

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.

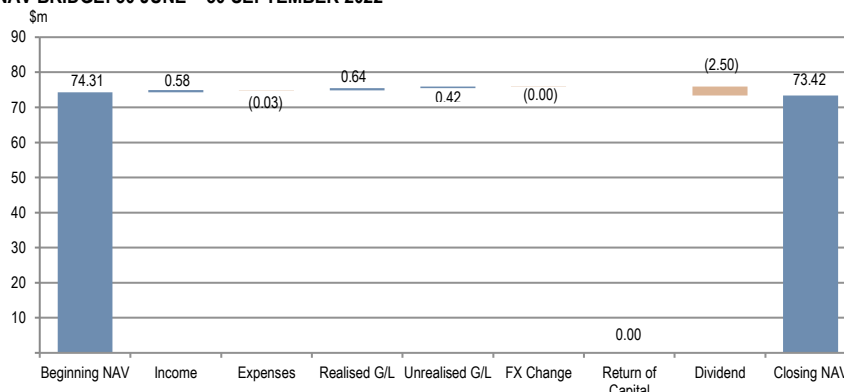
On 31 March 2015, the investment period of the Extended Life Share Class (“NBDX”) expired and the assets of NBDDIF attributable to the Extended Life Shares were placed into the harvest period. There were no share buybacks during the quarter – inception to date, distributions stand at \$292.6 million or 81% of original capital (income by way of dividend, capital by way of redemption and share buybacks), 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:	\$0.9139
Share Price:	\$0.5000
Share Price Discount to NAV	-45.29%
Market Cap.	\$40.3m
Total NAV	\$73.6m
No. of issuers	12
Launch Date:	9 April 2013
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	nil
Bloomberg Ticker:	NBDX:LN
ISIN:	GG00BMY71631
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 30 JUNE – 30 SEPTEMBER 2022



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

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 149% of the 30 September 2022 market values of these investments, with a base case of 123%. The range widened relative to last quarter mainly due to the sale of a shipping 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 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

NBDX ended the quarter with a NAV per share of \$0.9139 compared with \$0.9287 at the end of June 2022. NAV decreased 2% during the quarter, principally driven by a decrease in a packaging investment and a commercial mortgage investment, offset by an increase in a financial intermediary investment. At quarter-end, 69% of NBDX's NAV was invested in distressed assets (including net cash held in subsidiaries), with 31% held in cash and U.S. Treasury securities.

The remaining portfolio consists of 12 issuers across 7 sectors, including surface transport, financial intermediaries, containers & packaging, and lodging & casino. NBDX had two exits during the quarter. The ratio of distributions, both income and capital, to original capital, is 81%. Including the current NAV, the figure rises to 102%.

Notable Events²

There were no notable events other than the exits of Ginn & Dumas which are discussed under the exits paragraph.

(continues)

Data as at 30 September 2022. 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:

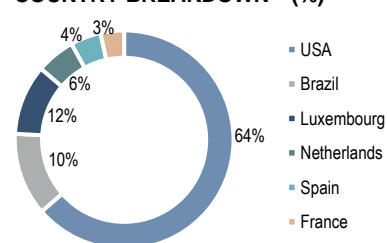
John Hallam (Chairman)

Michael Holmberg

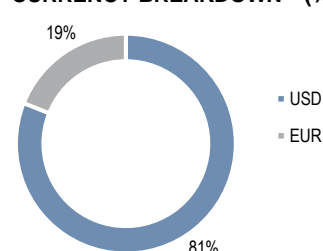
Christopher Legge

Stephen Vakil

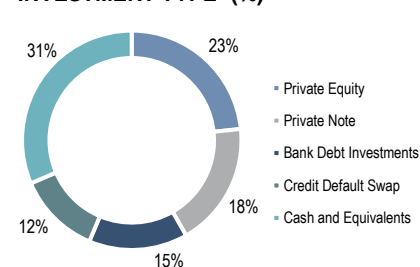
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



