

NB Distressed Debt Investment Fund Limited – Extended Life Shares (“NBDX”)

NBDX 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.

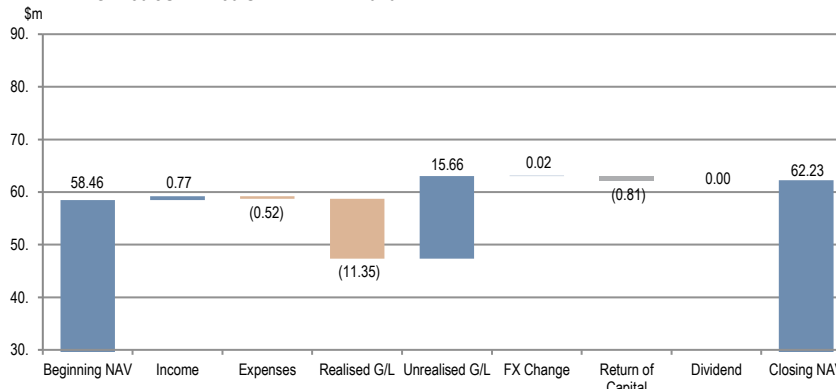
On 31 March 2015, the investment period of the Extended Life Share Class (“NBDX”) expired and the assets of NBDDIF attributable to the Extended Life Shares were placed into the harvest period. Including the \$10.5 million capital distribution by way of redemption which the Fund paid during the quarter, \$286.9 million (equivalent to 80% of original capital) has been approved/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 Extended Life Share Class is one of three classes of shares in NBDDIF. The others are the Ordinary Share Class and the New Global Share Class. The Ordinary Share Class was subject to an investment period which ended on 10 June 2013 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:	\$0.7713
Share Price:	\$0.445
Share Price Discount to NAV	(42.3)%
Market Cap.	\$35.9m
Total NAV	\$62.2m
No. of issuers	12
Launch Date:	9 April 2013
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDX:LN
ISIN:	GG00BMY71631
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 30 JUNE – 30 SEPTEMBER 2020



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDX 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

As global virus outbreaks continue to occur, the COVID-19 virus remains the primary issue for investors. The outbreaks and calls for additional lockdowns diminish near term virus containment hopes, while also restricting behaviour and curtailing more robust economic activity. Consequently, investors continue to monitor therapeutic treatment improvements as well as the prospects and timing for a large-scale vaccine development and distribution. Given these circumstances, the financial impact on the portfolio remains 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. 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 the outstanding shares of that class.

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 89% and 165% of the 30 September 2020 market values of these investments, with a base case of 129%. 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, 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

NBDX ended the quarter with a NAV per share of \$0.7713 compared with \$0.7074 at the end of June 2020. NAV increased 9% during the quarter, principally driven by operating improvement at the packaging company investments resulting in a higher equity price. At quarter-end, 90% of NBDX's NAV was invested in distressed assets (including net cash held in subsidiaries), with 10% held in cash and U.S. Treasury securities. The ratio of total value (capital distributions, dividends, buy-backs, and current NAV) to original capital is 97%.

The remaining portfolio consists of 12 issuers across 9 sectors, including surface transportation, shipping, lodging & casinos, and financial intermediaries. Unrealised gains and losses in the portfolio included unrealised gains from positive operating results in a packaging investment, offset by unrealised losses in shipping and an oil & gas investment.

NBDX had one exit during the quarter detailed below.

There were no notable events² during the quarter.

Data as at 30 September 2020. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDX.

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 NBDX investment or a change in NBDX'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.

