

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

31 December 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.

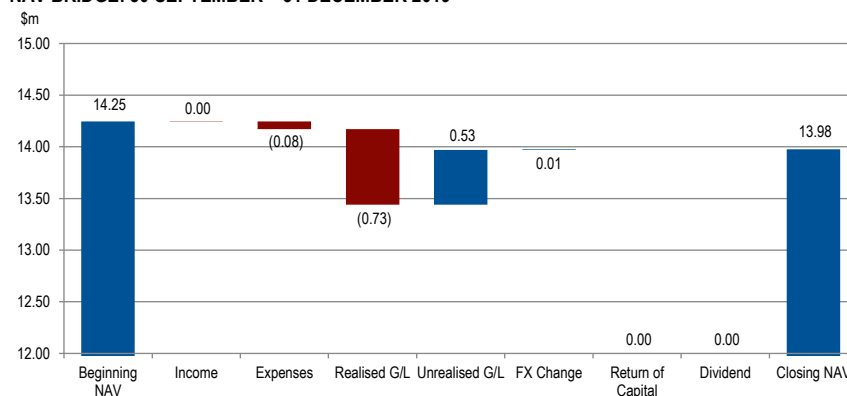
On 10 June 2013, the investment period of the NBDD Share Class (“NBDD”) expired and the assets of NBDDIF attributable to the Ordinary Shares were placed into the harvest period. \$132.8 million (equivalent to 107% of original capital) has been distributed (income by way of dividend and capital by way 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:	\$0.9086
Share Price:	\$0.845
Share Price Discount to NAV	(7.0)%
Market Cap.	\$13.0m
Total NAV	\$14.0m
No. of issuers	11
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: 30 SEPTEMBER – 31 DECEMBER 2019



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

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. 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, currently expected in 2020.

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 83% and 158% of the 31 December 2019 market values of these investments, with a base case of 125%. No significant change to the estimates. 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.

There was one exit during the quarter detailed below which generated cash of \$0.5 million. The ratio of total value (capital distributions, dividends and current NAV) to original capital remains at 118%.

Portfolio Update

NBDD ended the quarter with a NAV per share of \$0.9086 compared with \$0.9261 at the end of September 2019. The NAV decreased by 1.89% in the quarter, principally driven by an unrealised loss in one public equity investment and various securities in an auto component investment which was partially offset by an increase in value of private equity shares in a container/packaging investment. During the harvest period, reorganised equities, including public equities, represent a larger percentage of NBDD's investments. More detail can be found below. At quarter-end, 85% of NBDD's NAV was invested in distressed assets (including cash in subsidiary accounts, receivables and net payables) with 15% held in cash net of payables.

The portfolio consists of 11 issuers across 7 sectors. The largest sector concentrations were in surface transportation, utilities, building & development and containers/packaging.

Data as at 31 December 2019. 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
Christopher Sherwell
Stephen Vakili

Portfolio Update (continued)

Public Equity

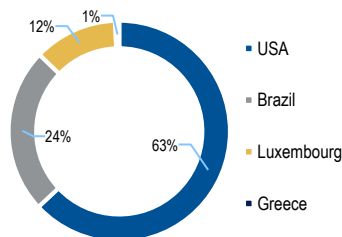
In the harvest period the public equity portion of the portfolio is significant as the result of debt-for-equity conversions. The NBDD portfolio currently includes the following public equity holdings:

ISSUER	MARKET VALUE AT 31 DECEMBER 2019 (\$ millions)	% NAV
Vistra Energy Corp (f/k/a TECH)	2.3	16.5%
Five Point Holdings LLC	2.2	15.5%
Eagle Bulk Shipping Inc	0.2	1.3%
Star Bulk	0.1	0.5%
Total	4.8	33.8%

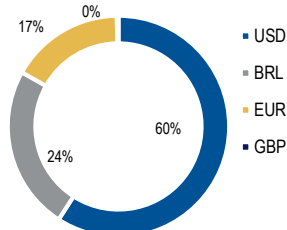
Notable events² below describe activity in the investments during the quarter and post quarter-end.

- Auto Component – 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.

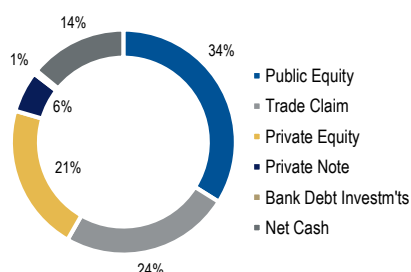
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



Significant Value Change (approximately 0.5% of NBDD NAV or +/- \$100,000)³

INDUSTRY	INSTRUMENT	4Q19 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Vistra	Public Equity	\$(0.3)	\$2.4	-14%	Lower power prices impacted public equity price
Auto Components	Various	\$(0.4)	\$1.2	-25%	Corporate restructuring with 1.5 lien convertible notes converted to private equity
Packaging and Containers	Private Equity	\$0.5	\$1.5	+43%	Performance improved due to cost cutting and better pass through of pricing increases

Exits

There was one exit during the quarter. Inception to date, NBDD has experienced 45 exits with a total return of \$43.4 million, weighted average IRR of 14% and weighted average ROR of 27%.

