NB PRIVATE EQUITY PARTNERS LIMITED

2012 ANNUAL FINANCIAL REPORT

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COMPANY OVERVIEW

Our investment objective is to produce attractive returns on our capital by investing in direct yielding investments, co-investments and fund investments with a focus on capital efficient strategies while managing investment risk through portfolio diversification. We pursue diversification for our private equity investments across asset class, vintage year, geography, industry and sponsor.

OUR COMPANY

NB Private Equity Partners Limited ("NBPE")

- Guernsey closed-end investment company
- 48,790,564 Class A ordinary shares outstanding
- 10,000 Class B ordinary shares outstanding
- 32,999,999 Zero Dividend Preference ("ZDP") shares outstanding

INVESTMENT MANAGER

NB Alternatives Advisers

- 26 years of private equity investing experience
- Investment Committee with an aggregate of approximately 185 years of professional experience
- Approximately 60 investment professionals
- Approximately 110 administrative and finance professionals
- Offices in New York, London, Dallas and Hong Kong

(USD in millions, except per share data)	**At 31 December 2012**	**At 31 December 2011**
Net Asset Value of the Controlling Interest	$576.6	$544.4
Net Asset Value per Ordinary Share	$11.81	$11.03
Pro Forma 31 December 2012:[1]		
Fund Investments	$350.6	$401.5
Equity Co-investments	$127.0	$103.8
Direct Yielding Co-investments	$101.6	$33.0
Total Private Equity Fair Value	$579.2	$538.4
Private Equity Investment Level[2]	101%	99%
Cash and Cash Equivalents (Less Restricted Cash)	$69.9	$74.6
Pro Forma Post 28 February 2013 Dividend:		
Dividend Payment	$9.8	-
Cash and Cash Equivalents (Less Restricted Cash)	$60.1	-
Net Asset Value	$566.2	-
(GBP in millions, except per share data)	**At 31 December 2012**	**At 31 December 2011**
ZDP Shares	£41.0	£38.2
Net Asset Value per ZDP Share [3]	124.32p	115.83p

Note: Numbers may not sum due to rounding.

1. *Investment analysis reflects pro forma adjustments as of 31 December 2012 which impact private equity fair value, receivables and NBPE's cash balance. The following pro forma adjustment was made which increased private equity fair value and decreased NBPE's cash balance: $18.7 million for the funding of a direct yielding investment in Heartland which closed in January 2013. The following pro forma adjustment was made which decreased private equity fair value and increased NBPE's cash balance: $3.0 million of returns of capital from the NB Alternatives Direct Co-investment Program. The following pro forma adjustments were made which decreased receivables and increased cash: $5.6 million of cash received in January 2013 from a Special Situations fund redemption and $16.1 million of returns of capital from the NB Alternatives Direct Co-investment Program.*
2. *Defined as total private equity fair value divided by net asset value.*
3. *Defined as the accreted value of the ZDP Shares.*

OVERVIEW OF THE INVESTMENT MANAGER

The NB Alternatives group of Neuberger Berman (the "Investment Manager") has 26 years of investing experience specializing in co-investments, direct yielding investments, private equity funds and secondary investments and has built relationships with leading private equity fund managers over that time.

The Investment Manager makes all of our investment decisions, and we have delegated to the Investment Manager the day-to-day management and operations of our business. The Investment Manager's investment decisions are made by NBPE's Investment Committee (the "Investment Committee"), which currently consists of seven members with an aggregate of approximately 185 years of professional experience. The sourcing and evaluation of our investments is conducted by the Investment Manager's team of approximately 60 investment professionals who specialize in co-investments, direct-yielding investments and fund investments. In addition, the Investment Manager's staff of approximately 110 administrative and finance professionals are responsible for our administrative, financial management and reporting needs. The Investment Manager currently maintains offices in New York, London, Dallas and Hong Kong.

About Neuberger Berman

Neuberger Berman is a private, independent, employee-controlled investment manager. It partners with institutions, advisors and individuals throughout the world to customize solutions that address their needs for income, growth and capital preservation. With more than 1,700 professionals focused exclusively on asset management, it offers an investment culture of independent thinking. Founded in 1939, the company provides solutions across equities, fixed income, hedge funds and private equity, and had $205 billion in assets under management as of 31 December 2012. For more information, please visit our website at www.nb.com.