NB Distressed Debt Investment Fund Limited – Extended Life Shares (“NBDX”)

FUND MANAGERS

Michael Holmberg

32 years' investment experience

Brendan McDermott

15 years' investment experience

Ravi Soni

14 years' investment experience

Directors:

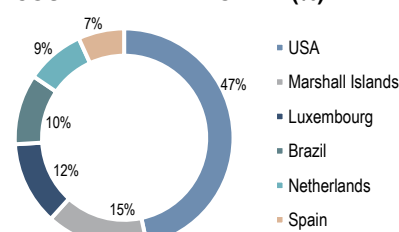
John Hallam (Chairman)

Michael Holmberg

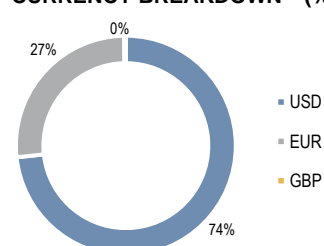
Christopher Legge

Stephen Vakil

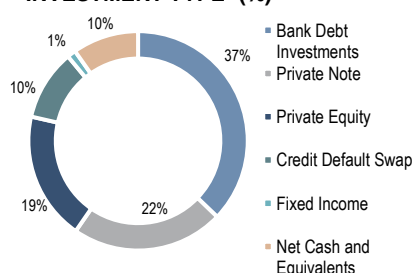
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



SECTOR BREAKDOWN⁴ (%)

Surface Transport	17%
Shipping	15%
Lodging & Casinos	14%
Containers and Packaging	12%
Financial Intermediaries	12%
Commercial Mortgage	9%
Oil & Gas	6%
Auto Components	4%
Building & Development	<1%
Restricted Cash	<1%
Net Restricted Cash	<1%
Net Unrestricted Cash, U.S. Treasury Securities and FX	10%

Portfolio Update (continued)

Significant Value Change (+/- \$300,000)³

INDUSTRY	INSTRUMENT	3Q20 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Containers/Packaging	Private Equity	\$4.0	\$6.8	140%	Operating performance improved during the quarter
Financial Intermediaries	Secured Notes	\$1.2	\$7.5	20%	Notes improved valuation after a decline in the secondary market during Q1 20 and Q2 20. No change in credit quality.
Containers/Packaging	Private Equity	\$0.6	\$0.9	138%	Operating performance improved during the quarter
Shipping	Secured Loan/Private Equity	(\$0.3)	\$9.4	-3%	Vessel values declined with global slowdown

Exits

There was one exit during the quarter with total return of (\$15.2 million). Inception to date there have been 67 exits with a total return of \$62.2 million, weighted average IRR of 5% and weighted average ROR of 10%.

Exit 67 Utilities

NBDX invested \$20.8 million in the senior secured debt of a utility company. The company owns a modern, 695MW, highly efficient mine-mouth coal plant with environmentally compliant components located in northern West Virginia. The plant began operations in 2011 but initially faced operational issues due to construction defects. The company filed for Chapter 11 bankruptcy protection in 2020 due to continued low power prices and reduced access to capital due to the Coronavirus pandemic. The private equity and loan which NBDX owned did not receive any recovery in the Chapter 11 case. The investments had been priced close to zero as the details in the Chapter 11 case were known in the market. Total return was (\$15.2 million). IRR was (55%) and ROR was (73%) over the holding period of 99 months.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
67	\$20.8 million	\$5.5 million	(\$15.2) million	-55%	-73%	99

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
4	Containers & Packaging	H12017	\$5.1 million	\$7.2 million	\$0.9 million	\$3.0 million	27%	59%	95
5	Containers & Packaging	H12017	\$6.6 million	\$16.7 million	\$6.8 million	\$16.9 million	54%	254%	97

Distributions

During the quarter, NBDX made a \$10.5 million capital distribution via redemption of shares which brings total distributions (dividends, redemptions and buy-backs) to \$286.9 million or 80% of original capital.

The investment manager has undertaken a review of all the investments in the light of a changed market and we have updated the distribution schedule for the investments based on current expectations. The expectation is to distribute approximately 55-60% of 30 September 2020 NAV in 2021 and the remainder in 2022. 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 current market conditions and investment developments and will continue to be updated in the quarterly factsheets.

