

NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

30 June 2018

NBDD 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.

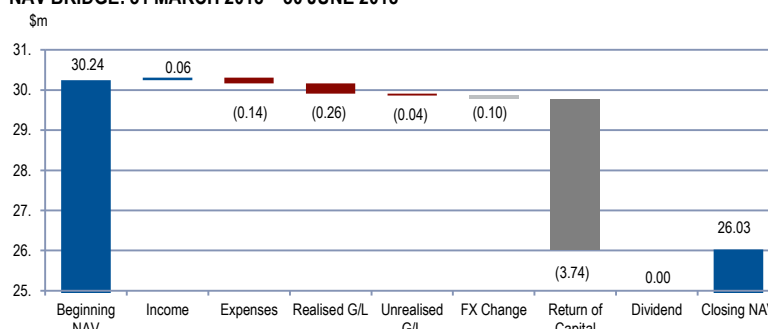
On 10 June 2013, the investment period of the NBDD Share Class (“NBDD”) expired and the assets of NBDDIF attributable to the Ordinary Shares were placed into the harvest period. Including the \$3.7 million capital distribution approved and paid in Q218 (as described below), \$125 million (equivalent to 100% of original capital) has been approved for distribution (income by way of dividend and capital by way of redemption) to shareholders since the realisation phase for this share class began.

The Ordinary Share Class is one of three classes of shares in NBDDIF. The others 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 was subject to an investment period which ended on 31 March 2015 and the New Global Share Class was subject to an investment period which ended on 31 March 2017. Separate factsheets are produced for those share classes.

FUND FACTS¹

NAV Per Share:	\$1.1124
Share Price:	\$1.040
Share Price Discount vs. NAV	(6.5)%
Market Cap.	\$24.3m
Total NAV	\$26.0m
No. of issuers	15
Launch Date:	10 June 2010
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDD:LN
ISIN:	GG00BG5NC876
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 31 MARCH 2018 – 30 JUNE 2018



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDD and not on a per share basis.

FX Changes due to share class's exposure to foreign currencies. As 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. Bank Global 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

NBDD is in the harvest period and the investment manager is working to restructure, reorganise, and realise exits for each investment to maximise the value of the portfolio for the shareholders. During the harvest period, the investment manager seeks a catalyst for each of the remaining investments that will allow for a realisation and return of capital and profits, if applicable.

The investment manager uses economic, industry and issuer specific data to estimate the gross realisable value in downside, base case and upside scenarios for each investment in the portfolio. It currently estimates the range of the aggregated realisable value for the investments in the portfolio is between 84% and 175% of the 30 June 2018 market values of these investments, with a base case of 131%. Shareholders should, however, note that: (i) the realisable values of the investments are calculated on a gross basis and, in particular, do not reflect the investment manager's management fee and investment-related expenses; and (ii) this range of aggregate realisable values is an estimate only, and there is no guarantee that the value actually realised will be within this range. Further details on the risks relating to "forward looking information" are set out at the end of this factsheet.

The investment manager's timing estimate for distributions in Q418 were revised as a result of delays in the realisation process for three investments representing 48% of 30 June 2018 NAV. In particular as noted on the next page, the sale of the Las Vegas land investment is now more likely to occur in the first half of 2019 rather than Q418. Our current expectation is that we will distribute 10-15% of 30 June 2018 NAV in 2018 and the remainder in 2019. Changes to timing are expected and will continue to be updated in the quarterly factsheets. For regulatory reasons, the final 10% of the total return in respect of any class of participating shares in NBDDIF will be returned to shareholders with the final compulsory redemption of all of the outstanding shares of that class.

NAV decreased by 1.7% in the quarter principally driven by unrealised losses in Five Point Holdings' public equity (see below) and the private equity of a European packaging due to raw material cost increases putting pressure on profitability in the near term. NBDD received par repayment of a significant bank debt investment in an Australian power company and exited the investment. This cash, combined with existing cash, was used to fund a capital distribution of \$3.7 million paid during the quarter. This was the sole exit during the quarter which generated a total return of \$0.8 million. The exit was in line with the previous quarter's base case estimates for value and timing. Net cash of \$3.2 million was generated during the quarter from principal repayment on the exit. The ratio of total value (capital distributions, dividends and current NAV) to original capital is 121%.

Portfolio Update

NBDD ended the quarter with NAV per share of \$1.1124 compared to \$1.1321 at the end of March. At quarter-end, 99% of the NAV was invested in distressed investments (including cash in subsidiary accounts, receivables and net payables) and 1% held in cash net of payables. The portfolio consists of 15 issuers across 10 sectors. The largest sector concentrations were in Lodging & Casinos, Building & Development, Surface Transportation and Containers & Packaging.

Data as at 30 June 2018. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

¹ Source: Bloomberg, except where otherwise stated.

NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

30 June 2018

FUND MANAGERS

Michael Holmberg
28 years' investment experience

Brendan McDermott
13 years' investment experience

Ravi Soni
12 years' investment experience

Directors:

John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Christopher Sherwell
Stephen Vakil

Portfolio Update continued

Notable events below describe activity in the investments during the quarter and post quarter-end¹.

- Lodging & Casino investment – In Q2 a buyer submitted a letter of intent (LOI) to purchase the 60 acres of land zoned for lodging and gaming in Las Vegas. Post quarter-end, the buyer asked to delay the proposed timing of the purchase. The owners did not accept the requested change and the LOI was terminated. Due to the increased uncertainty, the value of the investment was reduced by 7% (\$0.5 million) to the value prior to receiving the LOI. At this point, we think it is more likely a sale will occur in the first half of 2019.
- Brazilian Trade Claim - Brazilian courts ruled that taxpayers can use precatórios to pay state taxes. This creates new demand for the trade claims (see below).
- Five Point Holdings – Uncertainty around the delivery of land at the company's Shipyard development in San Francisco put pressure on the equity price during the quarter.

Significant Value Change (approximately 0.5% of NBDD NAV or +/- \$175,000)²

INDUSTRY	INSTRUMENT	Q218 TOTAL RETURN	MARKET VALUE	QUARTERLY PRICE CHANGE	COMMENT
Lodging & Casino	Private Equity	\$0.5 million	\$7.3 million	8%	Negotiations progressing with potential buyer but LOI terminated post quarter-end
Vistra	Public Equity	\$0.3 million	\$2.4 million	14%	TX power prices rising and Vistra well positioned to improve cash flow
Containers & Packaging	Private Equity	(\$0.6 million)	\$2.4 million	-19%	Raw material prices increased, reducing profit margins
Five Point Holdings	Public Equity	(\$0.9 million)	\$3.5 million	-21%	Uncertainty around development of land pressured equity price

Sector Analysis

To continue the in-depth look at investments by sector, below is a review of NBDD's Surface Transportation investment, which is its third largest sector, representing 11.9% of NAV. This provides a description of the investment in the sector, including the investment thesis and expected exit strategy.

Surface Transportation (11.9% of NAV)

Investment #1 Brazilian Trade Claim – 11.9% of NAV

This investment is a unique asset that originated as a claim against the State of Sao Paulo by a Brazilian road construction company in December 1994. The claim relates to late payments on construction and service agreements covering certain access roads in the State of Sao Paulo. Sao Paulo courts ruled in favour of the construction company and the claim became final and unappealable in December 1997. The magnitude of the claim, \$405 million, was crystallised by the same courts in March 2004. In June 2004, a precatório (a government security issued by local courts for government entities to pay certain monetary awards) was issued. The precatório is held by a trust in which NBDD owns an interest. The Brazilian Supreme Court has mandated that all precatórios be paid in full by the end of 2020. The State can do this by tapping into various revenue streams (most notable, income tax revenue and non-tax deposits). The State needs to do this to meet the 2020 mandated maturity otherwise holders can begin seizing assets of the State. These precatórios are paid in chronological order and we expect our claim to be paid in 2019.

Starting in 2011, NBDD purchased approximately \$5.7 million of face value exposure in this precatório. This investment provides direct exposure to Sao Paulo's economy while providing downside protection in the form of payments from a sovereign entity. Sao Paulo's economy is based largely on finance, manufacturing and international trade and is less tied to the commodities that have recently plagued Brazil's economy. The precatório is a Brazilian Real denominated investment. Sovereign and currency risk are hedged through CDS and currency forwards, respectively. At quarter-end, the estimated return to date on invested capital was 1.40x before hedging costs.

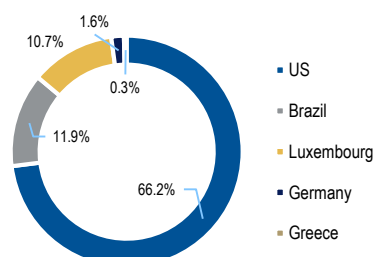
1. Notable corporate events may or may not result in an increase or decrease in the value of an NBDD investment or a change in NBDD's NAV per share. Please note that an investment may experience a change in value (positive or negative) during the quarter whether or not it was subject to a notable corporate event. Not all events involving existing investments are disclosed. In addition, certain corporate events may not have been disclosed due to confidentiality obligations.

2. 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 NBDD's valuation policy, which may include fair valued investments where third party prices are not available or are not considered accurate.

