

NB Distressed Debt Investment Fund Limited Ordinary Shares

NEUBERGER BERMAN

June 30, 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 10 June 2013, the investment period of the NBDD Ordinary Share Class ("NBDD") expired. The assets of NBDDIF attributable to the Ordinary 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 Ordinary Shareholders in such times and amounts as determined by the Board of Directors, with six distributions totaling in excess of \$78 million made in 2014 and so far in 2015. The distribution below will increase this total to approximately \$85 million or 69% of investors' original capital.

The Ordinary Shares are one of three classes of shares in NBDDIF. The other classes are the Extended Life Share Class and the New Global Share Class, which both offered exposure to new opportunities in this asset class beyond 10 June 2013. The Extended Life Share Class is subject to an investment period which ended on 31 March 2015 and the new Global Share Class is subject to an investment period ending on 31 March 2017. Separate factsheets are produced for those share classes.

MANAGER COMMENTARY

Summary

We remain satisfied with the portfolio's performance to date. Given the continued volatility of the distressed debt markets, we were gratified to protect our investors' capital while actively managing restructurings in the portfolio. 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 30 June 2015, 94.6% of the NBDDIF Ordinary Share NAV ("NBDD's NAV") was invested in distressed assets. NBDD's NAV per share decreased 2.5% in the second quarter of 2015, to \$1.217 from \$1.248 per share. We believe that performance comparison versus other distressed debt managers is indicated by the HFRI Distressed/Restructuring Index² which declined 0.3% in the second quarter of 2015.

Performance in the distressed debt market during the second quarter was challenging from a mark-to-market perspective. For example, the Credit Suisse and BAML distressed high yield indices^{3,4} declined 9.9% and 3.7%, respectively, during the second quarter. In our experience, times of market volatility and reduced liquidity can result in wider bid/ask spreads and can drive mark-to-market declines. We believe this dynamic has been intensified by a reduction in capital dedicated to market making activities by investment banks as a result of regulations brought in after the financial crisis beginning in 2008.

Despite the mark-to-market volatility, we continue to actively manage the restructurings in our portfolio in order to generate profitable realisations through significant events (asset sale, legal outcome, foreclosure, etc.). We remain enthusiastic about the investments in the portfolio and believe we can generate significant returns from current marks.

Capital Return

On 14 August 2015, the Board of NBDDIF resolved to return \$7.00 million (equivalent to approximately \$0.1145 per share) after expenses to holders of NBDD shares by way of a compulsory partial redemption of NBDD shares. The current return comprises all cash available to NBDD, save for amounts deemed to be required for existing positions and for working capital requirements. This distribution is expected to be made in the third quarter of 2015.

Exits

We did not see any exits in the second quarter of 2015. We continue to actively manage our investments and restructurings with the goal of generating profitable exits for NBDD.

FUND MANAGERS



MICHAEL HOLMBERG

27 years investment experience



PATRICK FLYNN

23 years investment experience

KEY STATISTICS (as at June 30, 2015)¹

NAV Per Share:	\$1.2170
Share Price:	\$1.1725
Share Price (Discount) / Premium vs. NAV	(3.66)%
Market Cap	\$71.69m

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:	NBDD
ISIN:	GG00BX1BBW13
Website:	www.nbddif.com

DIRECTORS

Robin Monro-Davies (Chairman)

Talmi Morgan

John Hallam

Christopher Sherwell

Michael Holmberg

Patrick Flynn

Data as at June 30, 2015, unless otherwise stated. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

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. Credit Suisse High Yield Index is designed to mirror the investible universe of the \$US-denominated high yield debt market. The distressed/default rating index includes issuers who have filed for bankruptcy protection or missed a coupon payment and the grace period has expired; Standard & Poor rating is D, CC or C and/or Moody's rating is Ca or C (provided by Credit Suisse).

4. The BofA Merrill Lynch US Distressed High Yield Index is a subset of the BofA Merrill Lynch US High Yield Index including all securities with an option-adjusted spread greater than or equal to 1,000 basis points. The BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market (data source: Bloomberg).

