

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

31 March 2020

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.

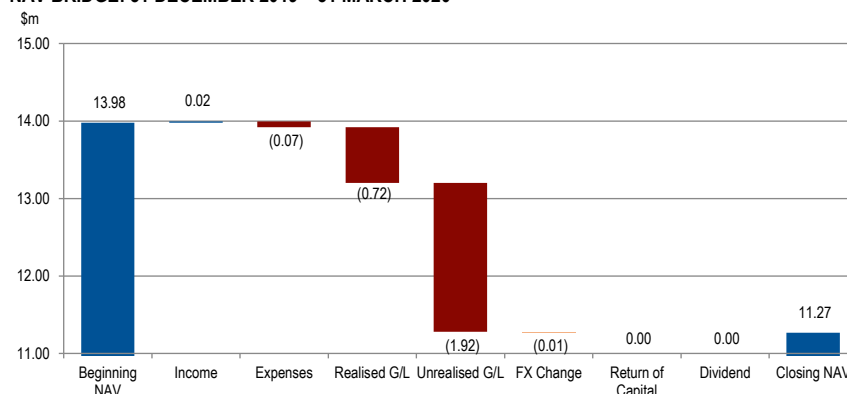
On 10 June 2013, the investment period of the NBDD Share Class (“NBDD”) expired and the assets of NBDDIF attributable to the Ordinary Shares were placed into the harvest period. \$132.8 million (equivalent to 107% of original capital) has been distributed (income by way of dividend and capital by way 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:	\$0.7325
Share Price:	\$0.765
Share Price Premium to NAV	4.4%
Market Cap.	\$11.8m
Total NAV	\$11.3m
No. of issuers	10
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 2019 – 31 MARCH 2020



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDD 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 saw significant volatility in the markets due to the spread of COVID-19, its impact on global growth expectations, and a significant decline in oil prices. The effects of COVID-19 on the global economy are not fully known at this time and the financial impact on the portfolio is difficult to estimate. However, the investment manager is committed to realising the investments in a timely 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 of the outstanding shares of that class. As such, there will be no further distribution for NBDD until the final distribution to investors and the wind-down of the share class. Our current expectation is to wind down the Fund by the end of 2Q20, however there is one asset we are working through which will determine the final distribution date.

The investment manager's ability to estimate the gross realisable value in downside, base case and upside scenarios for each investment in the portfolio has been impacted by the current volatility. For this reason, we do not feel confident to make predictions of realisable values and timing. For the public equity investments, because of the demand shock and resulting economic downturn, we no longer see the expected catalysts occurring in the near term. Therefore, we are electing to realise those investment at the current marks, or reasonably close to them and continue to build cash.

There was one exit during the quarter detailed below. The ratio of total value (capital distributions, dividends and current NAV) to original capital is 116%.

Portfolio Update

NBDD ended the quarter with a NAV per share of \$0.7325 compared with \$0.9086 at the end of December 2019. The NAV decreased 19% in the quarter, principally driven by lower prices in the investments in light of the COVID-19 crisis. At quarter-end, 80% of NBDD's NAV was invested in distressed assets (including cash in subsidiary accounts, receivables and net payables) with 20% held in cash net of payables. Cash continues to build as assets are realised.

The portfolio consists of 10 issuers across 7 sectors. The largest sector concentrations were in surface transportation, utilities, building & development and financial intermediaries.

Data as at 31 March 2020 Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

1. Source: Bloomberg, except where otherwise stated.

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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

Stephen Vakil

Portfolio Update (continued)

Public Equity

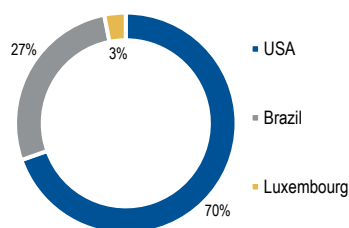
As disclosed, the public equity positions are in the process of being divested and we expect that process to be completed in 2Q20. The chart below shows the changes in public equity holdings from year end to the date of the factsheets.