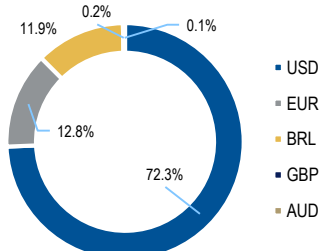
NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

30 June 2018

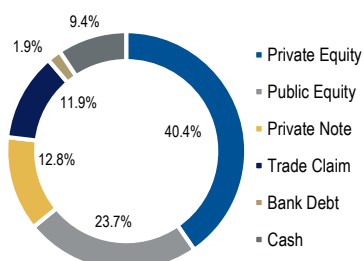
COUNTRY BREAKDOWN^{1,2} (%)



CURRENCY BREAKDOWN^{1,2} (%)



INVESTMENT TYPE³ (%)



SECTOR BREAKDOWN⁴ (%)

Lodging & Casinos	28.1%
Building & Development	13.7%
Surface Transport	11.9%
Containers & Packaging	10.7%
Utilities	10.3%
Auto Components	8.9%
Financial Intermediaries	3.6%
Forest Products	1.6%
Shipping	1.2%
Real Estate Development	0.6%
FX Forward	2.7%
Accruals	2.5%
Unrestricted Cash	1.0%
Restricted Cash	3.2%

Exits

There was one exit during the quarter.

Exit 41

NBDD purchased secured bank debt issued by an Australian renewable energy company at an average cost of 81% of par made up of facilities in three currencies (Euro, Australian dollar and US dollar). The company is the largest owner of wind farms in Australia and when NBDD purchased the bank debt, the company also owned wind farms in Europe and USA. The credit agreement included a cash flow sweep to the lenders. The company sold the European and US assets early in the investment and paid down the bank debt with the sales proceeds. The company retained the Australian assets. With profitability improving, the company was able to refinance the bank facility and the bank debt was repaid at par in Q2 2018. Price appreciation on the bank debt was 23%. Currency changes affected the return in the USD-based fund. FX risk was partially hedged over the life of the loan. IRR was 3% and ROR was 12% over the 84-month holding period.

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	IRR	ROR	MONTHS HELD
41	\$7.0 million	\$7.8 million	\$0.8 million	3%	12%	84

Partial Realisations

There was no activity during the quarter. The table below has been updated with current values.

PARTIAL REALISATION	SECTOR	QUARTER REPORTED	CASH INVESTED	CASH RECEIVED TO DATE	CURRENT VALUE OF INVESTMENT	TOTAL RETURN	CURRENT IRR	CURRENT ROR	MONTHS HELD
1	Real Estate Development	Pre-2017	\$3.1 million	\$4.1 million	\$0.2 million	\$1.2 million	11%	39%	90
3	Containers & Packaging	Q217	\$2.0 million	\$2.7 million	\$0.4 million	\$1.1 million	28%	53%	66
4	Containers & Packaging	Q217	\$2.6 million	\$6.5 million	\$2.4 million	\$6.3 million	57%	247%	69

Distributions

During the quarter, NBDD paid a capital distribution by way of redemption of \$3.7 million. Since inception, \$124.8 million (or 100% of original capital) has been approved / distributed to shareholders in the form of capital distributions and income dividends. The ratio of total value (capital distributions, income dividends and current NAV) to original capital is 121%.

Data as at 30 June 2018. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

1. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 June 2018.

2. Includes cash and accruals.

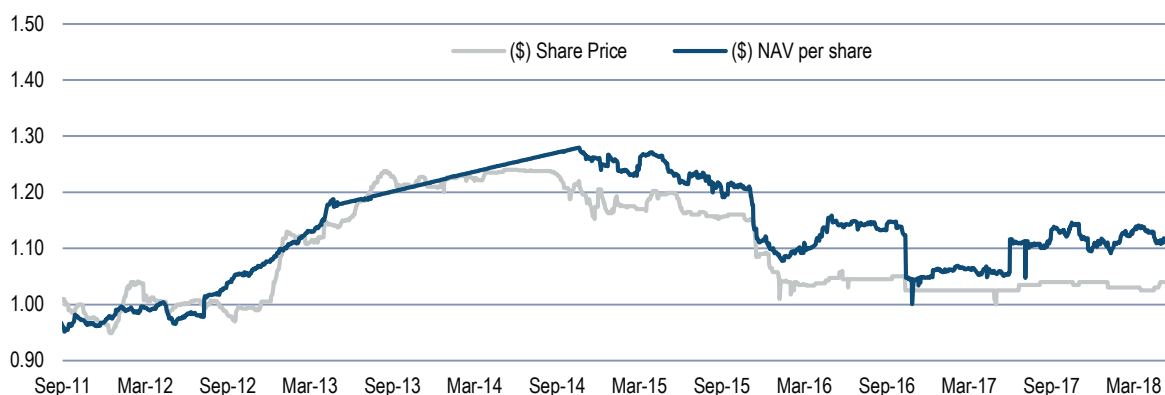
3. Cash includes restricted and unrestricted cash, net accruals.

