

NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

31 December 2016

NBDG 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.

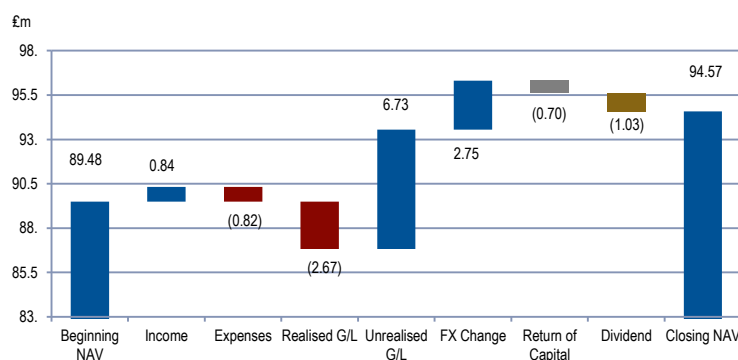
The New Global Share Class (“NBDG” or the “Company”) was created in March 2014 and aims to capture the growing opportunity in distressed debt globally. NBDG is subject to an investment period ending on 31 March 2017, following which the harvest period will commence.

The New Global Share Class is one of three classes of shares in NBDDIF. The others are the Ordinary Share Class and the Extended Life Share Class. The Ordinary Share Class was subject to an investment period which ended on 10 June 2013 and the Extended Life Share Class was subject to an investment period which ended on 31 March 2015. Separate factsheets are produced for those share classes.

FUND FACTS¹

NAV Per Share:	94.03p
Share Price:	79.50p
Share Price Discount vs. NAV	(15.5)%
Market Cap.	£80.0m
Total NAV	£94.6m
No. of issuers	28
Launch Date:	4 March 2014
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDG
ISIN:	GG00BH7JH183
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE – 30 SEPTEMBER 2016 TO 31 DECEMBER 2016



Source: Neuberger Berman.

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

Realised gains and losses may include amounts from certain restructuring events during the quarter that are not attributable to full position exits.

FX Changes due to share class's exposure to foreign currencies. As further detailed in its prospectus, the share class generally does not intend to hedge the currency exposure between the Sterling (the currency in which shares are denominated) and the currency of the investments made by the share class.

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

Markets continued their recovery during the quarter as stable economic data coupled with anticipation of a pro-growth change in U.S. economic policy and the positive reaction to Federal Reserve's decision to increase interest rates. Liquidity in distressed debt markets remains strained as investment banks continue to pull back their proprietary investing activities due to regulatory changes. We continue to evaluate and bid on what we believe to be attractive investment opportunities in the real estate, lodging and casinos, shipping, international infrastructure and energy sectors, and expect to be fully invested by the end of the first quarter of 2017. We remain confident about the investments in the portfolio and the ability to generate positive returns from the current valuations.

Portfolio Update

The Board announced and paid the first income distribution by way of a dividend to NBDG shareholders on 20 December 2016 of £1.0 million (1.02p per share). Including this, NBDG's total return was 7.9% for the quarter. NBDG ended the year with NAV per share of 94.03p as compared to 88.18p at the end of September as a result of improving market conditions, specific events within the portfolio and foreign exchange gains. NBDG has benefitted from the decline of Sterling against the US Dollar as a result of the UK's decision to leave the European Union. As described in the prospectus, NBDG generally does not hedge currency exposure and the continued FX market volatility contributed £2.7 million positively to the value of certain investments during the quarter. To some extent, these FX gains offset FX losses previously reflected in the NAV.

As at 31 December 2016, 92% of NBDG's NAV was invested in distressed assets with 8% cash available for new investments and expenses. NBDG has investments in 28 issuers and across 11 industries. The largest concentrations were in lodging and casinos, shipping, oil and gas, utilities, and building and development. NBDG continued to deploy capital in the fourth quarter with the new purchase of equity in a lodging and casino real estate asset, additional purchases in building and development investment, non-ferrous metals/minerals investment, a private placement in a public shipping company and the sale of shares in a public shipping company. Cash deployed in new investments was £10.4 million offset by principal cash received of £5.9 million. Notable corporate events involving NBDG's existing investments are highlighted on the next page².

Data as at 31 December 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

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 NBDG investment or a change in NBDG'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.

NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

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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

Michael Holmberg

Christopher Sherwell

Stephen Vakil

Portfolio Update continued

- A power generation company emerged from bankruptcy and secured debt claims were exchanged for public equity securities. Equity paid a dividend of \$2.00 per share after emerging from bankruptcy. Equity price at year-end is above issued level (adjusted for dividend).
- A lodging and casino company announced a tender for some of its private shares, which provided tendering equity holders (including NBDG) with liquidity and set a value for the shares (roughly 11% above the pre-announced price in an illiquid market).
- NBDG participated in a private placement in a public shipping company at a discount to the public share price and what we feel is an attractive valuation.
- A power generation asset filed for Chapter 11 protection during December. We expected this development as part of a needed restructuring and it establishes a process to resolve certain perfected lien issues that could have otherwise had limited recoveries.
- An aircraft investment distributed cash from prepayment of instalment sales contract, earlier than expected, leaving one aircraft remaining for sale in the aircraft JV investment.