2012 STRATEGIC ACTIONS OVERVIEW

Long-term Dividend Policy and Capital Return Policy

On 22 January 2013, NBPE declared its first semi-annual dividend payment on the Company's Class A Ordinary Shares as part of the implementation of a long-term policy of paying regular dividends. Under the Long-term Dividend Policy, NBPE intends to pay regular, semi-annual dividends to its shareholders. This Long-term Dividend Policy is a continuation of the Capital Return Policy the Company instituted in 2010 pursuant to which the Company stated that it would return to shareholders at least 50% of the realized net increase in NAV attributable to its Ordinary Shares. Over time, NBPE intends to pay this dividend from the cash yield it receives from its direct yielding investments.

On 28 February 2013, subsequent to this reporting period, NBPE paid its first semi-annual dividend of $0.20 per Class A Ordinary Share. On an annualized basis, this dividend payment represents a dividend yield of 3.4% based on the 31 December 2012 audited NAV and 5.2% based on the Euronext closing price of $7.75 on 31 December 2012.

For the six month period between 1 July 2012 and 31 December 2012, the Capital Return Policy amount was approximately $5.3 million. Including amounts from 1 January 2012 to 30 June 2012, the aggregate amount allocated under the Capital Return Policy during 2012 was $9.1 million. Since inception of the Capital Return Policy in 2010, the total amount allocated was $11.1 million.

NBPE has returned capital under the Capital Return Policy through two actions: the Share Buy Back Programme, implemented in October 2010, and the recently announced Long-term Dividend Policy. During 2012, as a means of returning capital to shareholders under the Capital Return Policy, NBPE purchased a total of 554,605 shares through the Share Buy Back Programme at a weighted average price of $7.07 for a total consideration of $3.9 million. Including the payment of the Company's first dividend in February 2013 this has resulted in a total return of capital of $13.7 million under the Capital Return Policy. Including amounts previously allocated under the current Share Buy Back Programme, NBPE has repurchased a total of 2,269,028 shares through this Programme at a weighted average price of $7.27 for a total consideration of $16.5 million. Including the Company's first dividend payment, a total of $26.3 million has been returned under the Capital Return Policy, implemented through the Long-term Dividend Policy and Share Buyback Programme.

Prior to the policy described above, share repurchases were made through the Liquidity Enhancement Program. Since inception, including shares repurchased through this Program from July 2008 to May 2009, NBPE has repurchased 5,419,436 shares at a weighted average price of $4.75 for a total consideration of $25.8 million. Including the company's first dividend, $35.5 million has been returned since inception by way of dividends and share repurchases.

Future returns of capital under the Capital Return Policy will be announced at the time of reporting our financial results for each respective six-month period. Returns of capital may be achieved by way of Share repurchases, dividends or such other means as the Directors consider most efficient. The 28 February 2013 dividend as well as future dividends shall be made conditional on the passing of the solvency test under Guernsey company law. The Board of Directors will continue to evaluate the Company's financial position, annual dividend target and the timing of future dividends. Future dividend payments will be announced by NBPE after the Board of Directors have completed such evaluation.

