

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

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.

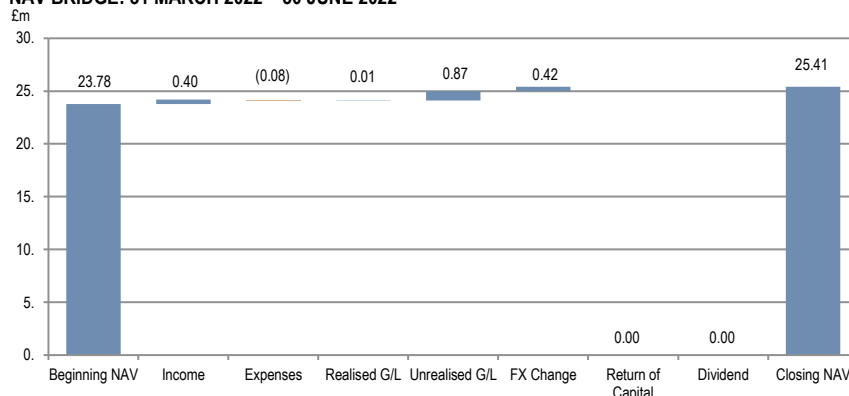
The New Global Share Class (“NBDG”) was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG’s investment period ended on 31 March 2017, following which the harvest period commenced. No shares were repurchased during the quarter – inception to date, distributions stand at £57.5 million or 52% of original capital (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:	64.91p
Share Price:	38.00p
Share Price Discount to NAV	-41.46%
Market Cap.	£15.6m
Total NAV	£26.7m
No. of issuers	7
Launch Date:	4 March 2014
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	nil
Bloomberg Ticker:	NBDG:LN
ISIN:	GG00BMY71748
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 31 MARCH 2022 – 30 JUNE 2022



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

Public markets continue to be volatile as investors monitor multiple themes that could impact global growth. Dominant themes include tightening fiscal and monetary conditions, persistently higher inflation, supply chain disruptions, a tight labour market, and the ongoing Russian war in Ukraine. All could lead to elevated volatility over the next 12 months. Lastly, the threat of new COVID-19 variants remains. Given these circumstances, the timing and quantum of any 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 90% and 124% of the 30 June 2022 market values of these investments, with a base case of 109%. The range is slightly lower relative to last quarter as the values of a lodging investment and a commercial mortgage investment increased towards their expected realisable values. Shareholders should, however, note that: (i) the realisable values of the investments are calculated on a gross basis and, in particular, do not reflect any applicable third-party 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

NBDG ended the quarter with a NAV per share of 64.91p compared with 61.8p at the end of March 2022. NAV increased 5% due to an increase in a lodging investment, an increase in a commercial mortgage investment and foreign exchange movements. At quarter-end, 93% of NBDG’s NAV was invested in distressed assets (including net cash held in subsidiaries), with 7% held in cash and US Treasury securities.

The remaining portfolio consists of 7 issuers across 6 sectors, including lodging & casino, commercial mortgage, surface transport and shipping. NBDG had no exits in the quarter. Inception to date, the ratio of distributions, both income and capital, to original capital, is 52%. Including the current NAV, the figure rises to 76%.

Notable Events²

In May of 2022, the first of three vessels in a shipping investment was sold for approximately \$16.1 million, of which NBDG received £2.0 million in net proceeds.

(continues)

Data as at 30 June 2022. 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

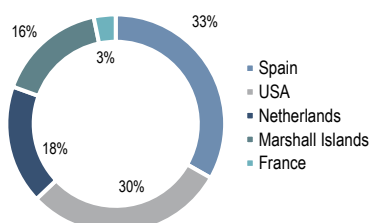
Michael Holmberg
32 years' investment experience

Brendan McDermott
15 years' investment experience

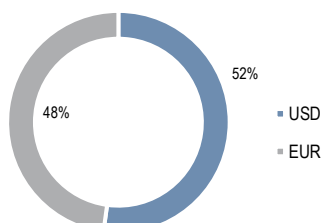
Ravi Soni
14 years' investment experience

