

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

31 December 2019

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.

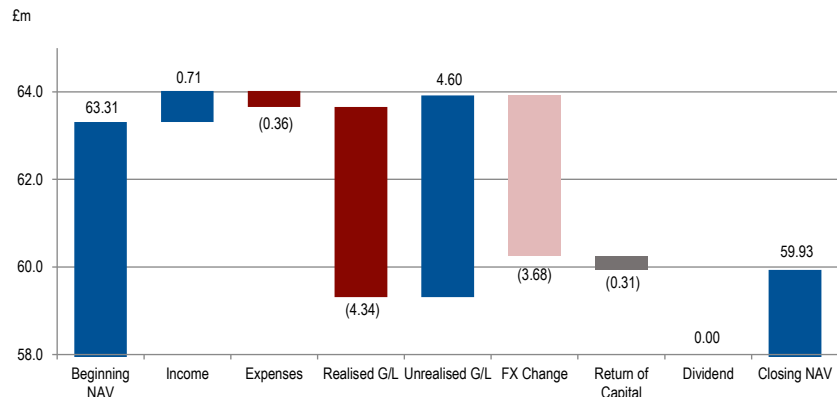
The New Global Share Class ("NBDG") was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG's investment period ended on 31 March 2017, following which the harvest period commenced. Including the £2.5 million capital distribution by way of redemption which the Fund distributed during the quarter, £36.2 million (equivalent to 33% of original capital), has been, or will have been, distributed to shareholders (income by way of dividend, capital by way of redemption and share buy-backs), 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:	83.5p
Share Price:	70.8p
Share Price Discount to NAV	(15.2)%
Market Cap.	£50.8m
Total NAV	£59.9m
No. of issuers	18
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:	GG00BDFZ6D54
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 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 / 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

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 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 172% of the 31 December 2019 market values of these investments, with a base case of 137%. Generally, the range decreased slightly due to an increase in NAV and a decrease in the value of an oil & gas 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 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.

The ratio of total value (capital distributions, dividends, share buy-backs and current NAV) to original capital is 87%. There was one exit during the quarter, detailed later.

Portfolio Update

NBDG ended the quarter with NAV per share of £0.8349 compared with £0.8768 at the end of September 2019. NBDG's NAV decreased 4.8% principally due to FX movement of the Pound Sterling against the US Dollar (up 8% in the quarter) as well as mark to market gains / losses detailed below. During the harvest period, reorganised equities, including public equities, represent a larger percentage of NBDG's investments; see chart below. At quarter-end, 97% of NBDG's NAV was invested in distressed assets (including cash held in subsidiary accounts, receivables and net payables) with 3% held in cash.

The current portfolio consists of 18 issuers across 9 sectors. The largest sector concentrations include lodging & casinos, shipping, auto components, and commercial mortgage.

Notable events¹ below describe activity in the investments during the quarter and post quarter-end.

- Auto Component investment – 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.

Data as at 31 December 2020. 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. 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.

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

31 December 2019

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 Vakil

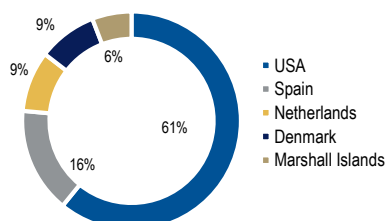
Portfolio Update (continued)

Public Equity

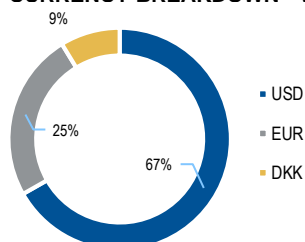
In the harvest period the public equity portion of the portfolio is significant as the result of debt-for-equity conversions. The NBDG portfolio currently includes the following public equity holdings:

ISSUER	MARKET VALUE AT 31 DECEMBER 2019 (£ millions)	% NAV
Twin River Management	10,739,323	17.9%
Torm A/S	5,223,375	8.7%
Eagle Bulk Shipping Inc	4,312,906	7.2%
Vistra Energy Corp (fka TECH)	3,326,144	5.5%
Five Point Holdings LLC	2,597,479	4.3%
Sandridge Energy Inc	509,443	0.8%
Rivera Resources	218,741	0.4%
Grand Total	26,927,412	44.9%

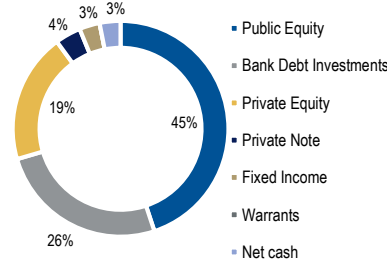
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁶ (%)



SECTOR BREAKDOWN⁷ (%)

Lodging & Casinos	29.6%
Shipping	19.4%
Commercial Mortgage	9.8%
Auto Components	8.8%
Utilities	8.7%
Nonferrous Metals/Minerals	6.9%
Surface Transport	4.8%
Building & Development	4.5%
Oil & Gas	4.4%
Unrestricted Cash and Accruals	3.1%
Restricted Cash	0.2%

