NEUBERGER | BERMAN

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

31 March 2018

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.

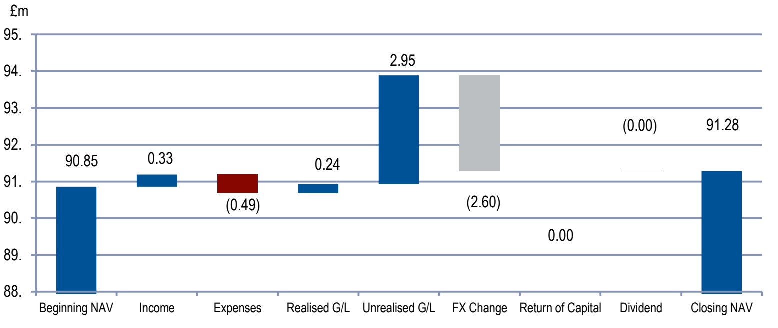
The New Global Share Class ("NBDG") was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG's investment period ended on 31 March 2017, following which the harvest period commenced. Including the £1.0 million income distribution by way of dividend paid in Q118, the £7.0 million capital distribution approved in Q218 (as described below) and share buy-backs of £8.5 million, £17.5 million (equivalent to 16% of original capital) has been distributed to shareholders since the realisation phase for this share class.

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 FACTS[1]

NAV Per Share:	92.45p
Share Price:	78.75p
Share Price Discount vs. NAV	(14.8)%
Market Cap.	£77.8m
Total NAV	£91.2m
No. of issuers	25
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:	GG00BH7JH183
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 31 DECEMBER 2017 – 31 MARCH 2018



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 further detailed in its prospectus, the share class generally does not intend to hedge the currency exposure between the 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. Bancorp Fund Services (Guernsey) Limited / Quintillion 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. Post quarter-end, the Board of Directors is pleased to approve the first capital distribution by way of redemption in the amount of £7.0 million.

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 90% and 165% of the 31 March 2018 market values of these investments, with a base case of 133%. 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 factsheet.

The investment manager currently expects to distribute 50-55% of remaining NAV to shareholders in 2018, 35-40% in 2019, and the remainder in 2020. It will review and, where appropriate, update these ranges and expectations in the quarterly factsheets.

NAV increased 0.5% in the quarter, principally due to an increase in value of a lodging & casino investment, offset by an unrealised loss in TORM public equity and Sandridge public equity. The appreciation of the Pound Sterling against US Dollar-denominated investments continued to negatively impact NAV in the quarter. NBDG paid an income distribution by way of dividend of $1.0 million in January 2018 and post quarter-end received par repayment of a significant bank debt investment in an Australian power company. This cash, combined with existing cash, will be used to fund a capital distribution of £7.0 million. These bring total distributions approved / paid (income distributions by way of dividends, capital distributions by way of redemption and share buy-backs) to £17.5 million or 16% of NBDG's original capital.

Net cash generated was £2.3 million during the quarter, including £1.2 million from the repayment of a Lodging & Casino bank loan through a cash flow sweep provision and interest, which when combined with previous payments received, exceeded the cost basis of the investment and is a partial realisation for the quarter, and £1.1 million from principal payments on secured debt, including £0.1 million proceeds from a tender offer on Linn Energy public equity. There were no exits during the quarter. Including the Q218 approved capital distribution, the ratio of total value (capital distributions, dividends, share buy-backs and current NAV) to original capital is 92%.

Portfolio Update

NBDG ended the quarter with NAV per share of £0.9245 compared to £0.9202 at the end of December. At quarter end, 96% of NBDG's NAV was invested in distressed assets (including cash held in subsidiary accounts, receivables and net payables) with 4% held in cash and net accruals.

Data as at 31 March 2018. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.
1. Source: Bloomberg, except where otherwise stated.