Directors:
John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Stephen Vakil

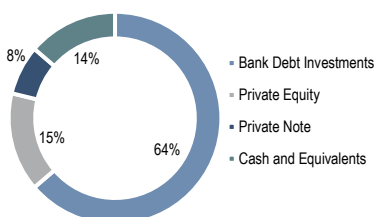
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



SECTOR BREAKDOWN⁴ (%)

Lodging & Casinos	31%
Commercial Mortgage	18%
Shipping	16%
Surface Transport	10%
Oil & Gas	8%
Auto Components	3%
Net Cash and cash equivalents, U.S. Treasury securities and FX	14%

Portfolio Update (continued)

Significant Value Change (+/- £270,000)³

INDUSTRY	INSTRUMENT	2Q22 TOTAL RETURN (£ in millions)	MARKET VALUE (£ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Shipping	Secured Loan/Private Equity	+0.4	5.7	+7.6%	Strength in the dry bulk market
Lodging & Casino	Secured Loan/Private Equity	+0.4	6.1	+7.4%	Improvement in hotel metrics
Commercial Mortgage	Secured Loan	+0.3	4.5	+8.0%	Higher Asset Valuation

Exits

There were no exits during the quarter. Inception to date, there have been 30 exits with a total return of (£7.3 million), weighted average IRR of (5%) and weighted average ROR of (6%).

Partial Realisations

Partial Realisation 1: Shipping

NBDG invested £5.1 million in first lien debt secured by six 35k dead weight ton, dry bulk shipping vessels. This fleet was originally custom built for a large public shipping company and the ships were completed in 2009-2011. As part of a 2012 pre-packaged bankruptcy the public shipping company handed the vessels back to the lenders. Through a further restructuring of the debt in 2016, NBDG and one other lender took possession of three vessels and brought in a new equity partner with operating expertise to take over commercial and technical management of the vessels. The lack of new vessels this size and the increase in demand for dry bulk goods during the pandemic caused the secondary market prices of these vessels to rise significantly in late 2021. In May of 2022, the first of the three vessels was sold for approximately \$16.1 million, of which NBDG received £2.0 million in net proceeds. The second and third vessels are scheduled to be sold in the third quarter of 2022. The IRR is 5% and ROR is 41% as of 30 June 2022.

PARTIAL REALISATION	SECTOR	QUARTER REPORTED	CASH INVESTED	CASH RECEIVED TO DATE	CURRENT VALUE OF INVESTMENT	TOTAL RETURN	CURRENT IRR	CURRENT ROR	MONTHS HELD
1	Shipping	2Q22	\$5.8 million	\$1.4 million	\$4.5 million	\$7.2 million	5%	41%	97

Distributions

During the quarter the Board approved a shareholder distribution of £1.4 million which was paid on 15 July 2022. Inception to date there have been distributions (dividends, redemptions and buy-backs) equal to £57.4 million or 52% of original capital.

The investment manager has undertaken a review of all the investments in the light of a changed market. The table below provides a comment on the liquidity and expected realization for each of the top 10 holdings in the portfolio.

HOLDING	INDUSTRY	% NAV	INVESTMENT STATUS
1	Lodging & Casinos	24%	Hotel metrics improving since reopening; Aim to sell within next 12 months
2	Shipping	22%	Ships to be sold by 4Q'22
3	Commercial Mortgage	18%	Continue to lease space as we prepare for exit; we target a sale in 2023, potentially in 4Q 2022
4	Surface Transport	11%	Litigation ongoing, no near term resolution expected, exploring a secondary market sale
5	Oil & Gas	8%	Expect sales process for assets to be run in second half of 2022
6	Lodging & Casinos	7%	Restructuring negotiations ongoing, resolution and exit expected in the next 6 months.
7	Auto Components	3%	Seeking secondary market buyer, requires healthy capital markets for reasonable value
		93%	

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 shareholders. Changes to timing are expected based on current market conditions and investment developments and will continue to be updated in the quarterly factsheets.

