

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

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.

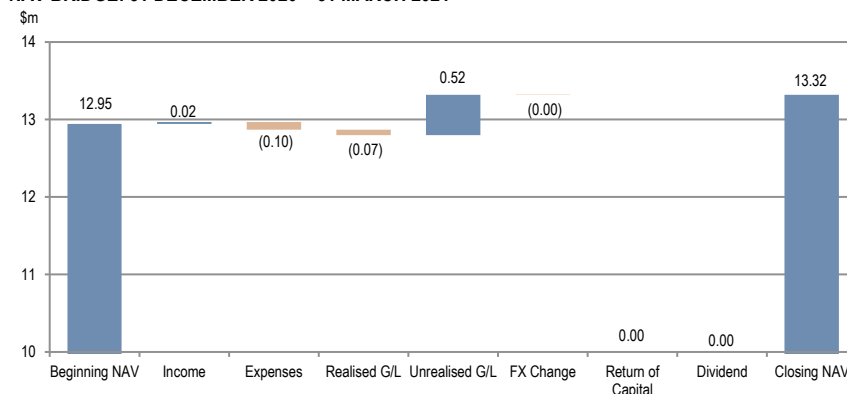
On 10 June 2013, the investment period of the NBDD Share Class (“NBDD”) expired and the assets of NBDDIF attributable to the Ordinary Shares were placed into the harvest period. \$132.8 million (equivalent to 107% of original capital) has been distributed (income by way of dividend and capital by way 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:	\$0.8658
Share Price:	\$0.715
Share Price Premium to NAV	-17.4%
Market Cap.	\$11.0m
Total NAV	\$13.3m
No. of issuers	5
Launch Date:	10 June 2010
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	nil
Bloomberg Ticker:	NBDD:LN
ISIN:	GG00BDFZ6F78
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 31 DECEMBER 2020 – 31 MARCH 2021



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

The regulatory approval and commencement of vaccine rollout has lifted public equity markets and provided investors and consumers with scope for renewed optimism. However, the pace of rollout remains sporadic and the uncertain economic impact on companies and different sectors remains the primary area of uncertainty for investors. Ongoing outbreaks of new virus strains and the debate around the right speed at which to lift restrictions continues to prevail and curtail robust economic activity. Investors continue to monitor both the pace and coverage of large-scale vaccine development and distribution, as well as hospitalisation rates and therapeutic treatment improvements. Given these circumstances, the timing and quantum of any financial impact on the portfolio remains very difficult to predict. Despite the uncertainty, the investment manager remains committed to realising the investments in an orderly manner and winding down the share class as soon as practicable. We continue to actively work on the exit of one investment that will determine the final distribution date. The investment manager has announced that, in light of the delay in winding down the share class, it is waiving the management fee and performance fee in full. This was effective from 18 March 2021.

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. The investment manager is evaluating options to wind down NBDD and will keep investors informed as there is more clarity.

While uncertainty in markets remains, we have reviewed the remaining investments to provide guidance on their realisable values. 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 that the range of the aggregated realisable value for the investments in the portfolio is between 87% and 174% of the 31 March 2021 market values of these investments, with a base case of 133%. The low end of the range and the base case increased as we believe the continued operating improvements in the packaging company further de-risk the 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 any applicable third-party expenses; and (ii) this range of aggregate realisable values is an estimate only, with 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.

Portfolio Update

NBDD ended the quarter with a NAV per share of \$0.8658 compared with \$0.8415 at the end of December 2020. The NAV increased 3% in the quarter, principally driven by operating improvement at the packaging company investments resulting in a higher equity price. At quarter-end, 59% of NBDD’s NAV was invested in distressed assets (including net cash held in subsidiaries), with 41% held in cash including U.S Treasury securities. Cash continues to build as assets are realised.

The portfolio consists of 5 issuers across 4 sectors. The largest sector concentrations were in containers & packaging, surface transportation, and financial intermediaries. There were no exits during the quarter. The ratio of distributions, both income and capital, to original capital is 107%. Including the current NAV, the figure rises to 117%.

