

NB Distressed Debt Investment Fund Limited Extended Life Shares

March 31, 2015

FUND OBJECTIVE

NB Distressed Debt Investment Fund Limited ("NBDDIF") is a Guernsey-incorporated closed-ended investment company that launched in June 2010. NBDDIF's 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 owns holdings 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. The assets of NBDDIF attributable to the Extended Shares were placed into run-off following the expiry of the investment period. The net proceeds from the realization of such assets will be distributed to Extended Life Shareholders at such times and in such amounts as determined by the Board of Directors of NBDDIF. The first such distribution is scheduled to be made in the second quarter of 2015. Prior to the expiry of the investment period distributions were made to reflect capital profits arising from the exit of any assets attributable to Extended Life Shares, with the first such distribution having been made in the first quarter of 2014 and the second in the third quarter of 2014.

The Extended Life Shares are one of three classes of shares in NBDDIF. The other classes are the Ordinary Share Class and the New Global Share Class. The Ordinary Share Class is subject to an investment period which ended on 10 June 2013 and the Global Share Class is subject to an investment period which will end on 31 March 2017. Separate factsheets are produced for those classes.

MANAGER COMMENTARY

Summary

We remain satisfied with the portfolio's performance to date. Given the volatility of the distressed debt markets in 2015 to date, we were gratified to preserve our investors' capital whilst at the same time deploying the portfolio in attractive debt backed by hard assets. In the first quarter of 2015, we exited five positions that contributed positively to NAV. We continue to see significant upside potential in the existing portfolio, which we expect to realise as we restructure and exit investments.

Portfolio

As at 31 March 2015, 99.9% of the NBDDIF Extended Life Share NAV ("NBDX's NAV") was invested in distressed assets. Cash available for new investments and working capital ended the quarter at 0.1% of the NBDX NAV. NBDX's NAV per share decreased 1.3% in the first quarter of 2015, to \$1.1757 per share from \$1.1909 per share. The primary drivers of NBDX's NAV decrease were secondary market price declines of existing positions. We believe that performance comparison versus other distressed debt managers is indicated by the HFRI Distressed/Restructuring Index² which returned 0.8% in the first quarter. During the quarter we saw our 28th, 29th, 30th, 31st and 32nd exits since inception, which are described in detail below. We added incrementally to existing names in the power generation, oil & gas, shipping and metals sectors, as well as adding new names in the oil & gas and air transport sectors.

Stock Repurchases

Pursuant to the NBDX discount management policy, NBDX made four repurchases of shares for cancellation in the first quarter totaling 542,000 shares. Subject to the NBDX discount management policy, NBDX may make additional repurchases at the sole discretion of the Board of Directors.

Capital Return

On 27 April 2015, the Board of the Company resolved to return \$4.0 million (equivalent to approximately \$0.0123 per share) after expenses to holders of NBDX shares by way of a compulsory partial redemption of NBDX shares. The current return comprises all cash available to NBDX, save for amounts deemed to be required for existing positions and for working capital requirements. This distribution is expected to be made in the second quarter of 2015.

Exits

In the Q4 we saw five exits, bringing the total to 32 exits since inception. These exits generated approximately \$6.0 million of total return and gains for NBDX.

Investment 28: We purchased \$19.4 million face value of a defaulted loan at 32.2% of par, secured by an independent living facility in the Midwest of the U.S. Our investment thesis was that the underlying real estate was worth an amount significantly in excess of price of the debt acquisition. Subsequent to our purchase, we converted the loan into ownership of the property via a deed-in-lieu of foreclosure and installed a new management team. After enhancing operations and making incremental capital improvements, we sold the property. Total return from this investment was \$3.4 million generating an IRR of 10%.

Investment 29: We purchased \$11.7 million face value of a defaulted loan at 59.12% of par, secured by a condominium development located in the South of the U.S. Our investment thesis was that the underlying real estate was worth an amount significantly in excess of price of the debt acquisition. Subsequent to our purchase, we converted the loan into ownership of the property via foreclosure and commenced selling units. Ultimately all units and the associated land were sold. Total return from this investment was \$1.8 million generating an IRR of 17%.