Significant Value Change (approximately 0.5% of NBDG NAV or +/- £500,000)¹

INDUSTRY	INSTRUMENT	Q416 TOTAL RETURN	COMMENT
Shipping	Public equity	\$1.9 million	Purchase and sale of shares at attractive price and valuation
Lodging & Casinos	Private equity	\$1.6 million	Company tendered for 2.5% of equity at \$80/share
Lodging & Casinos	Private equity	\$1.3 million	Purchased shares from a motivated seller at an attractive valuation
Oil & Gas	Public equity	\$1.0 million	Public equity has performed well post Chapter 11
Oil & Gas	Private equity	\$0.6 million	New corporate structure to allow dividends and buy-backs
Utilities	Debt and private equity	(\$1.2million)	Company filed for bankruptcy

Exit 8

NBDG purchased AUD 21.3 million face value bank debt secured by a concession to operate a toll road linking Brisbane's central business district with its airport. In 2013, the operator had been forced into an insolvency process when restructuring negotiations fell apart amidst poor traffic numbers. NBDG purchased the bank debt when a sale of the concession failed to materialise and caused certain original bank holders to exit. NBDG sold the majority of the position to reduce exposure after another debt holder amassed a position that would allow them to block a sale of the concession. The concession was ultimately sold in early 2016 to a strategic buyer who owned other Australian toll roads. Sale proceeds were unfortunately less than expected. The total return was (£0.4 million) with an IRR of (11%) on the investment and a ROR of (7%).

EXIT	CASH INVESTED	CASH RECEIVED	TOTAL RETURN	HOLDING PERIOD	IRR	ROR
8	£5.9 million	£5.5 million	(£0.4 million)	28 months	-11%	-7%

¹ 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.

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COUNTRY BREAKDOWN^{3,4} (%)

U.S.A	71.6%
Denmark	7.8%
Spain	7.3%
Netherlands	5.8%
Australia	4.2%
Marshall Islands	3.3%

CURRENCY BREAKDOWN^{3,4} (%)

USD	69.9%
EUR	13.3%
GBP	8.9%
DKK	4.8%
AUD	3.1%

SECTOR BREAKDOWN³ (%)

Lodging & Casinos	29.4%
Shipping	15.1%
Oil and Gas	12.6%
Utilities	9.7%
Building & Development	6.7%
Nonferrous Metals / Minerals	6.4%
Commercial Mortgage	5.8%
Auto Components	3.3%
Surface Transport	2.2%
Chemicals & Plastics	0.5%
Air Transport	0.2%
Restricted Cash	0.2%
Cash, Equivalents and Accruals	8.0%

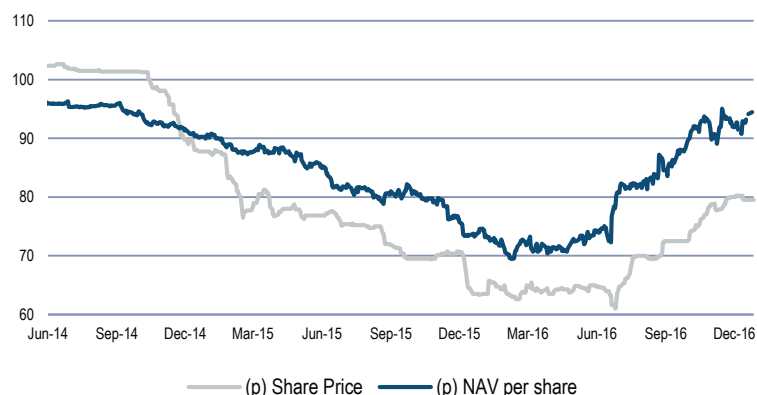
Distribution

During the fourth quarter, the Board approved and paid by way of dividend an income distribution of £1.0 million to shareholders. This was the first distribution for NBDG.

Share Buy-Backs

NBDG purchased 907,500 shares during the fourth quarter under the discount control policy at a total cost of £706,894 and an average discount to NAV of 15.2%¹. The shares were put in treasury and total shares in treasury at year-end were 10, 210,000 or 9.3% of total issued share capital.

FUND PERFORMANCE²



COUPON PAYMENTS (ex cash)⁴

Non Coupon Paying	66.8%
Coupon Paying	26.6%
PIK	6.5%

PORTFOLIO COMPOSITION – TOP 10 HOLDINGS⁵

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casino	Post-Reorg Equity	Post-Reorg	US	10%	Casino
2	Lodging & Casino	Post-Reorg Equity	Post-Reorg	US	8%	Hotel / lodging real estate
3	Shipping	Secured Loan	Post-Reorg	US	7%	Maritime vessels
4	Building & Development	Post-Reorg Equity	Post-Reorg	US	7%	Residential real estate
5	Nonferrous Metals / Minerals	Post-Reorg Equity	Post-Reorg	US	6%	Manufacturing / distribution real estate
6	Commercial Mortgage	Secured Loan	Current	Netherlands	6%	Commercial real estate
7	Lodging & Casino	Secured Loan	Defaulted	Spain	5%	Hotels
8	Shipping	Secured Loan	Post-Reorg	Denmark	5%	Maritime vessels
9	Lodging & Casino	Secured Loan	Current	US	4%	Casino/hotel real estate
10	Utilities	Secured Loan	Current	Australia	4%	Power plants
Total					62%	

Data as at 31 December 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

1. Source: Stifel Nicolaus Europe Limited.

2. Source: Bloomberg.


3. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 31 December 2016.

4. Includes cash and accruals.

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

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