

NB Distressed Debt Investment Fund Limited New Global Shares

NEUBERGER BERMAN

December 31, 2014

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.

The New Global Share Class ("NBDG") was created in March 2014 and aims to capture the growing opportunity in distressed debt globally. NBDG is subject to an investment period ending on 31 March 2017, following which the assets will be placed into run-off.

The New Global Shares are one of three classes of shares in NBDDIF. The other classes are the Ordinary Share Class and the Extended Life Share Class. The Ordinary Share Class is subject to an investment period which ended on 10 June 2013 and the Extended Life Share Class is subject to an investment period which will end on 31 March 2015. Separate factsheets are produced for those classes.

MANAGER COMMENTARY

Summary

The fourth quarter proved challenging from a mark-to-market perspective. However, we remain optimistic about the long-term return potential of the distressed market. In the fourth quarter of 2014 we exited two positions which contributed positively to NAV. We see significant upside potential in the existing portfolio, which we expect to realise as we restructure and exit investments. We also believe the pipeline of distressed debt opportunities remains compelling in our sectors and geographies of interest.

Portfolio

As at 31 December 2014, we had deployed approximately 70.5% of NBDG's capital. NBDG had investments in 27 names across 11 industries. The largest sector concentrations were in lodging & casinos, power generation, surface transportation and shipping. Our level of deployment did not materially increase during the quarter, as we were selective in making new investments in a dislocated market. However, we did add new positions in the shipping and oil & gas sectors. We also added incremental exposure to existing names in the real estate, power generation and industrial sectors.

NBDG's NAV per share decreased 4.5% in the fourth quarter of 2014, to GBP 89.95 from GBP 94.18 per share. The primary drivers of NBDG's NAV decrease were secondary market price declines of acquired assets. The market environment for distressed debt was challenging in the fourth quarter, as indicated by the HFRI Distressed/Restructuring Index² which declined 3.6% in the quarter. During the fourth quarter of 2014 we saw the first two exits of NBDG, which both added positively to NAV and are described in detail below. We are working towards key restructuring milestones on our existing investments, which we anticipate can ultimately result in profitable exits.

Market Update³

We continue to believe the pipeline of distressed debt opportunities in real estate, transportation and energy debt is compelling. EU banks in particular increased their disposal of European and U.S. loans and assets to €64 billion in 2013, versus €46 billion in 2012, €36 billion in 2011 and €11 billion in 2010. €67 billion of debt sales have occurred in the first nine months of 2014, on a run-rate to exceed €89 billion for the full year. However, over €1 trillion of non-performing loans remain on EU banks' balance sheets. We believe that the European regulatory environment may continue to facilitate further recognition and disposal of distressed loans. Additionally, the recent volatility in energy markets has presented new opportunities in the U.S.

Exits

In the fourth quarter we saw two exits in NBDG. These exits generated approximately £0.6 million of total income and gains for NBDG.

Investment 1: We purchased \$3.0 million face value of trade claims at 37% of par of a shipping company which had entered insolvency proceedings. Pursuant to a plan of restructuring, the trade claims were expected to be exchanged for new debt and post-reorganization equity. At the time of purchase, we believed that the trade claim purchase price represented a discount relative to the expected value of post-reorganization securities. Subsequent to the restructuring, we sold the post-reorganization equity and debt in the secondary market. Total income from this investment was £0.2 million.

Investment 2: We purchased \$6.4 million face value of term loans at 83% of par, secured by petroleum tanker ships. At the time of our purchase, we believed that our purchase price represented a significant discount relative to the value of the collateral. Subsequent to our purchase, the equity sponsor agreed to purchase our debt at a premium to our cost basis. Total income from this investment was £0.4 million.

Data as at December 31, 2014 unless otherwise noted. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

1. Source: Bloomberg, except as otherwise noted.

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. Source: Data from PWC dated July 2014 and December 2014.

