

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

30 September 2017

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.

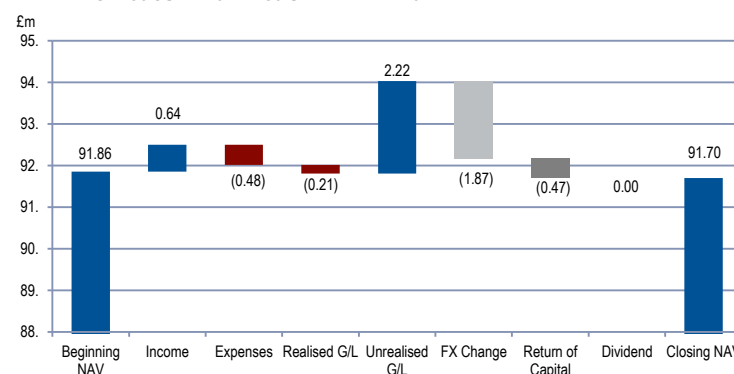
The New Global Share Class (“NBDG”) was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG's investment period ended on 31 March 2017, following which the harvest period commenced.

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:	92.68p
Share Price:	76.50p
Share Price Discount vs. NAV	(17.5)%
Market Cap.	£75.7m
Total NAV	£91.7m
No. of issuers	25
Launch Date:	4 March 2014
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDG:LN
ISIN:	GG00BH7JH183
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 30 JUNE 2017 – 30 SEPTEMBER 2017



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 further detailed in its prospectus, the share class generally does not intend to hedge the currency exposure between the 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. 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

On 31 March 2017, the portfolio ended the investment period and entered its harvest period. In the harvest period the Investment Manager works to restructure, reorganise and reposition the assets in order to maximise the intrinsic value. Although the actual time and realisation values are uncertain as of now, based on our current analysis we expect to distribute 50-60% of current Net Asset Value (“NAV”) in 2018, 35-40% in 2019, and the remainder in 2020.

Portfolio Update

NBDG ended the quarter with NAV per share of 92.68p compared to 92.28p at the end of June, an increase of 0.4%. The majority of the gain was due to improvement in the value of a Lodging & Casino investment offset by the appreciation of Sterling against US Dollar-denominated investments. Other contributing factors include a decline in the public equity of Five Point Holdings, a Building & Development company. Net cash generated was £0.3 million during the quarter, primarily from principal repayments on secured bank debt.

As of 30 September 2017, 99% of NBDG's NAV was invested in distressed assets (including cash held in subsidiary accounts, receivables and net payables) with 1% held in cash and net accruals. The current portfolio consists of 25 issuers across 11 sectors. The largest sector concentrations include Lodging & Casinos, Shipping, Oil & Gas, Utilities, and Industrials. Notable events involving NBDG's existing investments are described below².

- A Lodging & Casino investment increased 15% during the quarter. The market price of the shares implies the company is getting closer to a liquidity event, which has increased interest in the private equity of the company.

Significant Value Change (approximately 0.5% of NBDG NAV or +/- £450,000)³

INDUSTRY	INSTRUMENT	Q317 TOTAL RETURN	MARKET VALUE	COMMENT
Lodging & Casinos	Private Equity	£1.5 million	£10.8 million	Private equity traded higher in secondary market
Building & Development	Public Equity	(£0.6 million)	£0.5 million	Negative news on environmental litigation, illiquid

Data as at 30 September 2017. 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. 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.

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.

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

30 September 2017

FUND MANAGERS

Michael Holmberg
28 years' investment experience

Brendan McDermott
13 years' investment experience

Ravi Soni
12 years' investment experience

Directors:

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

Sector Analysis

To aid investors' understanding of the composition of the portfolio, each quarter there will be an in-depth look at investments by sector, starting with Lodging & Casinos, the current largest sector for NBDG. This will provide a description of all investments in the sector, including their investment thesis and expected exit strategy.

Lodging & Casino (36% of NAV)

Investment #1 – NBDG owns post reorganised equity in a private company with casino assets in Rhode Island and Mississippi. The first lien bank debt was converted to equity and the second lien debt was converted to contingent value rights in a 2010 bankruptcy. NBDG and other holders helped resolve litigation between these two classes and restructured the company into a more understandable and marketable capital structure. NBDG began purchasing equity in early 2014 in the low \$30s per share, which valued the company at a steep discount to other gaming peers. At the time of the initial purchase, the company only operated a single asset in Rhode Island but has since purchased a casino / hotel property in Mississippi and another gaming license in Rhode Island. The company is building a new \$75 million gaming property for the newly purchased license and is adding a \$25 million hotel tower to its existing Rhode Island property. Financial performance has benefitted from the growth of table games in Rhode Island. Shares now trade in the high \$90s per share. We expect to exit this investment through a sale of the company to a strategic buyer or possibly through an IPO at a level higher than our current carrying value. To date, the return on investment represents a 2.39x multiple on invested capital (including current market value) and the investment represents 12% of NAV.

