

23 January 2013

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NB Distressed Debt Investment Fund Limited

Proposed Investment Period Extension

The Board of NB Distressed Debt Investment Fund Limited (the “Company”) today announces, following consultation with its major shareholders, its intention to propose an extension to the Company’s investment period.

The Board, after discussions with Neuberger Berman Europe Limited (the “Investment Manager”), believes that opportunities in the distressed debt market remain compelling and that an extension to the investment period should enable the Company to access attractive investment opportunities after the current investment period expires. The Board is pleased with the Company’s performance in 2012. The Company’s unaudited NAV increased 11.3% for the year and over 92% of the unaudited 31 December 2012 NAV¹ was invested in distressed assets. In addition, the Company achieved its 11th exit in the fourth quarter: the sale of a power plant that generated a 26.9% IRR.

The existing investment period is due to expire in June 2013 and it is intended that a proposal be made to ordinary shareholders in the Company (“Shareholders”) to extend the investment period by 21 months to 31 March 2015. It is intended that a new share class will be introduced with one class remaining subject to the current investment period and the other being subject to the extended investment period. Those investors who wish to remain invested on the basis of the current investment period will, therefore be given the opportunity to do so. The Board can confirm that no further extensions to the investment period will be proposed to shareholders in the future.

Having consulted with its major shareholders the Board is confident that a majority of the Shareholders will support the proposals.

It is intended that the share class subject to the extended investment period will be subject to a new capital return policy, new discount policy and increased preferred return as set out below:

- *Capital return policy:* It is proposed that 100% of the profits from realisations be returned to shareholders at least every six months, with the first such return being for the period ending on 31 December 2013.
- *Discount control policy:* The Board intends to introduce a share buyback programme in order to seek to restrict any discount to less than 5% in normal market conditions, subject to available cash resources.
- *Preferred return:* The preferred return (for the purpose of calculating the performance fee payable to the Investment Manager) will increase to 8% from 6%, effective from the admission date of the new shares.

The above will not apply to the share class remaining subject to the current investment period.

¹Published 2 January 2013

Further details of the proposals will be provided in a prospectus and circular to shareholders expected to be issued in March 2013 with a class meeting of Shareholders expected to be held in April 2013.

Oriel Securities is acting as adviser and broker to the Company in connection with the proposed investment period extension.

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This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any shares referred to in this announcement except on the basis of the information in the prospectus to be published by the Company in due course in connection with the admission of the new shares of the Company to the Official List of the Channel Islands Stock Exchange and to trading on the London Stock Exchange plc's Specialist Fund Market (the "Prospectus"). Copies of the Prospectus will, following publication, be available from the Company's registered office.

The promotion of the Company and the distribution of this announcement in the United Kingdom is restricted by law. Accordingly, this announcement is only addressed to, and directed at (a) persons outside the European Economic Area to whom it is lawful to communicate, and (b) persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors"). For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each member state of the European Economic Area which has implemented the Prospectus Directive. In addition, in the United Kingdom, this announcement is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments who fall within the definition of "investment professional" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or (ii) who are high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order, and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to and will only be engaged in with such persons. This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in

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The shares issued and/or to be issued by the Company (the "Securities") have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Securities may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States, and in a manner which would not require the Company to register under the Investment Company Act. No public offering of the Securities is being made in the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940 (the "Investment Company Act") and, as such, holders of the Securities will not be entitled to the benefits of the Investment Company Act. No offer, sale, resale, pledge, delivery, distribution or transfer of the Securities may be made except under circumstances that will not result in the Company being required to register as an investment company under the Investment Company Act.

All investments are subject to risk, including the loss of the principal amount invested. Past performance is no guarantee of future returns. All investments to be held by the Company involve a substantial degree of risk, including the risk of total loss. You should always seek expert legal, financial, tax and other professional advice before making any investment decision.

Neither the Company, Neuberger Berman Europe Limited, Oriel Securities Limited, their respective affiliates nor any other person (including without limitation, the directors, officers, employees, partners, agents, representatives, members and advisers of the Company, Neuberger Berman Europe Limited, Oriel Securities Limited and their respective affiliates) undertakes any obligation to update or revise any statement made in this announcement (including, without limitation, any forward looking statements), whether as a result of new information, future events or otherwise.

The information in this announcement contains forward looking statements. Any statement other than a statement of historical fact is a forward looking statement. Actual results may differ materially from those expressed or implied by any forward looking statement. You should not place undue reliance on any forward looking statement, which speaks only as of the date hereof.