Increasing Exposure to Direct Yielding Investments and Equity Co-investments

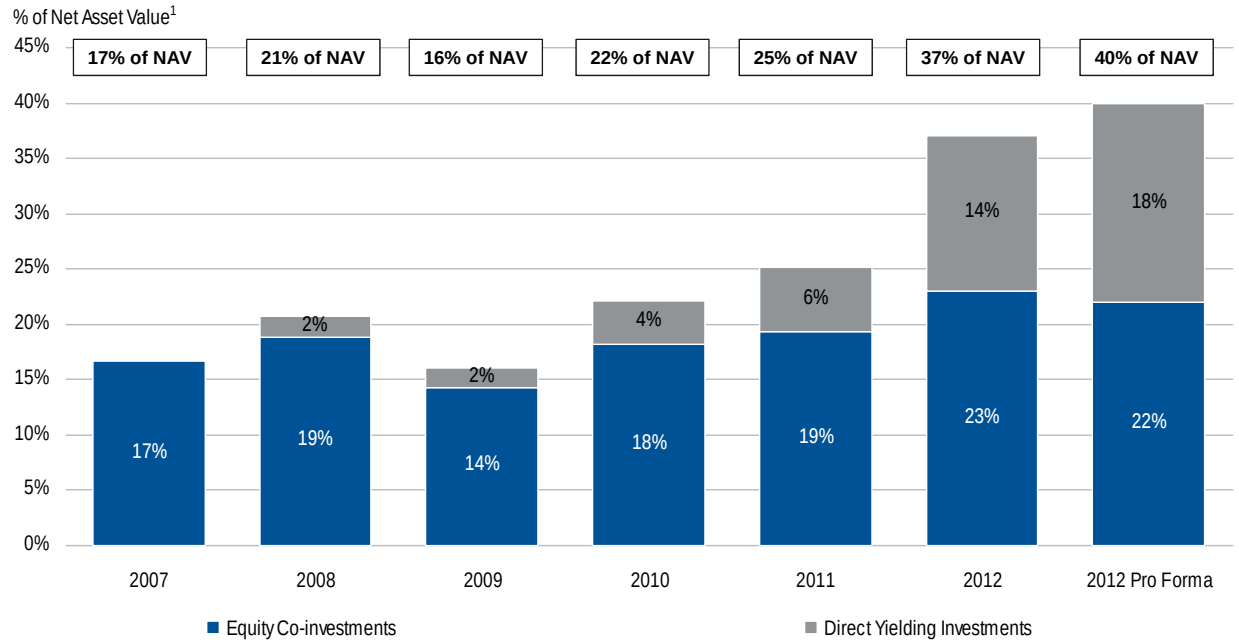
NBPE has been successfully executing on its previously announced strategy of increasing its percentage of direct yielding investments and equity co-investments. During 2012, pro forma for the funding of Heartland Dental second lien debt, which closed in January 2013, NBPE funded in aggregate $78.1 million and participated in nine direct yielding investments. NBPE participated in eight equity co-investments and one follow-on by funding an aggregate $21.7 million, net of returns of capital. As of 31 December 2012 pro forma, all direct investments total $228.6 million, or 40% of NAV, while direct yielding investments currently total $101.6 million, or 18% of NAV.

PORTFOLIO OVERVIEW

New Equity Co-investments and Direct Yielding Investments

We continue to execute on our strategy of investing in direct private equity and direct yielding investments while also maintaining a well-diversified private equity fund portfolio. During 2012, NBPE participated in eight new equity / co-investments, one follow-on co-investment, three direct yielding healthcare credit investments and six direct yielding investments.

We have increased exposure to equity co-investments and direct yielding investments to 37% of NAV at 31 December 2012, despite having made profitable exits. On a pro forma basis, including the funding of Heartland Dental second lien debt in January 2013 and an additional purchase of this second lien debt through a secondary transaction, our exposure to direct investments was 40% of NAV. Both the primary issuance and secondary transaction of this second lien debt closed subsequent to this report.



Over time, we expect this strategy to reduce the duration of our private equity portfolio, increase transparency for Shareholders, reduce our overall expense ratio and continue our policy of maintaining a conservative over-commitment level.

NBPE expects its portfolio will be a majority of direct investments before the end of 2013 and estimates that dividends at the current level will be fully covered by the cash yield on its direct yielding investments by the end of 2013. We expect to invest at least $100 million in additional direct yielding investments during 2013, subject to finding suitable opportunities and market conditions.

Note: Numbers may not sum due to rounding.

