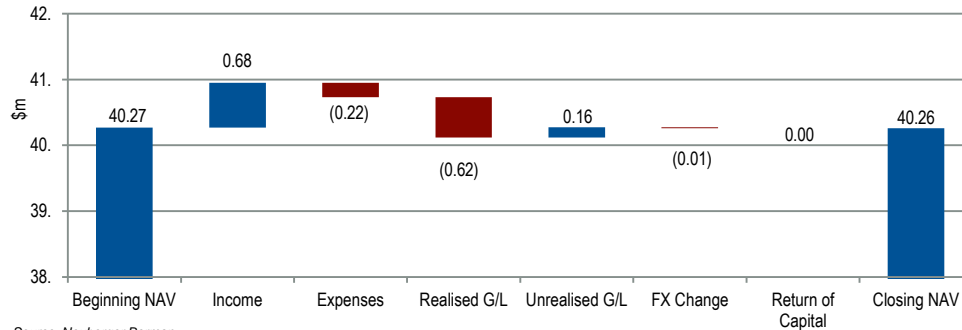


NB Distressed Debt Investment Fund Limited Ordinary Shares ("NBDD")

30 September 2016

NAV BRIDGE – 30 JUNE 2016 TO 30 SEPTEMBER 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

During the third quarter markets generally recovered from the volatility following the UK's surprise June vote to leave the European Union while stable global economic data provided the catalyst for a continued recovery into October. Despite post-crisis lows in unemployment, potential US interest rate increases by the Federal Reserve appear to have been delayed until December at the earliest, giving investors a reprieve from the volatility that plagued the markets in early 2016. However, liquidity in our markets remains strained as investment banks continue to pull back their proprietary investing activities due to regulatory changes.

NBDD had one exit and received \$2.0 million (principal repayments and distributions) from activity in existing investments during the quarter. Including the \$2.8 million income distribution declared on 28 October 2016 to be paid in the fourth quarter, \$111.2 million (equivalent to 89% of original capital) will have been distributed to investors to date. At quarter-end, the ratio of total value (distributions, share buy-backs and current NAV) to original capital was 119%. We remain focused on maximising the value of the portfolio as we work to restructure, realise exits and return capital to NBDD investors. As we begin the fourth quarter, we remain confident about the investments in the portfolio and hope to generate positive returns from the current valuations.

Portfolio Update

NBDD's NAV was essentially flat during the third quarter, ending September with NAV per share of \$1.1432 as compared to \$1.1434 at the end of June. Unrealised gains in packaging and shipping investments were offset by unrealised losses in power and real estate investments. The portfolio is made up of 24 issuers across 12 sectors. NBDD's investments were stable during the quarter; certain notable corporate events are highlighted below²:

- An investment in senior secured debt backed by a portfolio aircraft received debt repayments of \$1.6 million from the sale of all but one of the aircraft. The sale of the remaining aircraft is expected to close during the fourth quarter.
- NBDD received a \$0.4 million dividend from a reorganised container and packaging company.
- To avoid dilution and protect NBDD's investment in a restructured shipping company, NBDD invested \$0.1 million in the company.

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

Industry	Instrument	Q3 16 Total Return	Comment
Containers and Packaging	Private equity	\$0.5m	Improving operations
Building and Development	Private equity	(\$0.2m)	No fundamental change in company

Exit 32

NBDD invested \$3.1 million in multiple tranches of the secured bank debt of a homebuilding company that had filed for Chapter 11 bankruptcy protection. NBDD received cash and equity upon execution of the company's plan of reorganisation. NBDD also participated in the exit financing for the homebuilder which was ultimately repaid at par. The homebuilder was ultimately sold to a public homebuilding company and received a distribution from the sale. Total return on the investment was \$0.5 million generating an IRR of 5% and ROR of 15%.

Cash Invested	Cash Received	Total Return	Holding Period	IRR	ROR
\$3.1 million	\$3.6 million	\$0.5 million	74 months	5%	15%

Distribution

On 28 October 2016 the Board announced an income distribution of approximately \$2.8 million, \$0.0793 per share, to be paid to shareholders. Once paid, this will bring total distributions (capital and income) to \$111.2 million, equivalent to 89% of original capital.

Data as at 30 September 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.

Please see disclaimer on reverse

KEY STATISTICS¹

NAV Per Share:	\$1.1432
Share Price:	\$1.0450
Share Price Discount vs. NAV	(8.6)%
Market Cap.	\$36.8m
Total NAV	\$40.3m
No. of issuers	24

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.