Significant Value Change (approximately 0.5% of NBDG NAV or +/- £300,000)³

INDUSTRY	INSTRUMENT	4Q19 TOTAL RETURN (£ in millions)	MARKET VALUE (£ in millions)	QUARTERLY PRICE CHANGE	COMMENT
TORM	Public equity	£1.0	£5.2	28%	Accelerating day rates on IMO 2020
Twin River	Public equity	£0.5	£10.7	12%	Improving equity markets
Longview	Private debt and equity	£(0.4)	£0.7	-34%	Underperformed guidance due to power prices
Five Point Holding	Public equity	£(0.4)	£2.6	-7%	Forced seller put pressure on price
Oil & Gas	Private equity	£(0.4)	£1.3	-18%	Forced seller put pressure on price
Non Ferrous Metals	Private equity	£(0.5)	£3.9	-5%	No news. Sale expected 1Q20
Vistra	Public equity	£(0.8)	£3.5	-14%	Lower power prices impacted public equity price
Auto Components	Secured Notes/Private equity	£(1.1)	£4.9	-18%	Corporate restructuring with 1.5 lien convertible notes converted to private equity

Exits

Exit 19 – Lodging and Casino

NBDG invested £4.5 million to purchase a term loan at 90% of par, secured by a tribal hotel/casino located in Connecticut. NBDG was able to purchase the loan at a discount to par as the planned addition of two new casinos in Massachusetts was expected to significantly pressure this casino's profitability. NBDG believed the casino would be able to significantly deleverage prior to the addition of new casinos due to a free cash flow sweep benefiting the bank lenders, which generated principal payments consistently over the life of the loan. The term loan was ultimately paid off at par shortly after the opening of the second additional casino. The cash received to date is £7.2 million. Total return on the investment for NBDG is £2.7 million, the IRR is 17% and the ROR is 60%. The exit was at the base case estimate of value.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
19	£4.5 million	£7.2 million	£2.7 million	17%	60%	70

Inception to date, NBDG has experienced 19 exits with a total return of £8.0 million, weighted average IRR of 7% and weighted average ROR of 14%.

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 2020.

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

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31 December 2019

Partial Realisations

The partial realisation became an exit in the 4Q19 so there were no partial realisations this quarter.

Distributions

The investment manager’s current expectation is to distribute 80-85% of 31 December 2019 NAV in 2020 and the remainder in 2021. Significant changes to timing of realisations based on current analysis are summarised below. For regulatory reasons, the final 10% of 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. 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 based on market conditions and investment developments and will continue to be updated in the quarterly factsheets.

Significant Investments Experiencing Exit Timing Changes

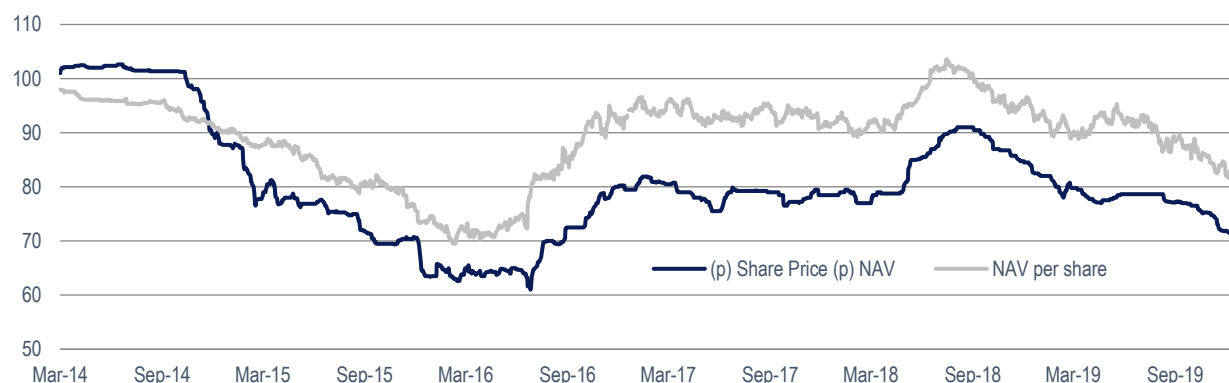
INDUSTRY / ISSUER	INSTRUMENT	MARKET VALUE	COMMENT
Lodging & Casino	Private Debt and Equity	£6.7 million	Marketing process expected in 2020.

Inception to date, total distributions (including share buy-backs) are £36.2 million or 33% of original capital.

Share Buy-Backs

NBDDIF repurchased 420,000 shares in NBDG during the quarter at a weighted average discount of 13.2% and a cost of £308,831. Since inception to date, a total of 13,167,200, or 11.9% of the original NBDG shares at a cost of £9.3 million, has been repurchased and cancelled.

FUND PERFORMANCE⁸



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁹

Holding	Industry	Current Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casino	Public Equity	Post-Reorg	US	18%	Hotel/casino
2	Lodging & Casino	Secured Loan/Private Equity	Post-Reorg	Spain	11%	Hotel/lodging real estate
3	Commercial Mortgage	Secured Loan	Current	Netherlands	9%	Commercial real estate
4	Shipping	Public Equity	Post-Reorg	Denmark	9%	Maritime vessels
5	Auto Components	Secured Notes/Private Equity	Post-Reorg	US	8%	Manufacturing plant and equipment
6	Shipping	Public Equity	Post-Reorg	US	7%	Maritime vessels
7	Nonferrous Metals/Minerals	Private Equity	Post-Reorg	US	6%	Manufacturing/distribution real estate
8	Shipping	Secured Loan/Private Equity	Post-Reorg	Marshall Islands	6%	Maritime vessels
9	Utilities	Public Equity	Post-Reorg	US	6%	Power plants
10	Surface Transportation	Secured Loan	Default	Spain	5%	Rail concession
Total					84%	

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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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.

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