1. The percentage of NAV is based on the NAV of NBPE and may differ from the percentage of fair value shown on page 7.

MARKET COMMENTARY

Early in 2012, investors saw reasons for optimism and the possibility of a strong year. Equity markets in the U.S. experienced strong first quarter gains, economic activity had rebounded led by increased consumer confidence, and volatility and inflation remained low. However, as the year continued, there were several key macro issues that caused investors to remain cautious, such as deteriorating conditions in Europe and sluggish growth in China. This sentiment was particularly evident during the fourth quarter as heightened uncertainty about the fiscal cliff led to a market pull-back in the weeks surrounding the presidential election. The decline was short-lived, however, and equity markets rose once again, finishing the year strongly with a 13.4% and 7.3% increase in the S&P 500 Index and the Dow Jones Index, respectively.[1]

We believe that the generally increased optimism in the U.S. during the first half of the year was attributable to signs of a slightly muted, but positive, economic rebound. In the first half of 2012, U.S. GDP was increasing at nearly a 2% annualized rate, inflation was subdued and the housing market was showing signs of a rebound. While U.S. unemployment had remained elevated throughout the year, by year end the unemployment rate had declined 0.7% to 7.8%.

This positive performance in the U.S. was contrasted with continued uncertainty and macro risks in Europe. Anxiety that began over the debt situation in Greece spread to Italy and Spain early in the year as financial woes deepened in those countries leading to increased instability and weakness in the euro region. By the middle of the year, the European Union was facing slim growth prospects, prompting the European Central Bank to announce a bond buying strategy intended to bring down bond yields so as to lower borrowing costs for the debt-plagues countries. With renewed commitments from policy makers in Europe, the Euronext 100 increased 6% in the final quarter of 2012 and nearly 15% for the year.[1]

In the fourth quarter of 2012, U.S. leveraged buyout volume increased from $26.3 billion to $29.8 billion. In addition, leveraged loan volume increased from $12.4 billion in the third quarter to $13.3 billion in the fourth quarter of 2012. Year over year total new-issue leveraged-finance volume increased significantly by over 30%.[2]

While credit is available for certain companies and transactions, not all companies are able to obtain debt financing. This is leading to interesting opportunities to invest in private credit, which generates attractive rates of return relative to our view of their risk. We believe this will lead to strong deal flow in direct yielding investments over the next several years in traditional corporate sectors. In addition, there are interesting opportunities in the healthcare sector in yielding securities backed by the sales of treatments and medical devices. Many companies in this sector lack the ability to obtain traditional sources of financing, yet have strong products or treatments. Income streams from these yielding investments have the added characteristic of generally being less correlated to the overall economy. Dislocation persists in both of these sectors as well as other areas of the market and during shifts in market sentiment.

We continue to believe that our private equity portfolio is well positioned to generate attractive returns over the long term and that we are in a strong position to pursue what we think are high-quality investment opportunities.

1. *Capital IQ.*
2. *S&P Q4 2012 Leveraged Buyout Quarterly Review for U.S.*

INVESTMENT RESULTS[1]

As of 31 December 2012, NBPE's audited NAV per Share was $11.81, representing a 7.1% increase compared to the audited NAV per Share of $11.03 at 31 December 2011. Excluding new investments, our pro forma private equity fair value appreciated 8.6% since 31 December 2011, net of underlying investments' fees and expenses. Our direct investment portfolio pro forma fair value appreciated 7.1%, driven by 2007 and 2011 vintage equity co-investments and the write-up of a direct yielding investment. In addition, two 2012 vintage equity co-investments experienced significant early write-ups due to their strong operating performance to date. These gains were offset by write-downs in certain private and public investments. Our fund investments saw a net increase of 10.2%, reflecting the more mature nature of these portfolios, driven by three special situations funds.