Exit 45 – Forest Products

We invested \$3.2 million 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 \$3.9 million. Total return on the investment for NBDD is \$0.6 million, the IRR is 8% and the ROR is 20%.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
45	\$3.2 million	\$3.9 million	\$0.6 million	8%	20%	85

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 December 2019.
5. Includes cash and accruals.

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SECTOR BREAKDOWN⁶ (%)

Surface Transport	24.1%
Utilities	18.0%
Building & Development	16.0%
Containers and Packaging	12.2%
Auto Components	8.4%
Financial Intermediaries	5.4%
Shipping	1.9%
Restricted Cash and FX forwards	0.3%
Total Distressed	85.2%
Unrestricted Cash and Equivalents	14.8%
Grand Total	100.0%

Partial Realisations

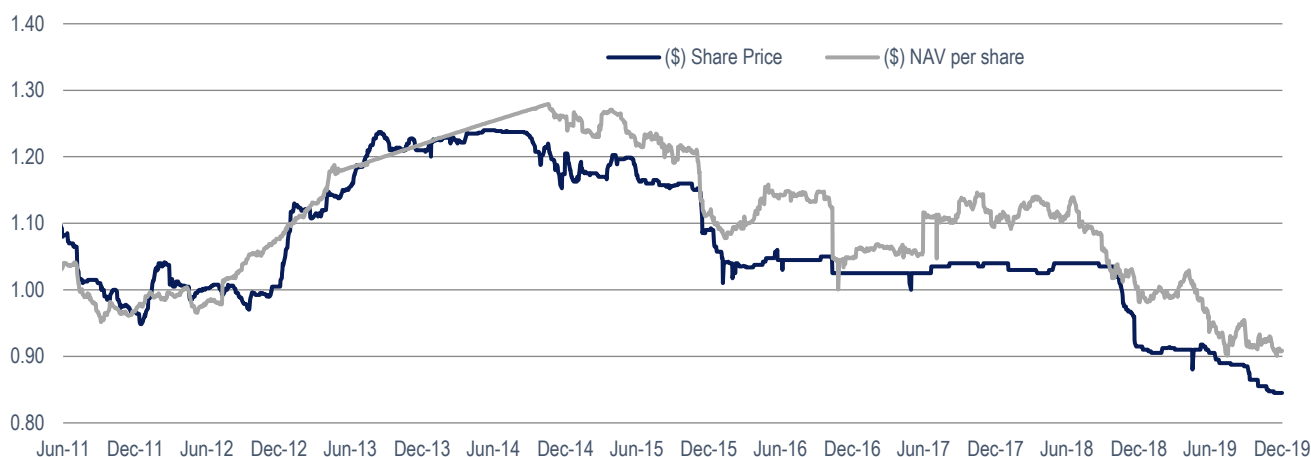
There was no principal activity during the quarter. The table below has been updated with current values.

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	\$0.2 million	\$1.0 million	25%	48%	85
4	Containers & Packaging	2Q17	\$2.6 million	\$6.5 million	\$1.5 million	\$5.4 million	53%	210%	88

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. We believe there is material upside potential in four of our largest holdings and the timing of our last and final distribution is being pushed into the first half of 2020 in the hope of realising that upside. 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	Primary Assets
1	Surface Transportation	Trade Claim	Defaulted	Brazil	24% Municipal claim
2	Utilities	Public Equity	Post-Reorg	US	17% Power plants
3	Building & Development	Public Equity	Post-Reorg	US	15% Residential real estate
4	Containers and Packaging	Private Equity	Post-Reorg	Luxembourg	11% Manufacturing/distribution/real estate
5	Auto Components	Secured Notes/Private Equity	Post-Reorg	US	8% Manufacturing plant
6	Financial Intermediaries	Secured Notes	Defaulted	US	5% Cash and securities
7	Containers and Packaging	Private Equity	Post-Reorg	UK	1% Manufacturing/distribution/real estate
8	Shipping	Public Equity	Post-Reorg	US	1% Vessels
9	Utilities	Secured Loan/Private Equity	Post-Reorg	US	1% Power plants
10	Shipping	Public Equity	Post-Reorg	Greece	1% Vessels
					84%

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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