Investment 30: We purchased a £2.8 million portion of a first lien debt facility at 87.75% of par, which was secured by the operating assets of a British ferry company. We expected that the company would either restructure its debt or would refinance its existing debt structure. In the case of a debt restructuring and conversion into post-reorganization securities, we believed that our cost basis represented a significant valuation discount versus comparable assets. Ultimately, the company was sold and our debt paid off at par plus accrued interest. Total return from this investment was £0.4 million generating an IRR of 24%³.

Investment 31: We purchased \$2.6 million face value of senior notes at 87.60% of par of a company with oil & gas assets. We believed that the company would be able to refinance its capital structure through a combination of asset sales and capital markets activities. Subsequent to our purchase, the secondary price of the senior notes increased significantly and we exited via the secondary market. Total return from this investment was \$0.3 million generating an IRR of 90%.

Investment 32: We purchased \$1.6 million face value of senior notes at 90.25% of par of a company with oil & gas assets. We believed that the company would be able to refinance its capital structure through a combination of asset sales and capital markets activities. Subsequent to our purchase, the secondary price of the senior notes increased significantly and we exited via the secondary market. Total return from this investment was \$0.2 million generating an IRR of 89%.

Data as at March 31, 2015. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDX.

1. Source: Bloomberg, except where otherwise stated.

2. The HFRI Distressed/Restructuring Index reflects distressed restructuring strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings (provided by Hedge Fund Research, Inc.).

3. IRR in local investment currency.

FUND MANAGERS



MICHAEL HOLMBERG

27 years investment experience



PATRICK FLYNN

23 years investment experience

KEY STATISTICS (as at March 31, 2015)¹

NAV Per Share:	\$1.1757
Share Price:	\$1.1013
Share Price (Discount) / Premium vs. NAV	(6.33)%
Market Cap	\$356.56m

KEY INFORMATION

Fund Type:	Closed-ended Investment Company
Launch Date:	10 June 2010
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDX
ISIN:	GG00BX1BC515
Website:	www.nbddif.com

DIRECTORS

Robin Monro-Davies (Chairman)

Talmi Morgan

John Hallam

Christopher Sherwell

Michael Holmberg

Patrick Flynn

EXITS

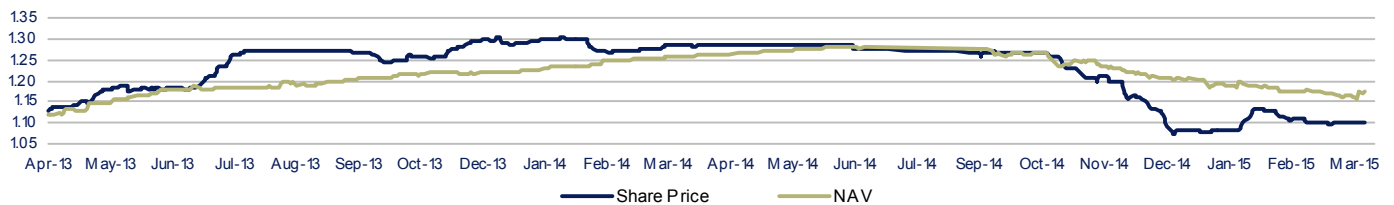
Exit	Industry	Instrument	Entry Value ¹	Exit Value ¹	Timing	Catalyst	ROR ²	IRR ³
28	Healthcare	Secured Loan	\$16.8 million	\$20.2 million	51 months	Asset Sale	25%	10%
29	Commercial Mortgage	Secured Loan	\$8.5 million	\$10.3 million	32 months	Asset Sale	24%	17%
30	Shipping	Secured Loan	87.75%	100.00%	9 months	Asset Sale	18% ⁴	24% ⁴
31	Oil & Gas	Bonds	87.60%	98.00%	3 months	Secondary Sale	13%	90%
32	Oil & Gas	Bonds	90.25%	99.25%	2 months	Secondary Sale	11%	89%