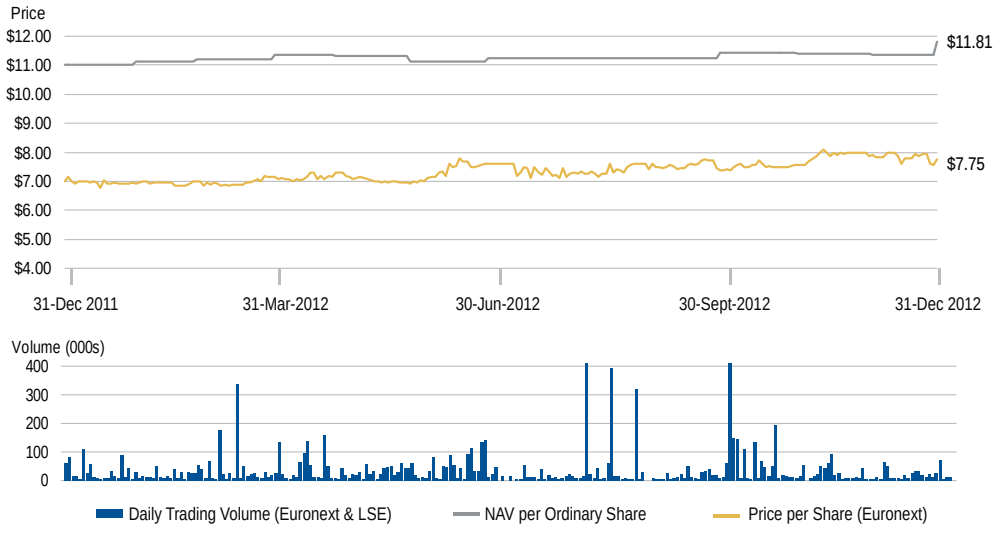
Our private equity portfolio generated realized gains of $33.8 million (excluding tax impacts) in 2012. The portfolio also had net unrealized gains of $14.8 million from private investments, credit-related fund investments and public equity securities. Investment performance during the year was offset by $12.5 million of net operating expenses (including tax impacts). NBPE's total expense ratio at 31 December 2012 was 3.5%.[2] Share repurchases were accretive to NAV per Share by approximately $0.05.

During 2012, on a pro forma basis we invested approximately $176.7 million into private equity assets. Capital was invested: 47% in direct yielding investments, 36% in buyout equity co-investments, 5% in special situations equity co-investments, 6% in buyout funds, 2% in special situations funds and 4% in growth / venture funds.

During the year ended 31 December 2012, on a pro forma basis we received approximately $191.4 million of distributions and returns of capital. Distributions and returns of capital were received: 15% from buyout funds, 27% from equity co-investments, 36% from special situations funds which included redemption proceeds, 11% from direct yielding investments, 4% from special situations equity co-investments, 6% from growth / venture funds and 1% from secondary purchases.

The largest distributions during 2012 were attributable to the sale of a direct yielding / co-investment in the second lien debt and equity of SonicWall, Inc., redemption proceeds from Prospect Harbor Credit Partners and Centerbridge Credit Partners Fund, investment proceeds from OCM Opportunities VIIb, NB Crossroads Fund XVII and Fund XVIII, and returns of capital from co-investments in which NBPE participated.

LAST TWELVE MONTHS "LTM" SHARE PRICE PERFORMANCE AND NAV PER ORDINARY SHARE



Sources: NYSE Euronext and Bloomberg. Past performance is not indicative of future results.
Note: Daily Trading Volume includes combined volume of ordinary shares traded on NYSE Euronext and London Stock Exchange as well as over-the-counter trades reported via Markit BOAT.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Total expense ratio includes financing costs consisting of ZDP costs and credit facility expenses, fees and expenses and carried interest to the manager, but it excludes underlying fund fees and expenses.*

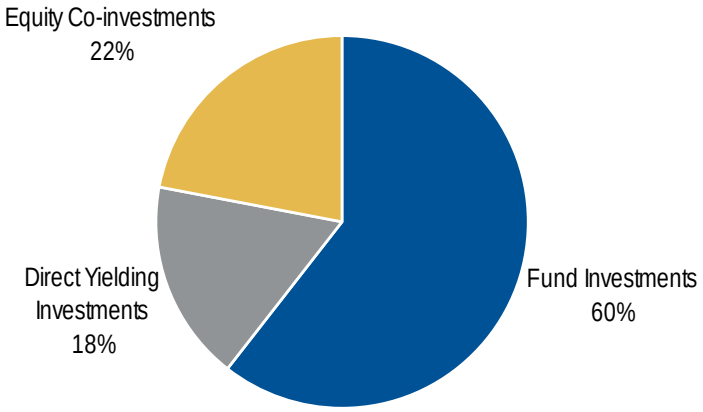
INVESTMENT PORTFOLIO ACTIVITY[1]

On a pro forma basis, as of 31 December 2012, our private equity investment portfolio consisted of 39 fund investments, 12 direct yielding investments and 33 equity co-investments. The pro forma fair value of our private equity portfolio was $579.2 million, and the pro forma total exposure, including unfunded commitments, was $815.0 million.