FUND MANAGERS



MICHAEL HOLMBERG

27 years investment experience



PATRICK FLYNN

23 years investment experience

KEY STATISTICS (as at December 31, 2014)¹

NAV Per Share:	GBP 89.95
Share Price:	GBP 87.75
Share Price (Discount) / Premium vs. NAV	(2.45)%
Market Cap	£97.21m

KEY INFORMATION

Fund Type:	Closed-ended Investment Company
Launch Date:	10 June 2010
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDG
ISIN:	GG00BH7JH183
Website:	www.nbddif.com

DIRECTORS

Robin Monro-Davies (Chairman)

Talmat 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
1	Shipping	Trade Claim	£0.7m	£0.8m	5 months	Debt restructuring	23%	65%
2	Shipping	Secured Loan	83.00%	87.75%	4 months	Secondary sale	13%	40%

HOLDINGS⁴

Holding	Industry	Purchased Instrument	Status	Country	% of NAV	Primary Assets
1	Surface Transportation	Secured Loan	Current	Spain	5%	Infrastructure concession
2	Lodging & Casinos	Secured Loan	Defaulted	Spain	5%	Hotels
3	Building & Development	Post-Reorg Equity	Post-Reorg	USA	5%	Residential real estate
4	Utilities	Secured Loan	Defaulted	USA	5%	Power plants
5	Commercial Mortgage	Secured Loan	Current	Netherlands	5%	Commercial real estate
6	Lodging & Casinos	Secured Loan	Current	USA	4%	Casino/hotel real estate
7	Utilities	Post-Reorg Equity	Post-Reorg	USA	4%	Power plants
8	Shipping	Secured Loan	Current	Denmark	4%	Maritime vessels
9	Shipping	Secured Loan	Current	UK	4%	Maritime vessels and ports
10	Surface Transportation	Secured Loan	Post-Reorg	USA	4%	Infrastructure concession
Total*					45%*	

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

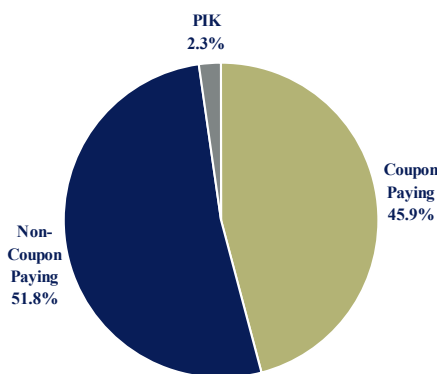
PERFORMANCE⁵



COUNTRY BREAKDOWN^{6,7} (%)

United States	43.2%
United Kingdom (inc. cash)	33.1%
Spain	10.0%
Netherlands	4.5%
Denmark	3.7%
Marshall Islands	3.4%
Australia	1.2%
Norway	0.8%
Luxembourg	0.2%

COUPON PAYMENTS (excluding cash)⁶



SECTOR BREAKDOWN^{6,7} (%)

Lodging & Casinos	14.3%
Utilities	13.6%
Shipping	13.0%
Surface Transport	9.8%
Building and Development	4.9%
Commercial Mortgage	4.5%
Oil and Gas	4.2%
Non Ferrous Metals/Minerals	3.2%
Industrial	1.5%
Chemicals and Plastics	1.3%
Containers and Packaging	0.2%
Cash and Accruals	29.5%

CURRENCY BREAKDOWN^{6,7} (%)

USD	51.1%
GBP	33.1%
EUR	14.6%
AUD	1.2%

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1. Actual price information is generally provided where investments have not been converted into other assets.

2. 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.

3. 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).

4. Source: BNP Paribas as Fund Administrator - based on market value as at December 31, 2014. Excludes cash and short term investments.

5. Source: Bloomberg.

6. Categorizations determined by Neuberger Berman; percentages determined by Neuberger Berman and BNP Paribas 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 may comprise real estate assets in a number 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.

7. Includes cash and accruals.

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