

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

30 September 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.

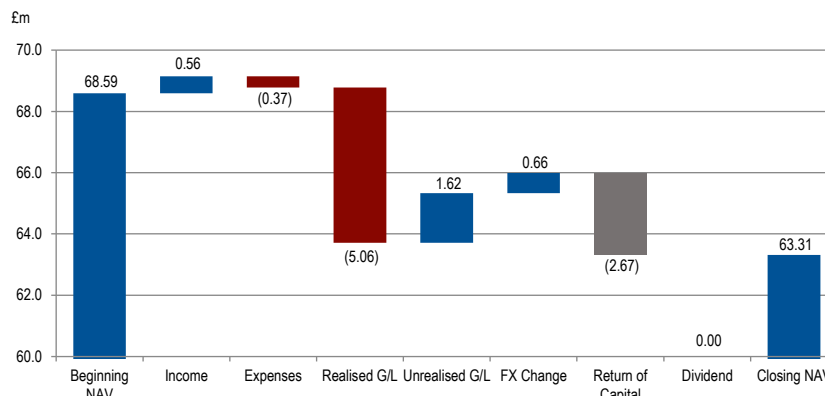
The New Global Share Class (“NBDG”) was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG's investment period ended on 31 March 2017, following which the harvest period commenced. Including the £2.5 million capital distribution by way of redemption which 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:	87.7p
Share Price:	76.9p
Share Price Discount vs. NAV	(12.3)%
Market Cap.	£55.5m
Total NAV	£63.3m
No. of issuers	19
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 JUNE – 30 SEPTEMBER 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 96% and 181% of the 30 September 2019 market values of these investments, with a base case of 145%. Generally, the range increased slightly due to a decline in NAV with one adjustment lower for base case estimate for a lodging & casino investment expected exit value. 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.

During the quarter, NBDG paid by way of redemption a capital distribution of £2.5 million (£0.0332/share). The ratio of total value (capital distributions, dividends, share buy-backs and current NAV) to original capital is 90%. There was one exit during the quarter, detailed later in the factsheet.

Portfolio Update

NBDG ended the quarter with NAV per share of £0.8768 compared to £0.9113 at the end of June 2019. NBDG's NAV decreased 3.8% during the quarter due to unrealised mark to market losses on Eagle Bulk Shipping and Twin River public equities partially offset by unrealised gains on a lodging & casino investment and Vistra public equity. During the harvest period, reorganised equities, including public equities, represent a larger percentage of NBDG's investments. More detail can be found 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 19 issuers across 9 sectors. The largest sector concentrations include lodging & casinos, shipping, auto components, and commercial mortgage.

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

- **Twin River** - The company conducted a Dutch auction tender which was completed in the quarter. NBDG tendered the maximum shares and 6.2% of the position was tendered at a price of \$29.50/share. The company announced two acquisitions to continue to diversify its operations with the opening of the Boston Wynn casino. Shares continue to be under pressure and have traded down from the tender price.

Data as at 30 September 2019. 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.

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FUND MANAGERS

Michael Holmberg
30 years' investment experience

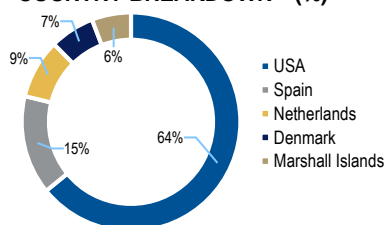
Brendan McDermott
15 years' investment experience

Ravi Soni
14 years' investment experience

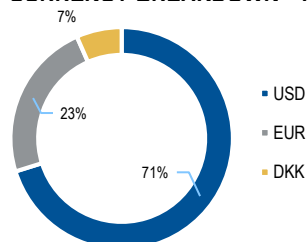
Directors:

John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Christopher Sherwell
Stephen Vakil

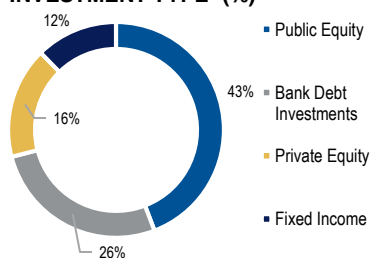
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁶ (%)



SECTOR BREAKDOWN⁷ (%)

Lodging & Casinos	29.6%
Shipping	19.4%
Auto Components	9.8%
Commercial Mortgage	8.8%
Utilities	8.7%
Nonferrous Metals/Minerals	6.9%
Building & Development	4.8%
Oil & Gas	4.5%
Surface Transport	4.4%
Air Transport	0.0%
Unrestricted Cash and Accruals	2.8%
Restricted Cash	0.2%

Portfolio Update (continued)

Public Equity

- **Vistra** – The investment manager decided to retain the NBDG public equity position, but sell the NBDX position, because NBDG has been in its harvest period for less time than NBDX. The investment manager believes that the remaining harvest period for NBDG permits more time to realize the further upside which it believes Vistra may have.

