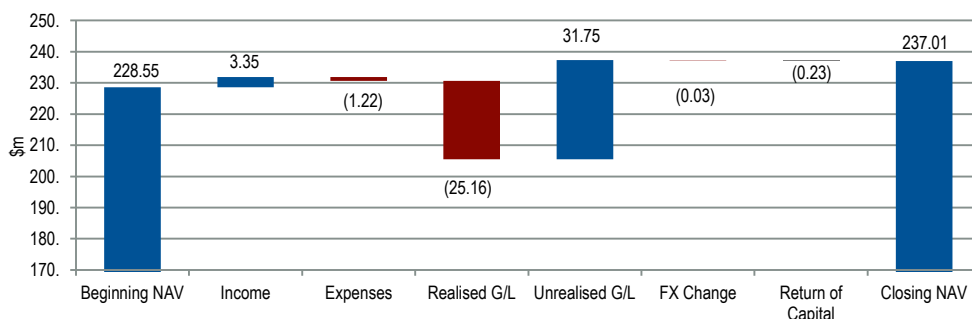


NB Distressed Debt Investment Fund Limited Extended Life Shares ("NBDX")

NEUBERGER BERMAN

30 September 2016

NAV BRIDGE – 30 JUNE 2016 TO 30 SEPTEMBER 2016



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDX 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 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. 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

During the third quarter markets generally recovered from the volatility following the UK's surprise June vote to leave the European Union while stable global economic data provided the catalyst for a continued recovery into October. Despite post-crisis lows in unemployment, potential US interest rate increases by the Federal Reserve appear to have been delayed until December at the earliest, giving investors a reprieve from the volatility that plagued the markets in early 2016. However, liquidity in our markets remains strained as investment banks continue to pull back their proprietary investing activities due to regulatory changes.

NBDX had one exit in the quarter and received approximately \$6.2 million (principal repayments and distributions) from activity in existing investments. Including the \$7.6 million income distribution declared on 28 October 2016 to be paid in the fourth quarter, \$137.1 million (equivalent to 38% of original capital) will have been distributed to investors to date. At quarter-end, the ratio of total value (distributions, share buy-backs and current NAV) to original capital was 102%. We remain focused on maximising the value of the portfolio as we work to restructure, realise exits and return capital to NBDX investors. As we begin the fourth quarter, we remain confident about the investments in the portfolio and expect to generate positive returns from the current valuations.

Portfolio Update

NBDX's NAV increased 4% to \$1.038 per share from \$0.9999 per share in the third quarter, driven by improvements in shipping and container and packaging investments, and an increase in the value of private equity in a non-ferrous metal/mineral company that announced it had been sold. The portfolio is made up of 42 issuers across 14 sectors. Certain notable corporate events involving NBDX's existing investments are highlighted below²:

- To avoid dilution and protect NBDX's investment in a restructured shipping company, NBDX invested \$2.0 million in the company.
- Through a restructuring of bank debt of a shipping company, NBDX and other lenders took possession of three vessels and brought in a new equity partner with operating expertise to manage the assets. NBDX continues to own bank debt secured by the vessels and equity in the new holding company.
- NBDX owns private equity in a non-ferrous metals/minerals company that announced a sale to a strategic buyer during the quarter. The price of the investment increased 18% during the third quarter with the sale expected to close in the first quarter of 2017.
- An investment in senior secured debt backed by a portfolio aircraft received debt repayments of \$4.2 million from the sale of all but one of the aircraft. The sale of the remaining aircraft is expected to close during the fourth quarter.
- NBDX received a \$0.9 million dividend from a container and packaging company.

Significant Value Change (approximately 0.5% NBDX NAV or +/- \$1,200,000)³

Industry	Instrument	Q3 16 Total Return	Comment
Shipping	Public equity	\$4.1 million	Equity appreciated from acquisition level
Shipping	Secured bank debt	\$2.2 million	Restructured secured bank debt and took possession of underlying vessels
Non-ferrous Metals/Minerals	Private equity	\$1.5 million	Company sold at premium to previous valuation
Containers and Packaging	Private equity	\$1.2 million	Improving profitability

Data as at 30 September 2016. 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 above. In addition, certain corporate events may not have been disclosed due to confidentiality obligations.

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.

KEY STATISTICS¹

NAV Per Share:	\$1.0380
Share Price:	\$0.9600
Share Price Discount vs. NAV	(7.5)%
Market Cap.	\$220.3m
Total NAV	\$237.0m
No. of issuers	42

NBDX INFORMATION

Fund Type:	Closed-ended Investment Company
Launch Date:	9 April 2013
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDX
ISIN:	GG00BYT2S336
Website:	www.nbddif.com

NBDX 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. The assets of NBDDIF attributable to the Extended Life Shares were placed into the harvest period following the expiry of the investment period. Prior to the expiry of the investment period, distributions were made to reflect capital profits only arising from the exit of any assets attributable to Extended Life Shares. Including the income dividend distribution described below, the total amount approved for distribution (including share buy-backs) to investors is approximately \$137.1 million (equivalent to 38% of original capital) up to 30 September 2016.

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 is subject to an investment period which will end on 31 March 2017. Separate factsheets are produced for those share classes.