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

31 March 2018

FUND MANAGERS

Michael Holmberg
28 years' investment experience

Brendan McDermott
13 years' investment experience

Ravi Soni
12 years' investment experience

Directors:

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

Portfolio Update continued

The current portfolio consists of 25 issuers across 11 sectors. The largest sector concentrations include Lodging & Casinos, Shipping, Oil & Gas and Utilities. Notable events involving NBDG's existing investments are described below[1].

- Australian utility investment – The company notified lenders of a refinancing with a repayment of all existing debt in April 2018.
- Five Point Holdings – The company's Q417 earnings report described positive developments at Newhall with the first lot sales expected in H219, one year earlier than expected. We currently expect the company to be cash-flow breakeven by 2020, potentially one year earlier than we originally forecast.

Significant Value Change (approximately 0.5% of NBDG NAV or +/- £500,000)[2]

INDUSTRY	INSTRUMENT	Q118 TOTAL RETURN	MARKET VALUE	COMMENT
Lodging & Casinos	Bank debt	£0.5 million	£6.3 million	Bids for debt increased and hotels performing better
TORM	Public Equity	(£0.6 million)	£3.2 million	Company raised additional equity depressing share price
Sandridge	Public Equity	(£0.8 million)	£1.7 million	Negative market reaction to possible merger

Sector Analysis

To continue the in-depth look at investments by sector, below is a review of the Utilities sector investments, which is NBDG's third largest sector, representing 8.9% of NAV. This provides a description of all investments in the sector, including their investment thesis and expected exit strategy.

Utilities (8.9% of NAV)

Investment #1 – 4.2% of NAV

NBDG originally purchased a performing secured loan at a discount to par value issued by the largest owner of wind farms in Australia. Collateral for the loan includes six large-scale wind farms and a solar farm with combined installed capacity of 557 megawatts. At the time of the investment, the company also owned interests in US and German wind farms. The US and German assets were sold and the proceeds were used to partially pay down the secured loan at par. The company's operating assets generate enough power to meet the needs of over 250,000 homes annually, saving over a million tons of carbon dioxide emissions per year. All of the company's assets generate electricity from renewable sources and are eligible to sell Large-Scale Generation Certificates (LGCs) under the Renewable Energy Target and the Renewable Energy Act (2000). Post quarter-end, the company repaid their bank debt facility at par. At quarter-end, the estimated return on investment represents a 1.5x multiple on invested capital.

Investment #2 Vistra – 3.2% of NAV

NBDG originally purchased pre-petition secured bank debt on the generating assets and retail operations of TXU, the largest electricity generator, distributor, and retail electricity provider in Electric Reliability Council of Texas (ERCOT). The company filed for bankruptcy due to depressed power and natural gas prices and an over levered balance sheet. Pre-petition secured lenders converted their interests into reorganised equity of the generation and retail businesses. The reorganised company trades at a discount to other public comps despite a high value retail business, high quality nuclear and CCGT (high efficiency gas) assets, and the lowest leverage in the industry. Equity holders will benefit from recently announced coal plant closures in ERCOT, which, along with growing demand, supports a tightening reserve margin and rising power prices. The company also recently announced an agreement to acquire a diversified competitor, Dynegy, which would generate significant synergies and tax savings. To date, the estimated return on investment represents a 1.8x multiple on invested capital.

1. *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. 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.*
2. *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.*

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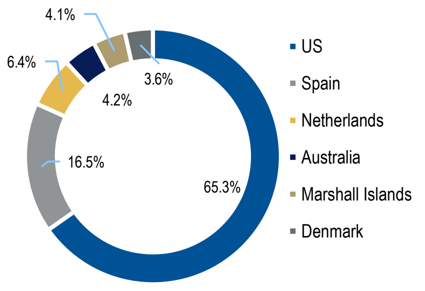
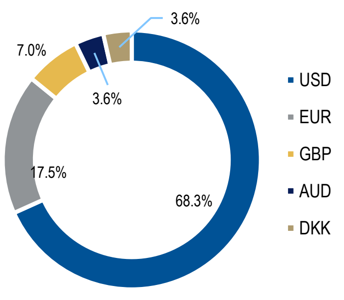
31 March 2018