PRO FORMA PRIVATE EQUITY INVESTMENT PORTFOLIO – 31 DECEMBER 2012

($ in millions)	Number of Investments	Pro Forma Fair Value	Unfunded Commitments[2]	Pro Forma Total Exposure
Fund Investments	39	$350.6	$88.3	$438.9
Direct Yielding Investments	12	101.6	42.6	144.2
Equity Co-investments	33	127.0	104.8	232.0
Total Private Equity Investments	**84**	**$579.2**	**$235.7**	**$815.0**

PORTFOLIO ALLOCATION BASED ON PRO FORMA PRIVATE EQUITY FAIR VALUE



Note: Numbers may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *The direct yielding and equity co-investment unfunded commitments are primarily to the NB Healthcare Credit Program and NB Co-investment Program.*

INVESTMENT PORTFOLIO ACTIVITY[1]

Funding and Contribution Activity

During the year, we participated in the following direct co-investments and funded or committed an aggregate $99.8 million.[2] Approximately $21.7 million and $78.1 million were funded into equity co-investments and direct yielding investments, respectively. During 2012, NBPE participated in the following investments:

- NB Alternatives Direct Co-investment Program ($18.7 million / 3.9% of NBPE NAV)[3]
  - First Half 2012 ($8.4 million)
    - Mid-cap buyout equity co-investment in American Dental Partners, Inc.
    - Mid-cap buyout equity co-investment in Blue Coat Systems, Inc.
    - Special situations equity co-investment in Gabriel Brothers, Inc.
  - Second Half 2012 ($10.4 million)
    - Mid-cap buyout equity co-investment in Acteon
    - Mid-cap buyout equity co-investment in Deltek, Inc.
    - Mid-cap buyout equity co-investment in RevSpring Inc.
    - Mid-cap buyout equity co-investment in Taylor Precision Products
- NB Alternatives Healthcare Credit Program ($6.6 million / 1.2% of NBPE NAV) [3]
  - Direct yielding investment in royalty backed notes collateralized by the sale of medication delivery and blood collection products
  - Direct yielding investment in a senior secured term loan facility collateralized by the performance of a company holding numerous patents related to Polymerase Chain Reaction
  - Direct yielding investment in a senior secured term loan in a Public Healthcare Company
- Additional Direct Investments ($74.4 million / 13.0% of NBPE NAV) [3]
  - First Half 2012 ($15.7 million)
    - Large-cap buyout follow-on equity co-investment in Avaya, Inc.
    - Direct yielding investment in Evans Network of Companies
  - Second Half 2012 ($58.7 million)
    - Mid-cap buyout equity co-investment in Boa Vista
    - Direct yielding investment in CPG International Inc.
    - Direct yielding investment in Deltek, Inc.
    - Direct yielding investment in PIK notes backed by Firth Rixson
    - Direct yielding investment in a second lien term loan in P2 Energy Solutions, Inc.
    - Direct yielding investment in Heartland Dental Care, which closed in January 2013

Within the Fund portfolio, capital call activity has meaningfully decreased as many funds are near completing or have completed their investment periods and are focusing on enhancing and monetizing value within their portfolios. During the year, approximately $22.1 million was contributed to underlying funds. The capital calls during the year reduced the unfunded component of Fund commitments to $88.3 million. Of the amount of unfunded commitments to fund investments, approximately $40.9 million was unfunded commitments to funds past their investment period.[4]

Note: Numbers may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Net of returns of capital*
3. *Represents percentage of NBPE NAV at 31 December 2012.*
4. *Some portion of this amount may be called in future periods for fees, expenses, and/or follow-on investments.*

INVESTMENT PORTFOLIO ACTIVITY[1]

Changes in Private Equity Fair Value

Consistent with our strategy of increasing NBPE's exposure to direct investments, NBPE's equity co-investment and direct yielding investment fair values have increased $23.2 and $68.6 million, respectively, in 2012 on a pro forma basis. This increase is driven primarily by the funding of the eighteen new direct investments completed during the year. Fund investment fair value has decreased by $51.0 million during the year due to distributions from fund investments, of which $29.9 million was proceeds attributable to special situations fund redemptions.