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 June 2022.

5. Includes cash and accruals.

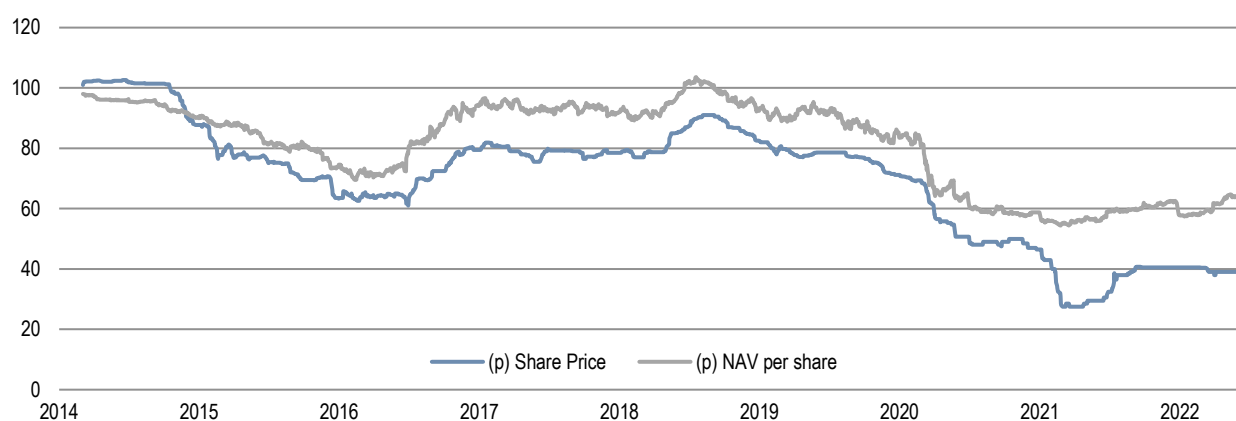
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Share Buybacks

NBDDIF did not repurchase any shares in NBDG during the quarter. Since inception, a total of 16,114,533, or 15% of the original NBDG shares at a cost of £10.9 million, has been repurchased and cancelled.

The buyback programme was intended to narrow the discount during the investment period. At this point of the harvest period, our priority, based on shareholder feedback, is the return of capital. The Board intends to 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.

FUND PERFORMANCE⁶



PORTFOLIO COMPOSITION – TOP 7 HOLDINGS⁷

Holding	Industry	Current Instrument	Status	Country	% NAV	Primary Assets
1	Lodging & Casinos	Secured Loan/Private Equity	Current	Spain	23%	Hotel/Casino
2	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	18%	Commercial Real Estate
3	Shipping	Secured Loan/Private Equity	Post-Reorg	Marshall Islands	16%	Ships
4	Surface Transport	Secured Loan	Defaulted	Spain	10%	Legal Claim
5	Oil & Gas	Private Equity	Post-Reorg	US	8%	Ethanol Plant
6	Lodging & Casinos	Secured Notes	Defaulted	US	8%	Hotel/Casino
7	Auto Components	Secured Loan	Post-Reorg	France	3%	Manufacturing Plant
					86%	

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

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Full product details, including Key Information Documents, are available on our website at www.nbddif.com

Due to the inherent risk of investment in the debt market particularly related to alternative credit, it is expected that a qualified investor would be able to understand the risks in such security types and the potential impact of investing in the product. This product is designed to form part of a portfolio of investments.

The Company is a closed-ended investment company incorporated and registered in Guernsey and is governed under the provisions of the Companies (Guernsey) Law, 2008 (as amended), and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“GFSC”). It is a non-cellular company limited by shares and has been declared by the GFSC to be a registered closed-ended collective investment scheme. The Company's shares are admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market for listed securities.

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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.

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.

Tax treatment depends on the individual circumstances of each investor and may be subject to change, investors are therefore recommended to seek independent tax advice.

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