

NB Distressed Debt Investment Fund Limited Ordinary Shares

NEUBERGER BERMAN

September 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 the harvest period following the expiry of the investment period. The net proceeds from the realisation of such assets will be distributed to Ordinary Shareholders in such times and amounts as determined by the Board of Directors, with seven distributions totaling in excess of \$85 million made in 2014 and so far in 2015. The distribution below will increase this total to approximately \$93 million or 75% of investors' original capital.

The Ordinary Share Class is 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

As previously announced, our chairman Robin Monro-Davies passed away during the quarter. His insight and knowledge will be missed. John Hallam was appointed by the Board of Directors as chairman of the Company. Sarah Evans joined the board, effective 26 October, 2015 and will chair the Audit Committee.

Summary

To date, NBDD has returned 69% of original capital (\$85 million) to investors. NBDD had 29 exits with a weighted average IRR² of 19% and net income of \$25 million. We continue to see significant upside potential in the remaining portfolio, which we expect to realise as we restructure and exit investments, and we continue to be focused on returning capital to investors while ensuring we maximise the value of all assets in the portfolio. During the third quarter, there were significant events in certain investments, which are described in more detail below.

Portfolio

As at 30 September 2015, 94.4% of NBDDIF Ordinary Share net asset value ("NAV") was invested in distressed assets. Unrestricted cash ended the quarter at 5.6% of NBDD's NAV. NBDD's NAV per share decreased 1.5% in the third quarter, to \$1.1988 from \$1.2170 per share.

Performance in the distressed and high yield debt markets during the third quarter was challenging from a mark-to-market perspective. We believe that performance comparison versus other distressed debt managers is best indicated by the HFRI Distressed/Restructuring Index³, which declined 4.7% in the third quarter. Another indication of the defaulted loan market's volatility is the defaulted S&P/LSTA US D Rating Index⁴, which returned negative 23.3% for the third quarter. The Credit Suisse and Bank of America Merrill Lynch distressed high yield indices^{5,6} returned negative 19.6% and 22.9%, respectively, during the third quarter. NBDD's performance in the quarter was relatively steady in light of this negative market performance. NBDD benefited from having no direct oil & gas exposure as compared to the indices; however, NBDD has indirect exposure to oil and natural gas prices through certain utility investments.

In the quarter, one of NBDD's utility investments announced that it entered into a sale of substantially all of its assets at a proposed purchase price that is approximately 60% higher than the market price at the time of the sale announcement. The sale is expected (but not guaranteed) to close in the fourth quarter, at which time we expect to receive a majority of the purchase price with a small amount held back in escrow. We had anticipated a sale of the company as one of the most likely exit scenarios for this asset.

The manager of one of NBDD's largest investments, announced its intention to contribute our investment's assets with other land assets controlled by the manager into a newly formed, publicly traded entity ("NewCo"). The announcement of this news resulted in a 13% increase in the price of the equity. If the transaction is successful, shareholders, including NBDD, would receive shares of the NewCo and would allow all NewCo shareholders to diversify risk through equitable participation in a diversified land portfolio. To date, the market has recognised the potential value of a diversified land portfolio NewCo and our investment has benefited from this view. There is market risk surrounding the potential IPO, however, and there is no guarantee the IPO will be consummated or that our investment will continue to benefit from the improved market view.

Subsequent to quarter end, a utility investment announced that it reached an agreement to sell its core asset, a combined-cycle natural gas power plant, to a large utility company. The bid price for the LLC units held by NBDD rose 12% upon announcement. There is no guarantee that our investment will continue to benefit from the announcement of this sale transaction.

These are three examples of event driven outcomes for our investments that we anticipate in our analysis, but which are not fully reflected in market pricing until the announcement of a specific event. We believe there are more opportunities like this in the portfolio.

We continue to actively manage the investments in our portfolio in order to generate profitable realisations through significant events (asset sales, legal outcomes, foreclosures, etc.) and ultimately return capital to investors through consistent distributions. We continue to remain positive about the investments in the portfolio and believe we can generate attractive returns from current mark-to-market valuations.

Exits

No exits in the third quarter of 2015.

Capital Return

On 13 November 2015, the Board of Directors resolved to return \$8 million (equivalent to approximately \$0.1443 per share) to holders of NBDD shares by way of a compulsory partial redemption of NBDD shares. The current distribution comprises all unrestricted cash available to NBDD, save for amounts required for working capital requirements. The reason the forthcoming distribution is greater than the proceeds from the only exit this quarter is that we have also received cash as distributions and principal repayments from other positions which are yet to be fully exited. This distribution is expected to be made in the fourth quarter of 2015. See www.nbddif.com for further information.

Data as at September 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 term "weighted average IRR", as used in this fact sheet, is determined by Neuberger Berman by calculating, for each investment exit, (A) the investment exit's original purchase price, divided by (B) the total of all investment exits' original purchase prices, multiplied by (C) the IRR for the applicable investment exit. Neuberger Berman then calculates the sum of the figures calculated in the prior sentence for all of investment exits for the share class.