SECTOR BREAKDOWN⁴ (%)

Surface Transport	17%
Financial Intermediaries	11%
Lodging & Casinos	11%
Containers and Packaging	10%
Oil & Gas	9%
Commercial Mortgage	6%
Auto Components	3%
Net Cash and cash equivalents, U.S. Treasury securities and FX	31%

Portfolio Update (continued)

Significant Value Change (+/- \$780,000)³

INDUSTRY	INSTRUMENT	3Q22 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Financial Intermediaries	Private Note	1.9	8.3	+30.0%	Increased broker quote
Containers & Packaging	Private Equity	-1.2	6.7	-9.7%	Lower peer group multiples

Exits

There were two exits during the quarter. Inception to date there have been 69 exits with a total return of \$65.6, weighted average IRR of 5% and weighted average ROR of 11%.

Exit 68 Ginn

NBDX invested \$1.4 million in the first lien senior secured bank debt of Ginn LA Bahamas. Ginn Resorts collectively owned five separate development properties in Florida, North Carolina, and the Bahamas (West End, Grand Bahama). The Bahamas project sponsors were Bobby Ginn and Lupert-Adler, a private equity real estate firm. The sponsors borrowed over \$500 million in 2006 to fund a \$330 million dividend and refinance existing debt used for remaining development build-out expenses of the property, which included preparing infrastructure for over 600 single family lots (collateral). Due to sluggish lot sales, liquidity began to tighten in early 2008. Despite continued sponsor support (i.e. purchasing lots from the company), the company could not make its 30 June 2008 interest payment. After over eight months of negotiations, the sponsor and lenders approved a Master Restructuring Agreement under which the properties would be foreclosed on and sold primarily for the repayment of the First Lien Lenders. We purchased the debt at a basis that was a significant discount to replacement cost for the infrastructure and believed the project would ultimately be successful. However, due to a number of delays and legal issues with the adjoining property, lot sales never materialised. The whole project (land) was ultimately sold to a buyer who believes they can resolve any delays and legal issues in order to sell the lots. Cash received was \$0.4 million and total return was (\$1.0 million), with IRR of (15.9%) and ROR of (69.0%) and a holding period of 148 months.

Exit 69 Dumas

NBDX invested \$19.3 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, NBDX 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. All three vessels were sold in 2022 and NBDX received total proceeds of \$22.2 million. The IRR is 2% and ROR is 15% with a 108 month holding period.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
68	\$1.4 million	\$0.4 million	(\$1.0) million	-15.9%	-69.0%	148
69	\$19.3 million	\$22.2 million	\$2.9 million	1.9%	14.9%	108

Partial Realisations

There were no partial realisations 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
3	Containers & Packaging	2Q17	\$5.1 million	\$7.2 million	\$0.9 million	\$3.0 million	26%	59%	119
4	Containers & Packaging	2Q17	\$6.6 million	\$16.7 million	\$6.5 million	\$16.8 million	52%	253%	122

Distributions

After the quarter-end the Board approved a shareholder distribution of \$19.0 million by way of redemption which will be paid on 2 December. Inception to date, including this distribution, a total of \$311.6 million or 87% of original capital has been distributed, via dividends, redemptions and buy-backs.

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 realisation for each of the top 10 holdings in the portfolio.

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 NBDX'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 2022.

5. Includes cash and accruals.

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Distributions (continued)

HOLDING	INDUSTRY	% NAV	INVESTMENT STATUS
1	Surface Transport	12%	Awaiting results of litigation needed to unlock escrowed proceeds to pay claim
2	Financial Intermediaries	11%	Seeking balance sheet transaction that will facilitate substantial capital return by 2023
3	Oil & Gas	9%	Expect sales process for assets to be run in first half of 2023
4	Containers and Packaging	9%	Profitability impacted by inflation, capital markets exit postponed until results regain momentum
5	Lodging & Casinos	7%	Restructuring negotiations ongoing, resolution and exit expected in the next 5 months
6	Commercial Mortgage	6%	Continue to lease space as we prepare for exit; we target a sale mid-2023
7	Surface Transport	5%	Litigation ongoing, no near term resolution expected, exploring a secondary market sale
8	Lodging & Casinos	4%	Company paying contractual principal, interest, and excess cash flow; Liquidity available in secondary market
9	Auto Components	3%	Seeking secondary market buyer, requires healthy capital markets for reasonable value
10	Containers and Packaging	1%	Profitability impacted by inflation, capital markets exit postponed until results regain momentum
		69%	