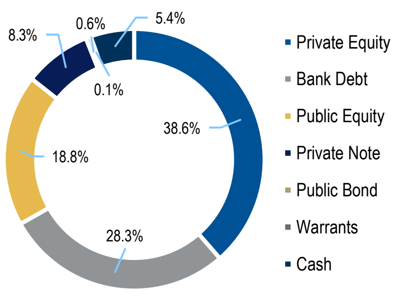
COUNTRY BREAKDOWN[1,2] (%)



CURRENCY BREAKDOWN[1,2] (%)



INVESTMENT TYPE[3] (%)



SECTOR BREAKDOWN[4] (%)

Lodging & Casinos	36.5%
Shipping	12.5%
Utilities	8.9%
Oil & Gas	7.7%
Auto Components	6.9%
Commercial Mortgage	6.4%
Nonferrous Metals / Minerals	5.6%
Building & Development	5.5%
Surface Transport	3.2%
Chemicals & Plastics	1.5%
Air Transport	0.0%
Unrestricted cash net of accruals	4.2%
Restricted cash net of accruals	1.2%

Sector Analysis continued

Investment #3 – 1.2% of NAV

NBDG purchased first lien exit facility debt in a 695 MW single-unit supercritical cycle pulverized coal-fired mine-mouth generating facility located in West Virginia, approximately 70 miles south of Pittsburgh. At the time of our purchases we believed the plant benefitted from significant collateral coverage: the first lien debt traded at $367/kW, a discount to estimated replacement cost (~$2,000/kW) and to the construction cost (~$2,600/kW). We believed that the decommissioning of coal plants in the PJM Interconnection would improve the plant's position in the dispatch curve and significantly improve energy margins. Due to operational issues and low power prices caused by excess gas supply in the Marcellus basin, projected cash flow have not improved. The exit loan still trades in the mid-80s; however, the plant is facing a projected liquidity shortfall in 2018 and will likely need new capital and a negotiated solution between debt and equity holders. We are working with other debt and equity holders to determine a solution. We believe the plant has long-term value provided the recent operational issues are only temporary and that potential gas transmission projects and coal-fired retirements come to fruition. To date, the estimated return on investment represents a 1.1x multiple on invested capital.

Investment #4 – 0.3% of NAV

NBDG began purchasing second lien debt and subsequently added to the position by purchasing a portion of mezzanine debt and units of reorganised equity in a 1000MW combined-cycle gas turbine power plant in central California. The second lien debt was refinanced and only equity and mezzanine loan remain in the portfolio. At the time of our purchases we believed the plant benefitted from significant collateral coverage: the second lien traded at $366/kW while the equity traded at $467/kW; both deep discounts to replacement value (~$1,000/kW) and the original construction cost of the plant (~$800/kW). Increased investment in renewable energy sources (specifically, solar, wind, and hydro) has had a negative effect on California power prices and significantly impacted cash flow and liquidity. The company hired restructuring advisors and filed for Chapter 11 bankruptcy protection. As the bankruptcy process progressed it was clear that no value would accrue to the junior securities so we have written down the value of the mezzanine debt and equity to zero. To date, the estimated return on investment represents a 0.1x multiple on invested capital.

Exits

There were no exits during the quarter.

Partial Realisations

NBDG owns bank debt secured by a large tribal hotel and casino property located in New England. NBDG purchased its position at a price in the high 80s as a % of par. The TLA, along with a coupon of L+400, carries significant annual amortisation as well as annual excess cash flow sweep payments that have significantly reduced the face value by 71.5% since the debt was purchased. Operations have stabilised at the property since purchasing the debt and the company has remained current on its interest obligations. As of 31 March, approximately 71.5% of the TLA had been repaid at par through the aforementioned amortisation payments. To date, the return on investment represents a 1.5x multiple on invested capital (incl. current market value) and the investment represents 1.7% of NAV.