3. 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.).

4. This refers to the D-rated cohort of the S&P/LSTA Leveraged Loan Index indicating defaulted loans. The S&P/LSTA Leveraged Loan Index is designed to mirror the investible universe of the \$US-denominated leveraged loan market.

5. 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).

6. 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).

FUND MANAGERS



MICHAEL HOLMBERG
27 years investment
experience



PATRICK FLYNN
23 years investment
experience



BRENDAN MCDERMOTT
12 years investment
experience



RAVI SONI
11 years investment
experience

KEY STATISTICS

(as at September 30, 2015)¹

NAV Per Share:	\$1.1988
Share Price:	\$1.1563
Share Price (Discount) / Premium vs. NAV	(3.55)%
Market Cap	\$64.12m

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:	GG00BYRKJ926
Website:	www.nbddif.com

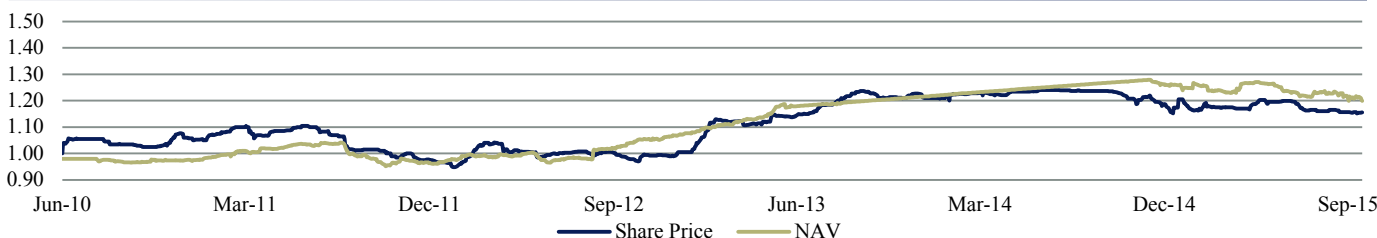
DIRECTORS

John Hallam (Chairman)
Sarah Evans (effective 26 October, 2015)
Patrick Flynn
Michael Holmberg
Talmi Morgan
Christopher Sherwell

TOP 10 HOLDINGS¹

Holding	Industry	Purchased Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casinos	Secured Loan	Defaulted	US	12%	Hotel/lodging real estate
2	Building & Development	Post-Reorg Equity	Post-Reorg	US	11%	Residential real estate
3	REIT/REOCs	Private Equity	Current	US	9%	Residential real estate
4	Utilities	Post-Reorg Equity	Post-Reorg	US	9%	Power plants
5	Utilities	Secured Loan	Current	Australia	6%	Power plants
6	Utilities	Secured Loan	Defaulted	US	4%	Power plants
7	Surface Transportation	Trade Claim	Defaulted	Brazil	4%	Municipal claim
8	Utilities	Secured Loan	Defaulted	US	4%	Power plants
9	Utilities	Secured Loan	Post-Reorg	US	4%	Power plants
10	Air Transport	Secured Loan	Defaulted	US	2%	Aircraft
Total					64%	

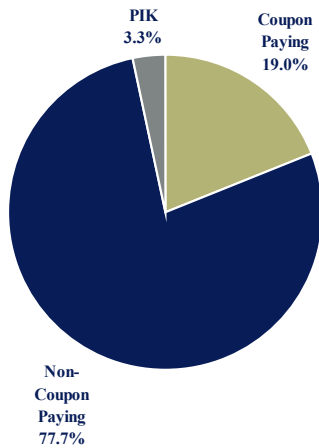
PERFORMANCE²



COUNTRY BREAKDOWN^{3,4} (%)

United States	82.4%
Australia	6.4%
Brazil	3.8%
Germany	3.3%
Norway	1.6%
Great Britain	1.3%
Luxembourg	0.8%
Cayman Islands	0.3%
Greece	0.1%
United States	82.4%
Australia	6.4%
Brazil	3.8%
Germany	3.3%

COUPON PAYMENTS (excluding cash)³



SECTOR BREAKDOWN^{3,4} (%)

Utilities	27.2%
Building & Development	12.2%
Lodging & Casinos	11.6%
Real Estate Investment Trusts (REITs)	9.4%
Financial Intermediaries	5.5%
Surface Transport	3.9%
Real Estate Development	2.6%
Air Transport	2.4%
Containers and Packaging	2.1%
Shipping	2.0%
Commercial Mortgage	1.9%
Industrials	1.2%
Forest Products	1.2%
Restricted Cash	11.2%
Cash, Accruals and Cash Equivalents	5.6%

CURRENCY BREAKDOWN^{3,4} (%)

USD	89.1%
BRL	3.8%
AUD	3.0%
EUR	2.6%
GBP	1.4%

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1. Categorisations 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 September 30, 2015. Excludes cash and short term investments.

2. Source: Bloomberg.

3. Categorisations 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.

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