Data as at 31 March 2021. 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
32 years' investment experience

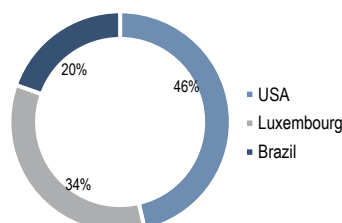
Brendan McDermott
15 years' investment experience

Ravi Soni
14 years' investment experience

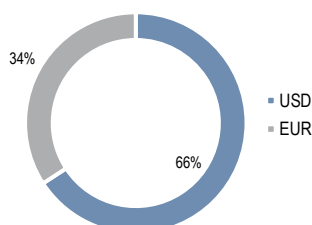
Directors:

John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Stephen Vakil

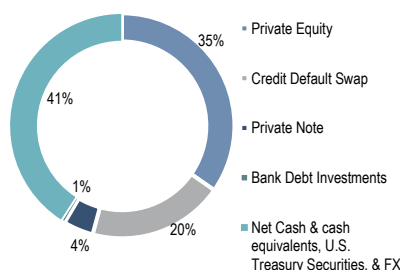
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



SECTOR BREAKDOWN⁶ (%)

Containers and Packaging	34%
Surface Transport	20%
Financial Intermediaries	4%
Building & Development	1%
Net Cash and cash equivalents, U.S. Treasury securities and FX	41%

Portfolio Update (continued)

There were no notable events² during the quarter.

Significant Value Change (+/- \$130,000)³

INDUSTRY	INSTRUMENT	1Q21 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Packaging	Private Equity	0.4	4.0	+15.3%	Continued improvement in operating performance

Exits

There were no exits during the quarter. Inception to date, there have been 50 exits with a total return of \$35.5 million, weighted average IRR of 10% and weighted average ROR of 19%.

Partial Realisations

There was no capital 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	\$0.6 million	\$1.4 million	28%	68%	101
4	Containers & Packaging	2Q17	\$2.6 million	\$6.5 million	\$4.0 million	\$7.9 million	54%	306%	104

Distributions

As explained above, due to 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 shareholders and will wind down the share class. Our current expectation is to wind down NBDD in the next 12 months. We will continue to update shareholders as we gain clarity on the realisations.

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.

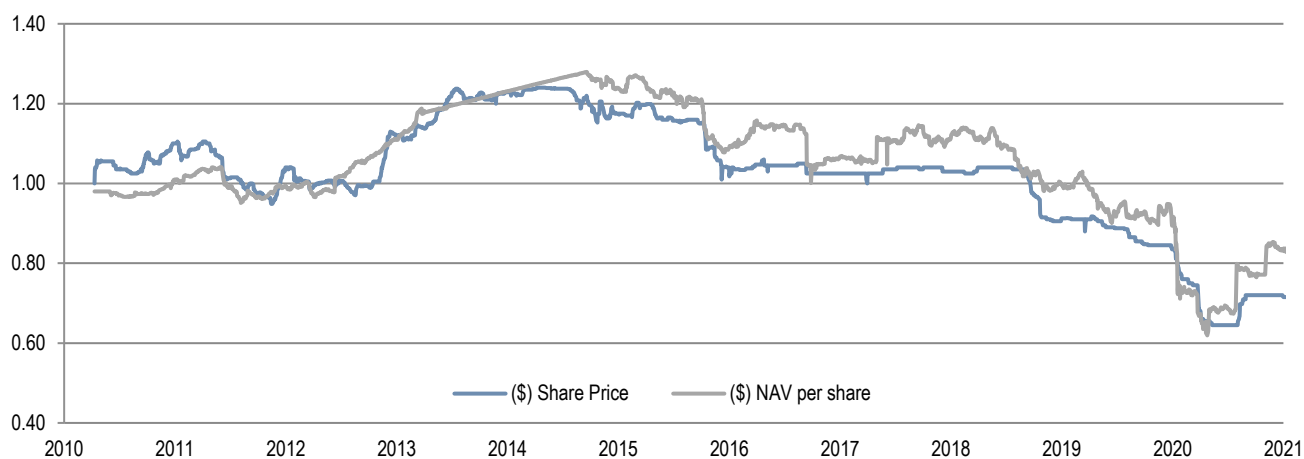
4. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 31 March 2021.

5. Includes cash and accruals.

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.

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FUND PERFORMANCE⁷



PORTFOLIO COMPOSITION – TOP 5 HOLDINGS⁸

Holding	Industry	Current Instrument	Status	Country	% NAV	Primary Assets
1	Containers & Packaging	Post-Reorg Equity	Post-Reorg	Germany	30%	Manufacturing Plant and Equipment
2	Surface Transport	Trade Claim	Defaulted	Brazil	20%	Municipal Claim
3	Financial Intermediaries	Secured Notes	Post-Reorg	US	4%	Cash & Securities
4	Containers & Packaging	Post-Reorg Equity	Post-Reorg	Germany	4%	Manufacturing Plant and Equipment
5	Building & Development	Secured Loan	Defaulted	US	1%	Land
					59%	

7. Source: Bloomberg

8. 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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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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