Share Buybacks

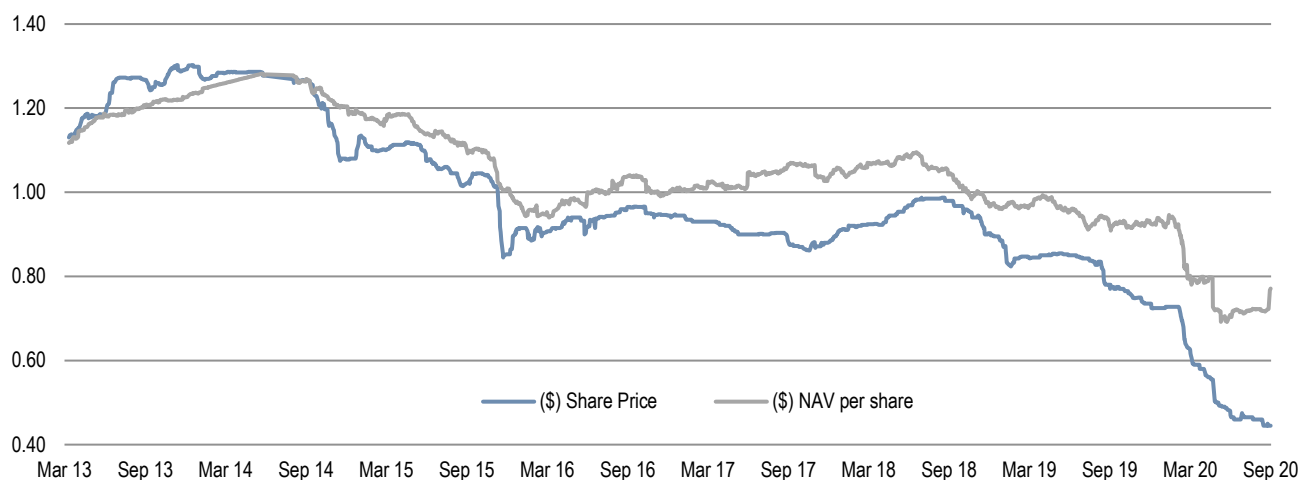
NBDDIF repurchased 1,805,000 shares in NBDX during the quarter at a weighted average discount of 37% and a cost of \$813,655. Inception to date, a total of 14,783,634 shares, or 4% of the original NBDX shares at a cost of \$12.1 million, has been repurchased and cancelled.

The buyback programme was intended to narrow the discount, if any, during the investment period. At this point of the harvest period, our priority, based on investor feedback, is the return of capital. Going forward, we will make distributions from investment realisations and not hold back cash for future buyback programmes. Cash will be returned to shareholders through distributions from realisation of investments and not through buybacks.

1. 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 NBDX's valuation policy, which may include fair valued investments where third party prices are not available or are not considered accurate.
2. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 September 2020.
3. Includes cash and accruals.

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FUND PERFORMANCE⁶



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁷

Holding	Industry	Current Instrument	Status	Country	% of NAV	Primary Assets
1	Shipping	Secured Loan/Private Equity	Post-Reorg	Marshall Islands	15%	Ships
2	Financial Intermediaries	Secured Notes	Defaulted	US	12%	Cash and Securities
3	Specialty Packaging	Post-Reorg Equity	Post-Reorg	Germany	11%	Manufacturing Plant and Equipment
4	Surface Transport	Trade Claim	Defaulted	Brazil	10%	Municipal Claim
5	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	9%	Commercial Real Estate
6	Lodging & Casinos	Secured Notes	Post-Reorg	US	8%	Hotel/Lodging Real Estate and Casino
7	Surface Transport	Secured Loan	Defaulted	Spain	7%	Concession
8	Lodging & Casinos	Secured Loan	Defaulted	US	6%	Hotel/Lodging Real Estate and Casino
9	Oil & Gas	Post-Reorg Equity	Post-Reorg	US	6%	Ethanol Plant
10	Auto Components	Secured Loan	Post-Reorg	US	6%	Manufacturing Plant and Equipment
					90%	

⁶ Source: Bloomberg

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

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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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