MANAGER COMMENTARY CONTINUED

Exit 38

NBDX invested \$8.0 million in multiple tranches of the secured bank debt of a homebuilding company that had filed for Chapter 11 bankruptcy protection. NBDX received cash and equity upon execution of the company's plan of reorganisation. NBDX also participated in the exit financing for the homebuilder which was ultimately repaid at par. The homebuilder was ultimately sold to a public homebuilding company and received a distribution from the sale. Total return on the investment was \$1.1 million generating an IRR of 5% and ROR of 15%.

Entry Price	Exit Price	Total Return	Holding Period	IRR	ROR
\$8.0 million	\$9.1 million	\$1.1 million	74 months	5%	15%

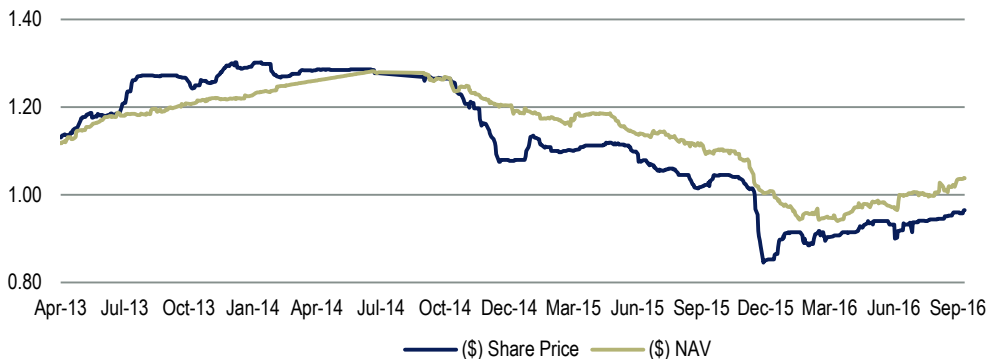
Distribution

On 28 October 2016 the Board announced an income distribution of approximately \$7.6 million, \$0.0332 per share, to be paid to shareholders. Once paid, this will bring total distributions (capital and income) to \$137.1 million, equivalent to 38% of original capital.

Share Buy-Backs

NBDX purchased 240,000 shares during the quarter under the discount control policy at a cost of \$228,300 and an average discount of 6.68%¹. The shares have been cancelled.

FUND PERFORMANCE²



PORTFOLIO COMPOSITION

TOP 10 HOLDINGS³

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casinos	Secured Loan	Post-Reorg	US	8%	Hotel/lodging real estate
2	Commercial Mortgage	Secured Loan	Defaulted	US	7%	Multifamily residential real estate
3	Building & Development	Post-Reorg Equity	Post-Reorg	US	6%	Residential real estate
4	Lodging & Casinos	Secured Loan	Current	US	5%	Hotel/casino
5	Financial Intermediary	Secured Notes	Defaulted	US	5%	Cash & securities
6	Shipping	Secured Loan	Post-Reorg	Marshall Islands	4%	Maritime vessels
7	Non-ferrous Metals/Minerals	Post-Reorg Equity	Post-Reorg	US	4%	Manufacturing plant and equipment
8	Oil&Gas	Post-Reorg Equity	Post-Reorg	US	4%	Bio-fuel plant
9	Industrials	Secured Notes	Post-Reorg	US	4%	Manufacturing plant and equipment
10	Surface Transport	Trade Claim	Defaulted	Brazil	4%	Municipal claim
Total					50%	

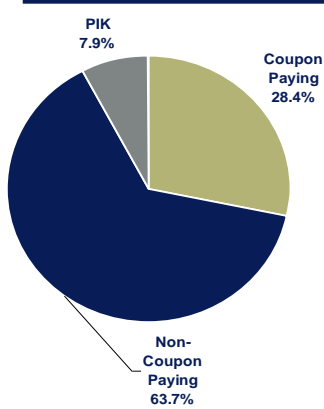
COUNTRY BREAKDOWN^{4,5} (%)

USA	78.3%
Marshall Islands	4.1%
Brazil	3.6%
Australia	3.4%
Luxembourg	2.8%
Netherlands	2.3%
Denmark	2.1%
Spain	1.8%
Germany	0.8%
Great Britain	0.7%
Cayman Islands	0.2%

CURRENCY BREAKDOWN^{4,5} (%)

USD	83.8%
EUR	8.1%
BRL	3.6%
AUD	2.4%
DKK	2.1%

COUPON PAYMENTS (ex. cash)⁴



SECTOR BREAKDOWN³ (%)

Lodging & Casinos	17.4%
Utilities	10.4%
Commercial Mortgage	10.4%
Shipping	9.5%
Financial Intermediaries	6.9%
Building & Development	6.2%
Oil and Gas	6.1%
Surface Transport	4.8%
Non-ferrous Metals/Minerals	4.1%
Auto Components	3.7%
Containers and Packaging	3.4%
Real Estate Development	1.2%
AirTransport	0.5%
Forest Products	7.9%
Restricted Cash net of accruals	7.0%
Unrestricted Cash net of accruals	7.0%

FUND MANAGERS



MICHAEL HOLMBERG
27 years investment experience



BRENDAN MCDERMOTT
12 years investment experience



RAVI SONI
11 years investment experience

DIRECTORS

John Hallam (Chairman)
Sarah Evans
Stephen Vakil
Michael Holmberg
Christopher Sherwell

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Data as at 30 September 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDX.

1. Source: Stifel Nicolaus Europe Limited.

2. Source: Bloomberg.

3. 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.

4. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 September 2016.

5. Includes cash and accruals.