Please see disclaimer on reverse

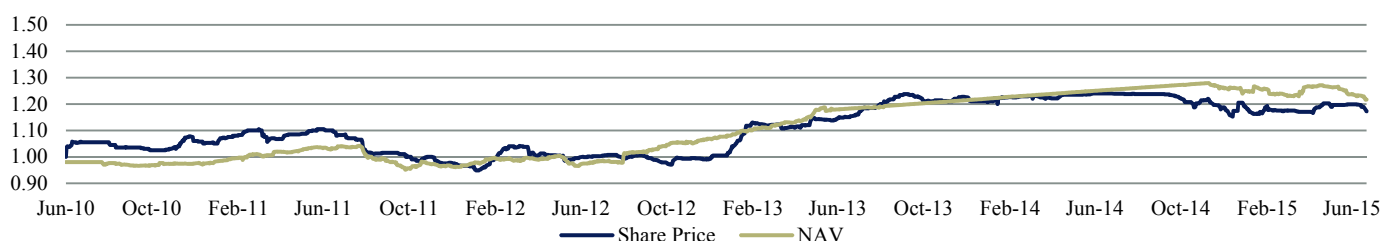
For Professional Client Use Only

TOP 10 HOLDINGS¹

Holding	Industry	Purchased Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casinos	Secured Loan	Defaulted	US	10.4%	Hotel/lodging real estate
2	Building & Development	Post-Reorg Equity	Post-Reorg	US	8.4%	Residential real estate
3	REIT/REOCs	Private Equity	Current	US	8.4%	Residential real estate
4	Utilities	Post-Reorg Equity	Post-Reorg	US	7.9%	Power plants
5	Utilities	Secured Loan	Current	Australia	5.9%	Power plants
6	Utilities	Secured Loan	Defaulted	US	4.7%	Power plants
7	Utilities	Secured Loan	Defaulted	US	4.4%	Power plants
8	Surface Transportation	Trade Claim	Defaulted	Brazil	4.3%	Municipal claim
9	Building & Development	Secured Loan	Defaulted	US	3.6%	Residential real estate
10	Real Estate Development	Secured Loan	Defaulted	US	2.3%	Multi-family residential real estate
Total					60%	

* 60% is the true percentage of NBDD's NAV. The sum of the individual holding numbers may appear larger due to rounding of decimal places.

PERFORMANCE²



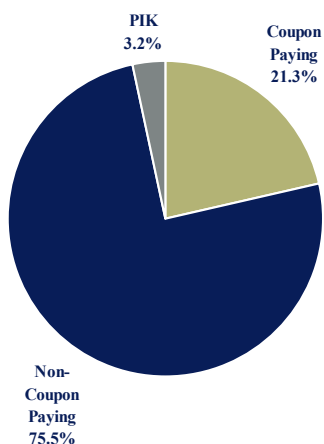
COUNTRY BREAKDOWN^{3,4} (%)

United States	77.9%
Germany	7.6%
Australia	5.9%
Brazil	4.3%
Norway	1.4%
Cayman Islands	1.3%
Great Britain	1.2%
Greece	0.2%
Luxembourg	0.1%

CURRENCY BREAKDOWN^{3,4} (%)

USD	89.4%
BRL	4.3%
AUD	3.0%
EUR	2.0%
GBP	1.3%

COUPON PAYMENTS (excluding cash)³



SECTOR BREAKDOWN^{3,4} (%)

Utilities	25.9%
Building & Development	12.2%
Financial Intermediaries	11.0%
Lodging & Casinos	10.4%
Real Estate Investment Trusts (REITs)	8.4%
Surface Transport	4.3%
Real Estate Development	3.8%
Air Transport	2.2%
Shipping	1.9%
Commercial Mortgage	1.7%
Containers and Packaging	1.3%
Forest Products	1.3%
Industrials	1.2%
Restricted Cash	8.9%
Cash, Accruals and Equivalents	5.4%

Data as at June 30, 2015. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

1. 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 June 30, 2015. Excludes cash and short term investments.

2. Source: Bloomberg.

3. 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, NBDD's overall exposure to the real estate sector may be more than its actual direct exposure to that sector.

4. Includes cash and accruals.

This document is intended only for the person to whom it has been delivered. No part of this document may be reproduced in any manner without the written permission of NBDDIF. The securities described in this document may not be eligible for sale in some states or countries and it may not be suitable for all types of investors. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. Securities in the fund may not be offered or sold directly or indirectly into the United States or to U.S. Persons. This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the securities described herein. This document was prepared using the financial information available to NBDDIF as at the date of this document. This information is believed to be accurate but has not been audited by a third party. This document describes past performance, which may not be indicative of future results. NBDDIF does not accept any liability for actions taken on the basis of the information provided in this document. This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. The views and opinions expressed herein include forward-looking statements which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe", "expect", "anticipate", or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate. The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security. Neuberger Berman is a registered trademark. © 2015 Neuberger Berman.