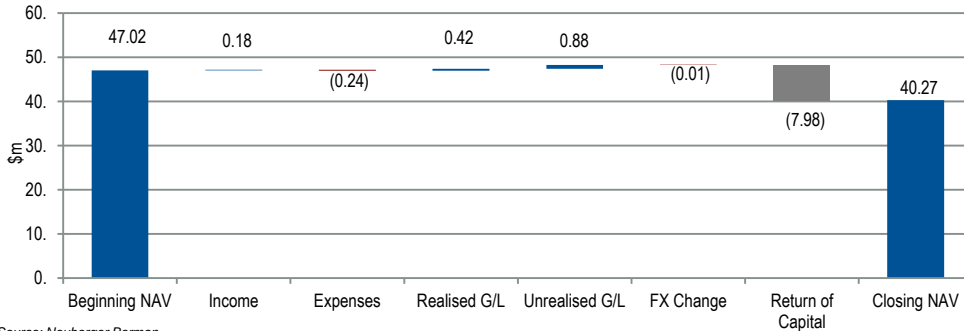


NB Distressed Debt Investment Fund Limited Ordinary Shares ("NBDD")

30 June 2016

NAV BRIDGE – 31 MARCH 2016 TO 30 JUNE 2016



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 further 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. 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

The surprise result of the UK EU membership referendum, zero and negative sovereign interest rates, stressed Italian banking balance sheets and the upcoming US presidential elections have all contributed to market volatility and investor uncertainty through the first six months of 2016. However, market sentiment rebounded from a nadir in February as prices for energy-related commodities improved, resulting in a recovery of credit and equity markets in the second quarter.

Since the end of the investment period, the fund has been able to make a capital distribution in each quarter and we are pleased to continue to do so. NBDD had one exit in the quarter, generating \$2.7 million in cash and contributing positively to NAV, and we received approximately \$1.2 million in cash (principal repayments and distributions) from activity in existing investments. Approximately \$8.0 million was distributed to NBDD investors in the second quarter. To date, \$108.4 million or 87% of original capital has been distributed to investors and this brings the ratio of total value (distributions, share buy-backs and current NAV) to original capital to 119%. We continue to focus on maximising the value of the portfolio as we work to restructure, realise exits and return capital to NBDD investors. We remain confident about the investments in the portfolio and hope to generate positive returns from the current valuations.

Portfolio Update

NBDD's NAV increased 3.0% to \$1.1434 per share from \$1.1103 per share in the second quarter, driven by credit improvements in building and development investments, improvement in energy prices and the announcement of the sale of an aircraft investment. The portfolio is made up of 25 issuers across 12 sectors. Certain notable corporate events involving NBDD's existing investments are highlighted below²:

- NBDD's investment in debt secured by a portfolio of aircraft increased by 15% (net gain of \$0.3 million) after the aircraft trust announced a sale of the portfolio to a strategic buyer. Proceeds from the sale will be used to repay principal through Q3 16.
- Escrow payment received from sale of east coast US power plant leaves additional funds to be received from the release of escrows.

Significant Value Change (approximately 0.5% of NBDD NAV or +/- \$200,000)³

Industry	Instrument	Q2 16 Total Return	Comment
Building & Dev't	Private equity	\$0.5 million	Announcement of merger with other land developments
Utility	Secured bank debt	\$0.4 million	Positive developments in Chap 11 case & energy prices
Aircraft	Secured notes	\$0.3 million	Sale of portfolio of aircraft
Utilities	Secured bank debt	\$0.3 million	Improving operations and principal repayments

Exit 31

NBDD invested \$5.9 million in a private REIT that was formed to buy homes at foreclosure and build a portfolio of single family rental homes in areas particularly affected by the housing downturn throughout the United States. We expected that we would obtain a return through a combination of dividends, home price appreciation from a housing recovery and anticipated consolidation of the industry from a newly institutionalised real estate asset class. The company conducted an IPO to convert to a public REIT. We decided to sell our shares after the company failed to display the appreciation of its portfolio since inception, leading to tepid growth in the share price. We ultimately sold our shares for \$6.2 million with \$0.2 million of dividend income. Total return from this investment was \$0.5 million generating an IRR of 3% and ROR of 8%.

Cash Invested	Cash Received	Total Return	Holding Period	IRR	ROR
\$5.9 million	\$6.4 million	\$0.5 million	38 months	3%	8%

Total return on all 31 exits in NBDD is \$26.4 million over the life of the fund. The weighted average IRR on the 31 exits is 19% and the weighted average ROR is 26%⁴.

Data as at 30 June 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

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 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 above. 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.

4. The terms weighted average IRR³ and weighted average ROR³, as used in this factsheet, are 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 or ROR (as applicable) for the applicable investment exit. For each of IRR and ROR, Neuberger Berman then calculates the sum of the figures calculated in the prior sentence for all of investment exits for the share class.

