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁹

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Surface Transport	Trade Claim	Defaulted	Brazil	15%	Municipal Claim
2	Utilities	Post-Reorg Equity	Post-Reorg	US	12%	Power Plants
3	Building & Development	Post-Reorg Equity	Post-Reorg	US	10%	Residential real estate
4	Auto Components	Secured Notes	Post-Reorg	US	9%	Manufacturing plant
5	Containers and Packaging	Post-Reorg Equity	Post-Reorg	Luxembourg	6%	Manufacturing/distribution/real estate
6	Financial Intermediaries	Secured Notes	Defaulted	US	4%	Cash and securities
7	Utilities	Post-Reorg Equity	Post-Reorg	US	2%	Power plants
8	Forest Products	Secured Loan	Post-Reorg	Germany	1%	Manufacturing plant
9	Shipping	Post-Reorg Equity	Post-Reorg	US	1%	Maritime vessels
10	Containers and Packaging	Post-Reorg Equity	Post-Reorg	Luxembourg	1%	Manufacturing/distribution/real estate
Total					61%	

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

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Neuberger Berman Europe Limited (“NBEL”), the Company’s Manager, is authorised and regulated by the Financial Conduct Authority (“FCA”) and is registered in England and Wales, at Lansdowne House, 57 Berkeley Square, London, W1J 6ER and is also a Registered Investment Adviser with the Securities and Exchange Commission (“SEC”) in the U.S. and regulated by the Dubai Financial Services Authority.

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An investment in the Company involves risks, with the potential for above average risk, and is only suitable for people who are in a position to take such risks. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of any investment, and should consult its own legal counsel and financial, actuarial, accounting, regulatory and tax advisers to evaluate any such investment. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Investment in the Company should not constitute a substantial proportion of an investor’s portfolio and may not be appropriate for all investors. Diversification and asset class allocation do not guarantee profit or protect against loss.

Past performance is not a reliable indicator of current or future results. The value of investments may go down as well as up and investors may not get back any of the amount invested. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units.

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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