For regulatory reasons, the final 10% of total return in respect of any class of participating shares in NBDIF will be returned to shareholders with the final compulsory redemption of all the outstanding shares of that class.

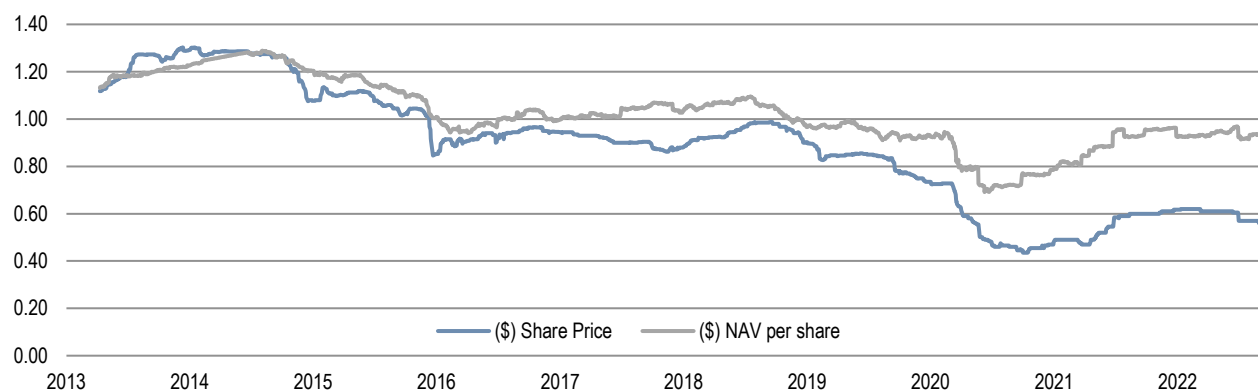
In the harvest period, we continue to focus on restructuring and monetising our investments, balancing timely realisations with maximising proceeds to our shareholders. Changes to timing are expected based on current market conditions and investment developments and will continue to be updated in these factsheets.

Share Buybacks

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 distribution from realisation of investments and not through buybacks.

NBDIF did not repurchase any shares in NBDX during the quarter. Inception to date, a total of 14,643,634 shares, or 4% of the original NBDX shares at a cost of \$12.1 million, has been repurchased and cancelled.

FUND PERFORMANCE⁶



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁷

Holding	Industry	Current Instrument	Status	Country	% of NAV	Primary Assets
1	Surface Transport	Trade Claim	Defaulted	Brazil	12%	Municipal Claim
2	Financial Intermediaries	Private Notes	Defaulted	US	11%	Cash and Securities
3	Oil & Gas	Private Equity	Post-Reorg	US	9%	Ethanol Plant
4	Containers and Packaging	Private Equity	Post-Reorg	Luxembourg	9%	Manufacturing Plant and Equipment
5	Lodging & Casinos	Secured Notes	Post-Reorg	US	7%	Hotel/Lodging Real Estate and Casino
6	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	6%	Commercial Real Estate
7	Surface Transport	Secured Loan	Defaulted	Spain	5%	Concession
8	Lodging & Casinos	Secured Loan	Defaulted	US	4%	Hotel/Lodging Real Estate and Casino
9	Auto Components	Secured Loan	Post-Reorg	France	3%	Manufacturing Plant and Equipment
10	Containers and Packaging	Private Equity	Post-Reorg	Luxembourg	1%	Manufacturing Plant and Equipment
					68%	

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.

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

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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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