

October 5, 2017

Dear Investor:

We are providing the enclosed U.S. federal income tax-reporting information with respect to your investment in NB Distressed Debt Investment Fund Limited Ordinary Share Class. ("NBDDIF")

**Passive Foreign Investment Company (PFIC) Information – NB Distressed Debt Investment Fund Limited**

We believe that NBDDIF is a PFIC for U.S. federal income tax purposes, based on the information provided to us. Accordingly, a U.S. investor is considered a U.S. shareholder in a PFIC and is subject to the rules contained in Sections 1291 through 1297 of the Internal Revenue Code (the "Code"). A U.S. investor may elect to treat the arrangement as a "qualified electing fund" or QEF pursuant to Section 1295(b) of the Code with respect to the shareholder's ownership interest in the PFIC. Once a QEF election has been made, the election applies to all subsequent years.

Should an investor follow the appropriate procedures to make a QEF election, the U.S. investor is taxed on its proportionate share of NBDDIF earnings computed under U.S. tax principles for each year in which the Issuer is considered a PFIC. Electing U.S. investors report their share of earnings from the QEF by filing IRS Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

The amounts reflected on the enclosed PFIC Annual Information Statement represent NBDDIF's ordinary earnings, net short term capital gain, and net long term capital gain for the designated tax year. As an investor, if a QEF election is effective, you should report your pro rata share of the Issuer's income for the number of days during the year that you held the investment. An investor who has made a QEF election may elect to defer paying the tax on the undistributed income of the PFIC, if any, on Form 8621. If this election is made, the investor will be subject to an interest charge on the deferred tax.

It is suggested that investors consult with their tax advisor and the offering memorandum to determine whether to make a QEF election with respect to their ownership interest in NBDDIF.

**Passive Foreign Investment Company (PFIC) Information – Strategic Value Restructuring Fund Ltd.**

NBDDIF owns shares of Strategic Value Restructuring Fund Ltd., ("SVP") a Cayman Islands Exempted Company. Investors in NBDDIF are deemed to be indirect owners of SVP shares. SVP has indicated to NBDDIF that they believe they are to be treated as a PFIC for U.S. federal income tax purposes. As such, U.S. investors fall within the same PFIC rules outlined above for their indirect ownership of the SVP shares.

NBDDIF requested a PFIC Annual Information Statement from SVP and was told this information would not be made available. As a result, a U.S. Investor is likely subject to Section 1291 of the Code with respect to its indirect investment in SVP.

During 2016 SVP made two distributions to NBDDIF: a \$204,235 cash distribution on May 13<sup>th</sup> and a \$198,659 cash distribution on November 1<sup>st</sup>. Below is additional information related to SVP and the distribution(s) from the preceding three tax years, which you may require. Please note that the amounts presented in the table below represent the total amounts for the Ordinary share class. To determine your indirect ownership in SVP, you will need to multiply the amounts below by your ownership percentage of the respective share class.

**Name of PFIC:** Strategic Value Restructuring Fund Ltd.

**Address of PFIC:** C/O International Fund Services. 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

**Tax Year of PFIC:** January 1, 2016 to December 31, 2016

EIN: None

	Ordinary
1. Description of each class of SVP shares:	Series S
2. Number of SVP shares acquired December 31, 2010 ("Lot 1 Shares") which were held at beginning and end of taxable year:	8,901,611
3. Number of SVP shares acquired March 21, 2011 ("Lot 2 Shares") which were held at beginning and end of taxable year:	3,472,467
4. Number of SVP shares acquired May 19, 2011 ("Lot 3 Shares") which were held at beginning and end of taxable year:	12,791,784
5. Total number of SVP shares held at end on December 31, 2016:	25,165,862
6. Total value of SVP shares held on December 31, 2016:	216,711
7. February 20th, 2014 SVP distribution to NBDDIF:	785,783
8. August 21st, 2014 SVP distribution to NBDDIF:	704,708
9. December 1st, 2015 distribution to NBDDIF:	1,150,834
10. May 13, 2016 distribution NBDDIF:	204,235
11. November 1, 2016 distribution NBDDIF:	198,659
12. Total number of NBDDIF shares as of February 20th, 2014:	124,160,471
13. Total number of NBDDIF shares as of August 21st, 2014:	89,160,296
14. Total number of NBDDIF shares as of December 1st, 2015:	48,830,771
15. Total number of NBDDIF shares as of May 13th, 2016:	38,265,671
16. Total number of NBDDIF shares as of November 1st, 2016:	35,218,578
17. Amount of the distribution from SVP included in the ordinary earnings of NBDDIF in 2016:	402,893