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	Q118	£4.5 million	£5.4 million	£1.5 million	£2.5 million	17%	55%	49

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1. *Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 31 March 2018.*
2. *Includes cash and accruals.*
3. *Cash includes restricted and unrestricted cash, receivables and net accruals.*
4. *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 March 2018

Distributions

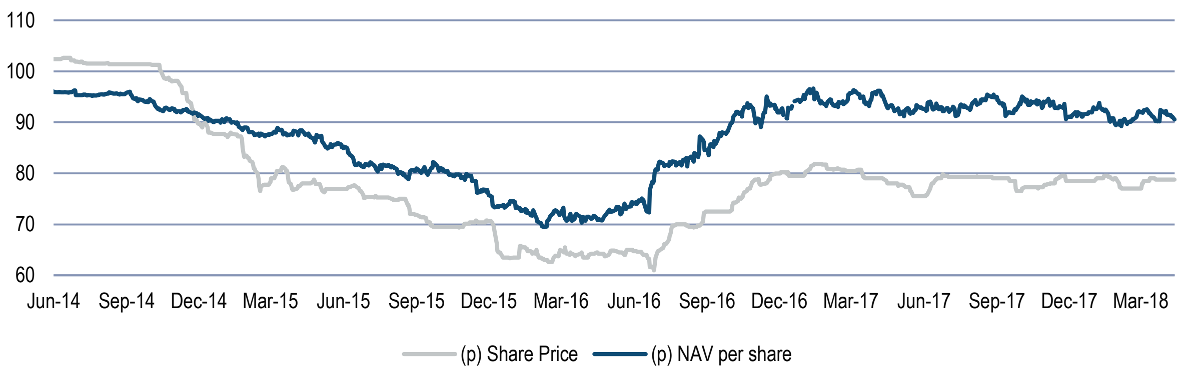
NBDG paid an income distribution by way of dividend of £1.0 million or £0.0106 / share to investors in January 2018, in accordance with NBDG's distribution policy which requires that all portfolio income be distributed after deducting reasonable expenses. In order to make these distributions cost effective, they are only paid once of a sufficient size and from cash available at that time, regardless of its source. Post quarter-end, NBDG received par repayment of a significant bank debt investment in an Australian power company. This cash, combined with existing cash, will fund a capital distribution of £7.0 million.

Since inception, £17.5 million (or 16% of original capital) has been approved / distributed to shareholders in the form of share redemptions, income dividends and share buy-backs. The ratio of total value (capital distributions, dividends, buy-backs, and current NAV) to original capital is 92%.

Share Buy-Backs

There were no buy-backs during the quarter. 11% of the original NBDG shares have been repurchased and cancelled.

FUND PERFORMANCE[1]



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS[2]

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casino	Post-Reorg Equity	Post-Reorg	US	13%	Hotel / Casino
2	Lodging & Casino	Secured Loan	Post-Reorg	US	7%	Hotel / Lodging real estate
3	Lodging & Casino	Secured Loan	Defaulted	Spain	7%	Hotels
4	Auto Components	Secured Notes	Post-Reorg	US	7%	Manufacturing plant & equipment
5	Commercial Mortgage	Secured Loan	Current	Netherlands	6%	Commercial real estate
6	Lodging & Casino	Secured Loan	Defaulted	Spain	6%	Hotel
7	Nonferrous Metals / Minerals	Post-Reorg Equity	Post-Reorg	US	6%	Manufacturing / Distribution real estate
8	Building & Development	Post-Reorg Equity	Post-Reorg	US	6%	Residential real estate
9	Shipping	Secured Loan	Post-Reorg	US	5%	Maritime vessels
10	Utilities	Secured Loan	Current	Australia	4%	Power plants
Total					**67%**	

1. *Source: Bloomberg*
2. *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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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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