TOP 10 HOLDINGS⁵

Holding	Industry	Purchased Instrument	Status	Country	% of NAV	Primary Assets
1	Commercial Mortgage	Secured Loan	Defaulted	US	6%	Multifamily residential real estate
2	Lodging & Casinos	Secured Loan	Defaulted	US	5%	Hotel/lodging real estate
3	Building & Development	Post-Reorg Equity	Post-Reorg	US	5%	Residential real estate
4	Financial Intermediary	Private Notes	Post-Reorg	US	5%	Cash & securities
5	REIT/REOCs	Private Equity	Current	US	4%	Residential real estate
6	Utilities	Secured Loan	Defaulted	US	4%	Power plants
7	Utilities	Post-Reorg Equity	Post-Reorg	US	4%	Power plants
8	Utilities	Secured Loan	Current	US	4%	Power plants
9	Utilities	Secured Loan	Defaulted	US	4%	Power plants
10	Shipping	Secured Loan	Defaulted	Marshall Islands	4%	Maritime vessels
Total					45%*	

* 45% is the true percentage of NBDX's NAV. The sum of the individual holding numbers may appear larger due to rounding of decimal places.

PERFORMANCE⁶



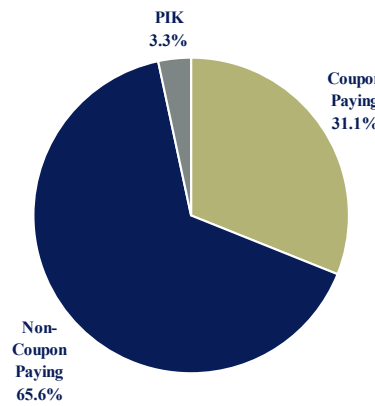
COUNTRY BREAKDOWN^{7,8} (%)

United States	78.8%
Germany	4.0%
Marshall Islands	3.5%
Australia	3.3%
Spain	2.1%
Denmark	1.8%
Brazil	1.7%
Luxembourg	1.7%
Netherlands	1.3%
Norway	0.9%
Great Britain	0.5%
Cayman Islands	0.4%

CURRENCY BREAKDOWN^{7,8} (%)

USD	89.9%
EUR	6.0%
AUD	1.8%
BRL	1.7%
GBP	0.6%

COUPON PAYMENTS (excluding cash)⁷



SECTOR BREAKDOWN^{7,8} (%)

Utilities	20.6%
Lodging & Casinos	11.7%
Financial Intermediaries	10.7%
Commercial Mortgage	8.3%
Shipping	8.1%
Building & Development	6.8%
Real Estate Investment Trusts (REITs)	4.3%
Surface Transport	3.7%
Energy	3.6%
Oil & Gas	3.2%
Non-Ferrous Metals/Minerals	3.2%
Real Estate Development	2.9%
Containers and Packaging	2.2%
Air Transport	2.1%
Industrial	1.3%
Paper & Forest Products	0.6%
Restricted Cash	6.6%
Cash, Accruals and Equivalents	0.1%

Data as at March 31, 2015. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDX.

- Actual price information is generally provided where investments have not been converted into other assets.
- The Rate of Return (ROR) represents the change in value of the security (capital appreciation, depreciation and income) as a percentage of the purchase amount.
- The annualized internal rate of return (IRR) was computed based on the actual dates of the cash flows of the security (purchases, sales, interest, principal paydowns).
- ROR and IRR in local investment currency.
- Categorizations determined by Neuberger Berman and percentages determined by U.S. Bancorp Fund Services (Guernsey) Limited / Quintillion Limited, as administrator to NBDDIF, based on market value as of March 31, 2015. Excludes cash and short term investments.
- Source: Bloomberg.
- Categorizations determined by Neuberger Berman; percentages determined by Neuberger Berman and U.S. Bancorp Fund Services (Guernsey) Limited / Quintillion Limited as Fund 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.
- Includes cash and accruals.

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