**Passive Foreign Investment Company (PFIC) Information – London American Homes LP**

NBDDIF owns shares of London American Homes LP ("American Homes"), a Cayman Islands partnership that has elected to be treated as a corporation for U.S. federal income tax purposes. We believe American Homes is a PFIC under U.S. tax principles. As such, U.S. investors fall within the same PFIC rules outlined above for their indirect ownership of the American Homes shares.

The information to complete Form 8621 is below. Please note that the amounts presented in the table below represent the total amounts for the Ordinary share class. To determine your indirect ownership in American Homes, you will need to multiply the amounts below by your ownership percentage of the respective share class. Additionally, the 2016 earnings and profits of American Homes were not included in the earnings and profits of NBDDIF.

**Name of PFIC:** London American Homes LP  
**Address of PFIC:** P.O. Box 309, Ugland House  
**Tax Year of PFIC:** January 1, 2016 to December 31, 2016  
**EIN:** 98-1081569

1. Description of each class of American Homes shares:	Common
2. Number of American Homes shares acquired during tax year 2016	NONE
3. Fair market value of American Homes shares held on December 31, 2016:	NONE
4. Total number of NBDDIF shares on December 31, 2016.	37,271,107

5. Total number of American Homes shares held on December 31, 2016:	100
6. 10/17/16 cash distributed by American Homes to NBDDIF:	\$2,790,865
7. NBDDIF Shares on 10/17/2016:	40,405,734
8. Property distributed by American Homes to NBDDIF during 2016:	NONE
9. American Homes 2016 Ordinary Earnings:	\$149,045
10. American Homes 2016 Short-Term Capital Gain:	NONE
11. American Homes 2015 Long-Term Capital Gain:	NONE

American Homes will permit you to inspect and copy its permanent books of account, records, and other such documents as may be maintained by American Homes that are necessary to establish that PFIC ordinary earning and net capital gain, as provided in Section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. income tax principles.

#### **Additional Information**

Distributions from NBDDIF are not “qualified dividends” and thus are not eligible for the reduced rate of tax provided by the 2003 Jobs and Growth Reconciliation Tax Act.

A U.S. investor who received distributions during the calendar year may receive IRS Form 1099-DIV from the trustee or paying agent stating the cash payment. An investor who has made a QEF election should disregard the 1099-DIV to be sure to avoid double-counting earnings from this investment.

It is suggested that investors consult with their tax advisor with regard to the above.

**Issuer: NB Distressed Debt Investment Fund Limited (Ordinary Share Class)**  
**BNP Paribas House**  
**1 St. Julian's Avenue**  
**St Peter Port Guernsey GY1 1WA**

**Passive Foreign Investment Company (PFIC) Annual Information Statement**  
**For Tax Year Ended: December 31, 2016**

- (1) This Information Statement applies to the taxable year of Issuer beginning on January 1, 2016 and ending on December 31, 2016.
- (2) The below amounts represent income for the entire Ordinary Share class for the period from January 1, 2016 to December 31, 2016:

	<u>Total</u>
Ordinary Earnings	\$ -
Net Capital Gain	\$ -

- (3) The amount of cash and fair market value of other property distributed or deemed distributed by Issuer to the Ordinary Share class during the taxable year.

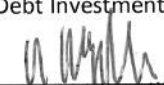
	<u>11/10/2016</u>		
	<u>Total</u>	<u>Shares</u>	<u>Per Share</u>
11/10/2016 Cash Distribution	\$ 2,792,834	35,218,597	\$ 0.0793
Fair Market Value of Other Property	NONE	NONE	NONE

- (4) Issuer will permit you to inspect and copy Issuer's permanent books of account, records, and other such documents as may be maintained by Issuer that are necessary to establish that PFIC ordinary earning and net capital gain, as provided in Section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. income tax principles.

Date: 10-6-17

NB Distressed Debt Investment Fund Limited

By:

  
**David Mancilla**

Title:

**Authorized Signatory**