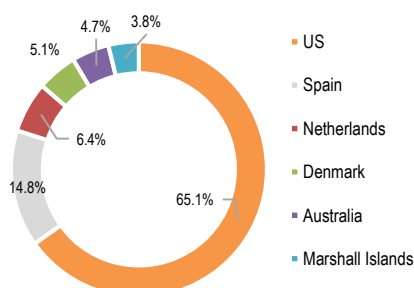
Investment #2 – NBDG purchased units in an LLC which owns 60 acres of land adjacent to Las Vegas Boulevard in Las Vegas, entitled for a hotel and gaming development at a significant discount. The property was originally collateral for a loan underwritten at \$12.7 million per acre and where the borrower failed to pay the loan at maturity. Other Neuberger Berman Special Situations funds, working with other holders, ultimately foreclosed on the property which includes an apartment complex that provides annual cash flow. NBDG is now working with other holders to assess strategic options to maximise value. The range of expected values for the land depends on its future use and potential cash flow profile. Potential uses include a mixed use casino / lodging development; a sports, entertainment and convention facility; retail, residential, and commercial developments; or purchase by a land bank / speculator. To date, the return on investment represents a 1.16x multiple on invested capital (including current market value) and the investment represents 7% of NAV.

Investment #3 – In March 2017, NBDG agreed to purchase a 25% interest in an LLC that holds the restructured leasehold interest of a 5-Star hotel located in Spain. The hotel has a unique design with each of its 12 floors designed by a different internationally renowned architect and designer. We are working with our partner to maximise the value of the hotel, which had entered insolvency proceedings after a failure of the borrower to pay the loan upon maturity. We believe the hotel is currently under-managed by an operator with insufficient brand recognition and liquidity to maintain the standards of a 5-star hotel. A new hotel manager will lead a plan to improve operations and add value through a detailed capital expenditure plan. Once completed, we expect to see improvements in profitability and ultimately plan to sell the asset. Overall, we believe this hotel is well positioned to capitalize on Madrid's growing tourism and conference business, with excellent visibility from the highway, proximity to Madrid's main tourist attractions, the main Madrid conference center and the airport. We believe the current situation in Catalonia will have no direct impact on the hotel given its location outside the region but plan to monitor the developments as they occur. To date, the return on investment represents a 1.03x multiple on invested capital (including current market value) and the investment represents 6% of NAV.

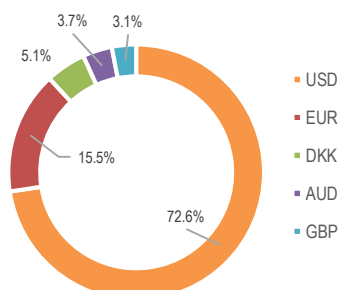
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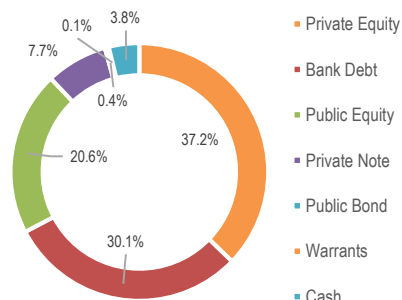
COUNTRY BREAKDOWN^{2,3} (%)



CURRENCY BREAKDOWN^{2,3} (%)



INVESTMENT TYPE⁴ (%)



SECTOR BREAKDOWN⁵ (%)

Lodging & Casinos	35.7%
Shipping	15.0%
Oil & Gas	9.0%
Utilities	9.0%
Commercial Mortgage	6.4%
Auto Components	6.2%
Nonferrous Metals / Minerals	5.8%
Building & Development	5.5%
Surface Transport	2.7%
Chemicals & Plastics	0.9%
Air Transport	0.0%
Restricted Cash	2.6%
Cash, receivable and payables	1.2%

Sector Analysis continued

Investment #4 – NBDG purchased a senior secured non-performing loan secured by a number of hotels located in Spain. NBDG and the other lenders are evaluating their options in the Spanish insolvency proceedings that range from refinancing alternatives to bringing in an operating partner to manage the hotels. We think the properties have been undermanaged and neglected given the borrower’s financial position. NBDG and the other lenders have received bids for the loans over the last 12 months but to date have decided to proceed with the insolvency process and seek control of the assets. We believe the current situation in Catalonia will have no direct impact to the hotels given none are located in the region but plan to monitor the developments as they occur. To date, the return on investment represents a 1.03x multiple on invested capital (including current market value) and the investment represents 6% of NAV.