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

ISSUER	MARKET VALUE AT 30 SEPTEMBER 2019 (£ millions)	% NAV
Twin River Management	10.3	16.3%
Eagle Bulk Shipping Inc	4.4	7.0%
Torm A/S	4.2	6.6%
Vistra Energy Corp (f/k/a TECH)	4.2	6.6%
Five Point Holdings LLC	3.0	4.8%
Sandridge Energy Inc	0.6	1.0%
Rivera Resources	0.4	0.6%
Roan Resources	0.04	0.1%
Grand Total	27.1	42.8%

Significant Value Change (approximately 0.5% of NBDG NAV or +/- £350,000)³

INDUSTRY	INSTRUMENT	3Q19 TOTAL RETURN (£ in millions)	MARKET VALUE (£ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Vistra	Public equity	£0.8	£4.3	18%	Company reported above consensus earnings
Spanish Hotel Investment	Private equity	£0.7	£6.5	11%	Improved hotel profitability due to higher ADRs, improved occupancy and cost reductions
Eagle Bulk Shipping Inc	Public equity	£(0.7)	£4.4	-16%	Global growth and trade worries
Twin River	Public equity	£(2.6)	£10.3	-23%	Larger than expected impact from new competition of the recently opened Boston Wynn

Exits

Exit 18 – Utilities

NBDG purchased second lien debt, mezzanine debt, and units of reorganised equity in a 1000MW combined-cycle gas turbine power plant in central California. At the time of the purchases we believed the plant benefitted from significant collateral coverage: the second lien and equity both traded at deep discounts to replacement value and the original construction cost of the plant. Unfortunately, following our purchases, increased investment in renewable energy sources (specifically, solar, wind, and hydro) had a negative effect on California power prices and significantly impacted cash flow and liquidity. The company ultimately filed for Chapter 11 bankruptcy protection in December 2016. As the bankruptcy progressed it became clear that there was no value to distribute to the equity and mezzanine debt, and the prices declined to zero in early 2017. Litigation between the first and second lien holders over the intercreditor agreement ended with the second lien debt slowly dropping in price throughout 2017 and 2018 with the debt priced at zero once the bankruptcy court made a final ruling in favour of the first lien holders. The first lien debt holders took control of the asset, so there was no recovery to the securities NBDG owned beyond the principal and interest it had already received over the life of the investment.

Cash invested was £6.0 million and cash received from coupon and principal repayments was £0.5 million. The total return on the investment was -£5.5 million over 66 months. The IRR was -73% and ROR was -91%.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
18	£6.0 million	£0.5 million	£(5.5) million	-73%	-91%	66

Inception to date, NBDG has experienced 18 exits with a total return of £5.4 million, weighted average IRR of 6% and weighted average ROR of 10%.

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 30 September 2019.

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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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
1	Lodging & Casino	1Q18	£4.5 million	£7.2 million	£0.2 million	£2.9 million	18%	64%	68

Distributions

The investment manager's current expectation is to distribute 75-80% of 30 September 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

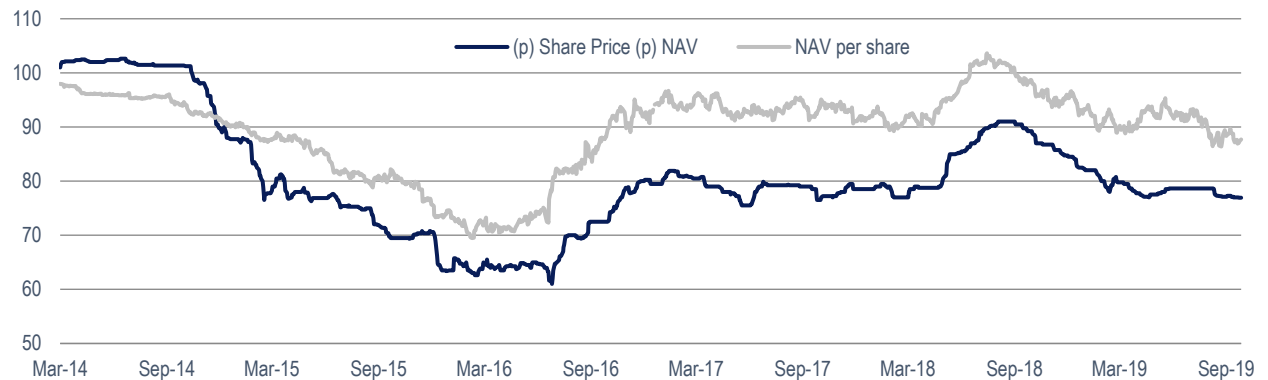
INDUSTRY / ISSUER	INSTRUMENT	MARKET VALUE	COMMENT
Auto Components	Private Equity and Notes	£6.2 million	As previously described last quarter, the company completed an out of court recapitalisation. The transaction provided incremental liquidity to fund its business plan. The company's performance continues to improve but earnings growth has been slower than expected and the position is anticipated to be an exit in 2021 from 2Q20.

During the quarter, the board approved a £2.5 million (£0.0332/share) capital distribution by way of redemption bringing total distributions (including share buy-backs) to £36.2 million or 33% of original capital.

Share Buy-Backs

NBDDIF repurchased 230,000 shares in NBDG during the quarter at a weighted average discount of 13.3% and a cost of £178,122. Since inception to date, a total of 12,747,200, or 11.5% of the original NBDG shares at a cost of £9.0 million, have 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	16%	Hotel/casino
2	Lodging & Casino	Secured Loan/Private Equity	Post-Reorg	Spain	10%	Hotel/lodging real estate
3	Auto Components	Secured Notes/Private Equity	Post-Reorg	US	10%	Manufacturing plant and equipment
4	Commercial Mortgage	Secured Loan	Current	Netherlands	9%	Commercial real estate
5	Shipping	Public Equity	Post-Reorg	US	7%	Maritime vessels
6	Nonferrous Metals/Minerals	Private Equity	Post-Reorg	US	7%	Manufacturing/distribution real estate
7	Utilities	Public Equity	Post-Reorg	US	7%	Power plants
8	Shipping	Public Equity	Post-Reorg	Denmark	7%	Maritime vessels
9	Shipping	Secured Loan/Private Equity	Post-Reorg	Marshall Islands	6%	Maritime vessels
10	Building & Development	Public Equity	Post-Reorg	US	5%	Residential real estate
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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