ISSUER	MARKET VALUE AT 31 DEC 2019 (\$ millions)	% NAV	MARKET VALUE AT 1 MAY 2020 (\$ millions)	% NAV
Vistra Energy Corp (f/k/a TECH)	2.3	16%	0	0%
Five Point Holdings LLC	2.2	15%	0	0%
Eagle Bulk Shipping Inc	0.2	1%	0.01	0.1%
Star Bulk	0.1	1%	0	0%
Total	4.7	34%	0.01	0.1%

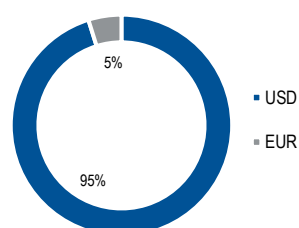
Notable events² below describe activity in the investments during the quarter and post quarter-end.

- Public equities – Post quarter-end, Vistra, Five Point Holdings, and majority of Eagle Bulk shares were sold generating proceeds of \$3.1 million.

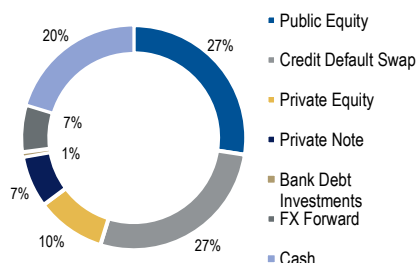
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



Significant Value Change in Top Ten Investments³

INDUSTRY	INSTRUMENT	1Q20 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Surface Transportation	Trade Claim	0.4	3.8	10%	Extended maturity to one year to give time to sell claim
Vistra	Public Equity	-0.7	1.7	-31%	Equity sold off with market, equity sold 2Q20
Five Point Holding	Public Equity	-0.5	1.4	-27%	Delay in selling lots, position sold in 2Q20
Financial Intermediary	Secured Notes	0.1	0.8	10%	Private notes rose during 1Q20 due to possible corporate event, but declined in 2Q20 with global slowdown.
Auto Components	Secured Notes/Private Equity	-0.5	0.7	-19%	Impacted by market selloff in illiquid credit due to Covid-19
Container/Packaging	Private Equity	-1.2	0.3	-79%	Company released strong earnings post quarter end, but effect of CV19 in future not known
Commercial Real Estate	Secured Loan	0.0	0.1	0%	Currently marketing the property
Eagle Bulk Shipping	Public Equity	-0.1	0.1	-60%	Started selling position in April, plan to exit in 2Q20
Container/Packaging	Private Equity	-0.2	0.0	-78%	Company released strong earnings post quarter end, but effect of CV19 in future not known
Utilities	Secured Loan/Private Equity	-0.1	0.0	-72%	Post quarter-end, company filed Chap 11

Exits

There was one exit during the quarter. Inception to date, NBDD has experienced 46 exits with a total return of \$43.0 million, weighted average IRR of 14% and weighted average ROR of 26%.

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.

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 2020.

5. Includes cash and accruals.

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SECTOR BREAKDOWN⁶ (%)

Surface Transport	27%
Utilities	15%
Building & Development	13%
Financial Intermediaries	7%
Auto Components	6%
Containers and Packaging	3%
Shipping	1%
Restricted Cash	0%
Unrestricted Cash and FX	10%

Exits (continued)

Exit 46 – Excel Maritime / Starbulk

We invested in the senior secured debt of Excel Maritime, a dry bulk shipping company with 34 vessels. The Company restructured in 2014 and shortly thereafter the assets were sold to Star Bulk Carriers Corporation for cash and stock in Star Bulk. We expected a cyclical recovery in dry bulk along with the IMO 2020 catalyst to drive higher freight rates and asset values. Starbulk shares did not exhibit the price appreciation we expected over the time period we held the shares and we exited the investment in the quarter by selling our publicly traded shares.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
46	\$2.0 million	\$1.6 million	(\$0.4 million)	-23%	-21%	84