Please see disclaimer on reverse

KEY STATISTICS¹

NAV Per Share:	\$1.1434
Share Price:	\$1.0450
Share Price Discount vs. NAV	(8.6)%
Market Cap.	\$36.8m
No. of holdings	25

NBDD 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:	GG00BYT2S112
Website:	www.nbddif.com

NBDD 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 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. To date, \$108.4 million has been distributed to shareholders since the realisation phase for this share class or 87% of investors' original capital.

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 offer 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 is subject to an investment period ending on 31 March 2017. Separate factsheets are produced for those share classes.

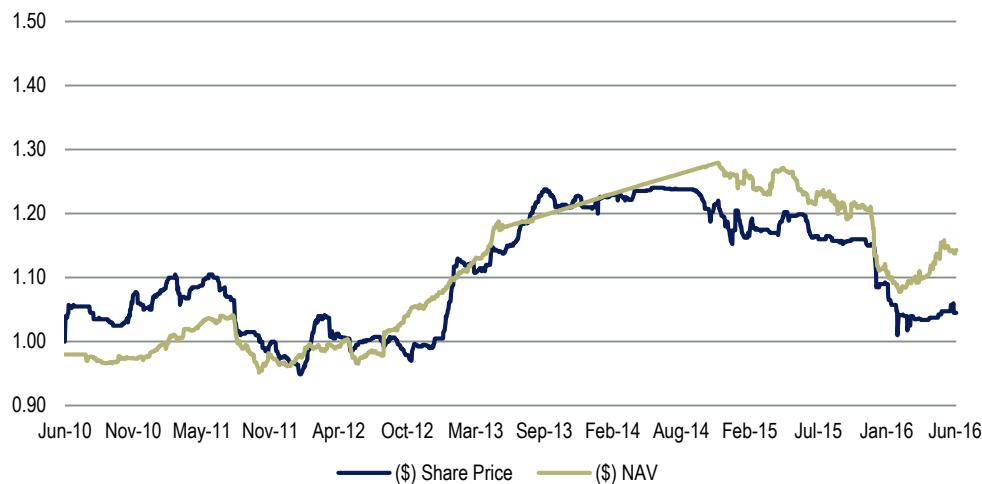
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MANAGER COMMENTARY CONTINUED

Capital Distribution

In the second quarter, the Board resolved to make two distributions totalling \$8.0 million to holders of NBDD shares by way of a compulsory partial redemption of NBDD shares. To date, \$108.4 million has been distributed to shareholders since the realisation phase for this share class or 87% of investors' original capital.

FUND PERFORMANCE¹



PORTFOLIO COMPOSITION

TOP 10 HOLDINGS²

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casinos	Secured Loan	Defaulted	US	17%	Hotel/lodging real estate
2	Building & Development	Post-Reorg Equity	Post-Reorg	US	13%	Residential real estate
3	Surface Transportation	Trade Claim	Defaulted	Brazil	8%	Municipal claim
4	Utilities	Secured Loan	Current	Australia	8%	Power plants
5	Containers & Packaging	Post-Reorg Equity	Post-Reorg	Lux	5%	Manufacturing/distribution /real estate
6	Utilities	Secured Loan	Defaulted	US	5%	Power plants
7	Air Transport	Secured Loan	Defaulted	US	5%	Aircraft
8	Utilities	Secured Loan	Post-Reorg	US	3%	Power plants
9	Commercial Mortgage	Secured Loan	Current	US	3%	Commercial real estate
10	Financial Intermediary	Secured Notes	Defaulted	US	2%	Cash and securities
Total					69%	

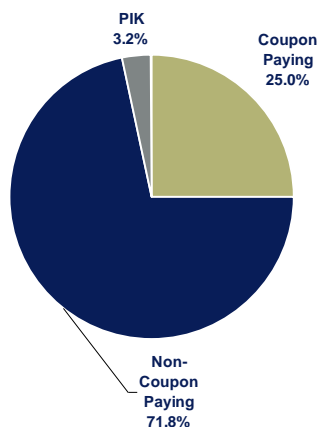
COUNTRY BREAKDOWN^{3,4} (%)

U.S.A	74.5%
Brazil	8.2%
Australia	7.5%
Luxembourg	5.5%
Great Britain	2.4%
Germany	1.5%
Cayman Islands	0.4%

CURRENCY BREAKDOWN^{3,4} (%)

USD	77.2%
BRL	8.2%
EUR	6.8%
AUD	5.2%
GBP	2.6%

COUPON PAYMENTS (ex. cash)³



SECTOR BREAKDOWN² (%)

Lodging & Casinos	17.3%
Utilities	17.1%
Building & Development	13.3%
Surface Transport	8.2%
Containers and Packaging	7.9%
AirTransport	4.6%
Financial Intermediaries	4.5%
Commercial Mortgage	3.1%
Real Estate Development	2.9%
Auto Components	1.3%
Forest Products	0.8%
Shipping	0.2%
Restricted Cash	17.9%
Unrestricted Cash & Accruals	1.0%

FUND MANAGERS



MICHAEL HOLMBERG
27 years investment experience



BRENDAN MCDERMOTT
12 years investment experience



RAVI SONI
11 years investment experience

DIRECTORS

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

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Data as at 30 June 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

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.

3. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 June 2016.

4. Includes cash and accruals.