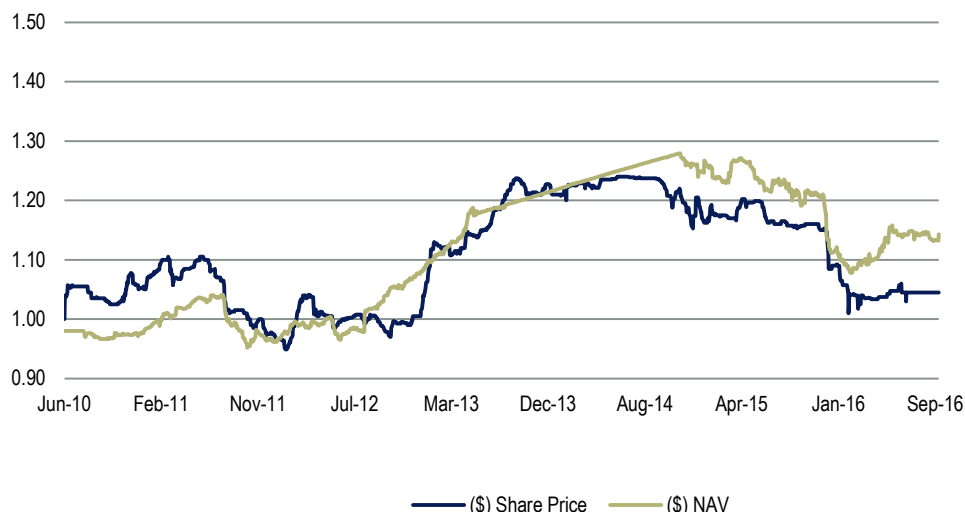
NBDDIF's holdings are diversified across distressed, stressed and special situations investments, with a focus on senior debt backed by hard assets. The portfolio is managed by the Distressed Debt team at Neuberger Berman, which sits within what we believe is one of the largest and most experienced non-investment 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, \$111.2 million (equivalent to 89% of original capital) has been approved for distribution (income and capital) to shareholders since the realisation phase for this share class.

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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FUND PERFORMANCE¹



FUND MANAGERS



MICHAEL HOLMBERG
27 years investment experience



BRENDAN MCDERMOTT
12 years investment experience



RAVI SONI
11 years investment experience

PORTFOLIO COMPOSITION

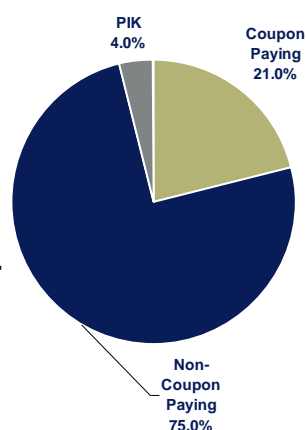
TOP 10 HOLDINGS²

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casinos	Secured Loan	Post-Reorg	US	17%	Hotel/lodging real estate
2	Building & Development	Post-Reorg Equity	Post-Reorg	US	12%	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	6%	Manufacturing/distribution/real estate
6	Utilities	Secured Loan	Defaulted	US	4%	Power plants
7	Commercial Mortgage	Secured Loan	Current	US	3%	Commercial real estate
8	Utilities	Secured Loan	Post-Reorg	US	3%	Power plants
9	Financial Intermediaries	Secured Notes	Defaulted	US	2%	Cash and securities
10	Real Estate Development	Secured Loan	Post-Reorg	US	2%	Residential real estate
Total					66%	

COUNTRY BREAKDOWN^{3,4} (%)

USA	74.0%
Brazil	8.2%
Australia	7.8%
Luxembourg	6.3%
Germany	1.7%
Great Britain	1.5%
Cayman Islands	0.4%
Greece	0.1%

COUPON PAYMENTS (ex. cash)³



SECTOR BREAKDOWN² (%)

Lodging & Casinos	17.3%
Utilities	16.5%
Building & Development	12.4%
Surface Transport	8.2%
Containers and Packaging	7.8%
Financial Intermediaries	4.5%
Commercial Mortgage	3.1%
Real Estate Development	2.6%
Auto Components	1.5%
Forest Products	1.1%
Shipping	0.8%
AirTransport	0.7%
Restricted Cash net of accruals	18.0%
Unrestricted Cash net of accruals	5.6%

CURRENCY BREAKDOWN^{3,4} (%)

USD	77.0%
EUR	9.3%
BRL	8.2%
AUD	5.5%

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Data as at 30 September 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 September 2016.
 4. Includes cash and accruals.