Partial Realisations

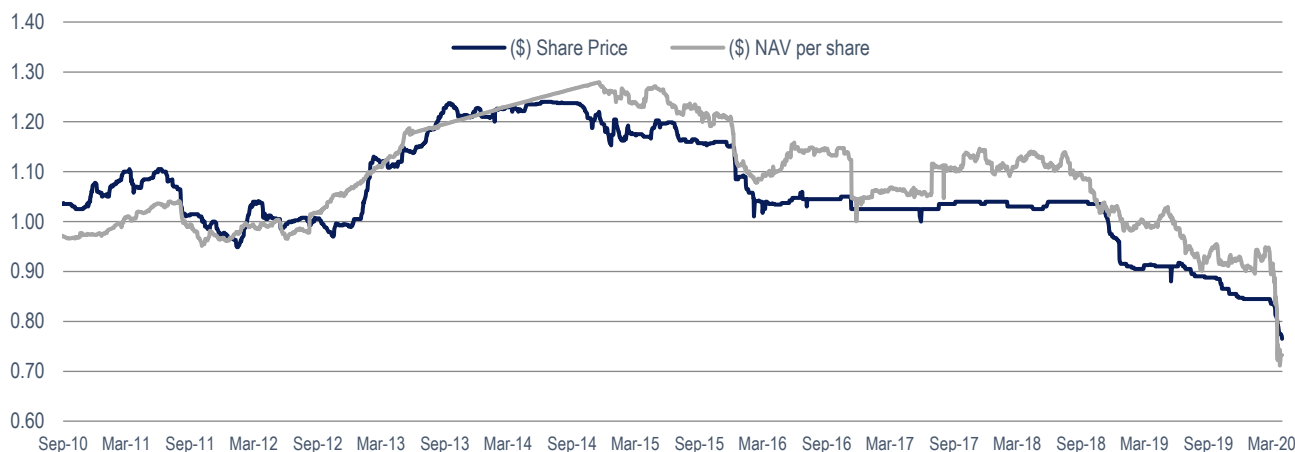
There was no activity during the quarter. The table below has been updated with current values.

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	2Q17	\$2.0 million	\$2.8 million	\$0.0 million	\$0.9 million	24%	43%	89
4	Containers & Packaging	2Q17	\$2.6 million	\$6.5 million	\$0.3 million	\$4.2 million	51%	164%	91

Distributions

As explained above, 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 of the outstanding shares of that class. The next distribution for NBDD will be the final distribution to investors and will wind down the share class. Our current expectation is to wind down the Fund by the end of 2Q20, however there is one asset we are working through which will determine the final distribution date. We will continue to update investors as we gain clarity on the realisations.

FUND PERFORMANCE⁷



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁶

Holding	Industry	Current Instrument	Status	Country	% NAV	Primary Assets
1	Surface Transport	Trade Claim	Defaulted	Brazil	27%	Municipal Claim
2	Utilities	Post-Reorg Equity	Post-Reorg	US	15%	Power Plants
3	Building & Development	Post-Reorg Equity	Post-Reorg	US	12%	Residential Real Estate
4	Financial Intermediaries	Secured Notes	Post-Reorg	US	9%	Cash & Securities
5	Auto Components	Secured Loan	Post-Reorg	US	7%	Manufacturing Plant and Equipment
6	Specialty Packaging	Post-Reorg Equity	Post-Reorg	Germany	6%	Manufacturing Plant and Equipment
7	Commercial Real Estate	Secured Loan	Post-Reorg	US	3%	Commercial Land
8	Shipping	Secured Loan	Post-Reorg	US	1%	Ships
9	Specialty Packaging	Post-Reorg Equity	Post-Reorg	Germany	1%	Manufacturing Plant and Equipment
10	Utilities	Secured Loan	Post-Reorg	US	0%	Power Plants
					81%	

6. 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.

7. Source: Bloomberg

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