Investment #5 – NBDG owns one tranche of bank debt (TLA) secured by a large tribal hotel and casino property located in New England. NBDG purchased its position at a weighted average price in the high 80s as a % of par. The TLA, along with a coupon of L+400, carries significant annual amortisation as well as annual excess cash flow sweep payments that have significantly reduced the face value since the debt was purchased. Operations have stabilised at the property since purchasing the debt and the company has remained current on its interest obligations. As of 30 September approximately 51.5% of the TLA had been repaid at par through the aforementioned amortisation and excess cash flow payments. To date, the return on investment represents a 1.52x multiple on invested capital (including current market value) and is 3% of NAV.

Investment #6 – NBDG owns 11% senior secured notes in a New Mexico tribal gaming property. The originally purchased senior notes were restructured in 2014 with the 11% Notes and the claim certificates that receive 60% of quarterly excess cash flow, to the extent any is produced by the property. The facility has not operated as profitably as expected due to increased competition and litigation regarding the gaming license. The notes have traded down to the high 30s as a % of par from the original purchase price of low 80s. The 11% coupon rate has provided cash income since the restructuring, which has effectively reduced our cost basis by 33%. Although the litigation has been resolved and recent operating results are encouraging, we may need to restructure this investment before we ultimately exit our position through the secondary market. To date, return on investment represents a 0.99x multiple on invested capital (including current market value) and is 2% of NAV.

Distributions

There were no distributions during the quarter. Total distributions to date are £1.0 million.

Share Buy-Backs

NBDG purchased 595,000 shares during the third quarter under the discount control policy at a total cost of £465,900 and an average discount to NAV of 16.27%¹. The shares have been cancelled.

Data as at 30 September 2017. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

1. Source: Stifel Nicolaus Europe Limited.

2. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 September 2017.

3. Includes cash and accruals.

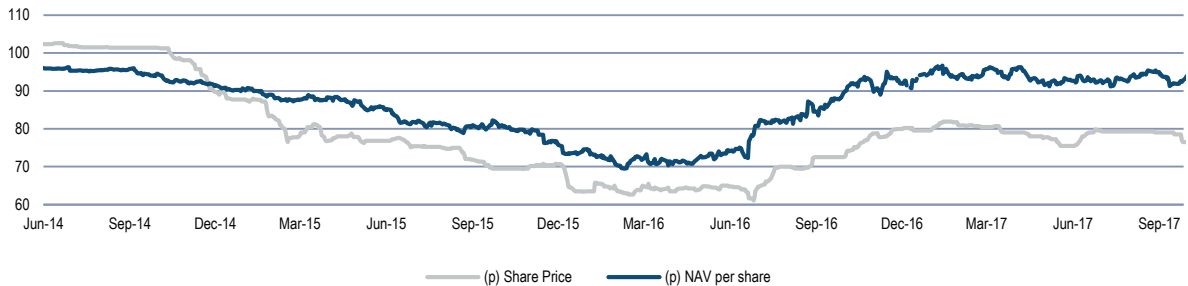
4. Cash includes restricted and unrestricted cash, receivables and net accruals.

5. 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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30 September 2017

FUND PERFORMANCE¹



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS¹

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casino	Post-Reorg Equity	Post-Reorg	US	12%	Hotel / casino
2	Lodging & Casino	Secured Loan	Post-Reorg	US	7%	Hotel / lodging real estate
3	Commercial Mortgage	Secured Loan	Current	Netherlands	6%	Commercial real estate
4	Auto Components	Secured Notes	Post-Reorg	US	6%	Manufacturing plant and equipment
5	Lodging & Casino	Secured Loan	Defaulted	Spain	6%	Hotels
6	Shipping	Secured Loan	Post-Reorg	US	6%	Maritime vessels
7	Lodging & Casino	Secured Loan	Defaulted	Spain	6%	Hotel
8	Nonferrous Metals/Minerals	Post-Reorg Equity	Post-Reorg	US	5%	Manufacturing / distribution real estate
9	Shipping	Secured Loan	Post-Reorg	Denmark	5%	Maritime vessels
10	Building & Development	Post-Reorg Equity	Post-Reorg	US	5%	Residential real estate
Total					64%	

1. 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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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.

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