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

NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

30 June 2018

FUND PERFORMANCE¹



PORTFOLIO COMPOSITION – TOP 10 HOLDINGS²

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casinos	Secured Loan	Post-Reorg	US	28%	Hotel / Lodging real estate
2	Building & Development	Post-Reorg Equity	Post-Reorg	US	13%	Residential real estate
3	Surface Transportation	Trade Claim	Defaulted	Brazil	12%	Municipal claim
4	Containers & Packaging	Post-Reorg Equity	Post-Reorg	Luxembourg	9%	Manufacturing / Distribution / Real estate
5	Auto Components	Secured Notes	Post-Reorg	US	9%	Manufacturing plant
6	Utilities	Secured Loan	Post-Reorg	US	9%	Power plants
7	Financial Intermediaries	Secured Notes	Defaulted	US	4%	Cash & Securities
8	Forest Products	Secured Notes	Post-Reorg	Germany	2%	Manufacturing plant
9	Containers & Packaging	Post-Reorg Equity	Post-Reorg	UK	1%	Manufacturing / Distribution / Real estate
10	Utilities	Secured Loan	Post-Reorg	US	1%	Power plants
Total					88%	

1. Source: Bloomberg

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

NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

30 June 2018

This document has been issued by NB Distressed Debt Investment Fund Limited (the “Company”), and should not be taken as an offer, invitation or inducement to engage in any investment activity and is solely for the purpose of providing information about the Company. This document does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any share in the Company or securities in any other entity, in any jurisdiction.

The Company is a closed-ended investment company incorporated and registered in Guernsey and is governed under the provisions of the Companies (Guernsey) Law, 2008 (as amended), and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“GFSC”). It is a non-cellular company limited by shares and has been declared by the GFSC to be a registered closed-ended collective investment scheme. The Company's shares are admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market for listed securities.

Neuberger Berman Europe Limited (“NBEL”), the Company's Manager, is authorised and regulated by the Financial Conduct Authority (“FCA”) and is registered in England and Wales, at Lansdowne House, 57 Berkeley Square, London, W1J 6ER and is also a Registered Investment Adviser with the Securities and Exchange Commission (“SEC”) in the U.S. and regulated by the Dubai Financial Services Authority.

This document is presented solely for information purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. We do not represent that this information, including any third party information, is accurate or complete and it should not be relied upon as such. Any views or opinions expressed may not reflect those of the Company or NBEL as a whole. All information is current as of the date of this material and is subject to change without notice. No part of this document may be reproduced in any manner without prior written permission of the Company and NBEL.

There is no guarantee that any of the goals, targets or objectives described in this factsheet will be achieved. This factsheet may contain “forward-looking information” which can be identified by the use of forward looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Such statements are not purely historical in nature, and may include, among other things, projections, forecasts or estimates of cash flows, yields or returns, scenario analyses and proposed or expected portfolio composition. The forward-looking information contained herein is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which will be specified herein). Not all relevant events or conditions may have been considered in developing such assumptions. The success or achievement of various results and objectives is dependent on a multitude of factors, many of which are beyond the control of the Company and Neuberger Berman. Actual volatility and returns will depend on a variety of factors including overall market conditions and the ability of the Company and Neuberger Berman to implement its process, investment strategy and risk management policies. No representations are made as to the accuracy of such estimates or projections or that such projections will be realised. Actual events or conditions are unlikely to be consistent with, and may differ materially from, those assumed.

An investment in the Company involves risks, with the potential for above average risk, and is only suitable for people who are in a position to take such risks. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of any investment, and should consult its own legal counsel and financial, actuarial, accounting, regulatory and tax advisers to evaluate any such investment. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Investment in the Company should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors. Diversification and asset class allocation do not guarantee profit or protect against loss.

Past performance is not a reliable indicator of current or future results. The value of investments may go down as well as up and investors may not get back any of the amount invested. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units.

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.

Tax treatment depends on the individual circumstances of each investor and may be subject to change, investors are therefore recommended to seek independent tax advice.

This document, and the information contained therein, is not for viewing, release, distribution or publication in or into the United States, Canada, Japan, South Africa or any other jurisdiction where applicable laws prohibit its release, distribution or publication, and will not be made available to any national, resident or citizen of the United States, Canada, Japan or South Africa. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes must inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the federal securities law of the United States and the laws of other jurisdictions.

The Company's shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The shares may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act). No public offering of the shares is being made in the United States.

The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “Investment Company Act”) and, as such, holders of the shares will not be entitled to the benefits of the Investment Company Act. No offer, sale, resale, pledge, delivery, distribution or transfer of the shares may be made except under circumstances that will not result in the Company being required to register as an investment company under the Investment Company Act. In addition, the shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

The “Neuberger Berman” name and logo are registered service marks of Neuberger Berman Group LLC.

© 2018 Neuberger Berman Group LLC. All rights reserved.