Sales Proceeds, Cash Interest and Distribution Activity

The investments in our private equity portfolio generated total distributions of $191.4 million during the year ended 31 December 2012.

In total, all liquidity events in the direct co-investment portfolio over the year generated proceeds of $78.9 million and were from:

- $13.6 million of sale proceeds from SonicWall, Inc. Second-Lien Debt and Equity, Suddenlink Communications, and royalty notes backed by the sale of neuropathic pain medication
    - Sale proceeds from the SonicWall Equity represented a 12% increase over NBPE's carrying value at 31 December 2011. An additional amount remains in escrow
    - Sale proceeds from Suddenlink were approximately in-line with NBPE's carrying value at 30 September 2012
    - Sale proceeds from the Royalty Notes Backed by the Sale of Neuropathic Pain Medication were approximately in line with NBPE's carrying value at 30 September 2012
- $6.4 million in principal and cash interest received from direct yielding investments
- $5.6 million cash dividends, escrow, and interest income earned from Dresser Holdings, Inc., TPF Genco Holdings, LLC, Edgen Group, Inc., GazTransport & Technigaz S.A.S., Kyobo Life Insurance Co., CommScope, Inc., J.Crew Goup, Inc., RAC Limited and the NB Healthcare Credit Investment Program
- $53.4 million in returns of capital

There was meaningful distribution activity within our Fund portfolio as well during the year, with aggregate distributions totaling $112.5 million. Distributions were driven by the redemption of two special situations fund investments, sales of public securities held by underlying sponsors and investment proceeds from special situations funds. Within our direct fund portfolio, approximately 159 companies completed liquidity events (sales and recapitalizations) that led to a distribution. Within NB Crossroads Fund XVII and Fund XVIII, over 416 underlying companies completed liquidity events during the year, leading to $16.8 million of distributions to NBPE.

Note: Numbers may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

INVESTMENT PORTFOLIO ACTIVITY[1]

Notable Liquidity Events Potentially Leading to Realization Activity

In addition, 37 portfolio companies completed initial public offerings ("IPOs") during the year ended 31 December 2012. These 37 companies had an aggregate fair value of approximately $12.1 million as of 31 December 2012. The largest and most significant IPOs represented $9.6 million of fair value as of 31 December 2012 and were attributable to:

- Edgen Group, Inc., an equity co-investment and portfolio company of Jefferies Capital Partners IV
- InRetail Peru Corp, a portfolio company of NG Capital Partners I, L.P.
- Tumi Holdings Inc., a portfolio company of Doughty Hanson & Co IV Limited Partnership Number 4
- Facebook, Inc., a portfolio company of underlying investment partnerships held by NB Crossroads Fund XVII and NB Crossroads Fund XVIII
- EverBank Financial Corporation, a portfolio company of Aquiline Financial Services Fund

Aggregate Portfolio and Investment Activity

The aggregate portfolio and investment activity for the year ending 31 December 2012 was as follows:

($ in millions)	**Fund Investments**	**Direct Investments (Co-investments and Private Debt)**	**Total**
Investments Funded	$22.1	$154.6	$176.7
Distributions Received	$112.5	$78.9	$191.4
Net Realized Gains (Losses)	$31.5	$2.3	$33.8
Net Unrealized Appreciation (Depreciation)	$8.0	$6.8	$14.8
Direct/Co-investments	-	18	18
Direct/Co-investments Funded/Committed[2]	-	$99.8	$99.8

Note: Numbers may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Net of returns of capital.*

INVESTMENT STRATEGY AND CAPITAL DEPLOYMENT[1,2]

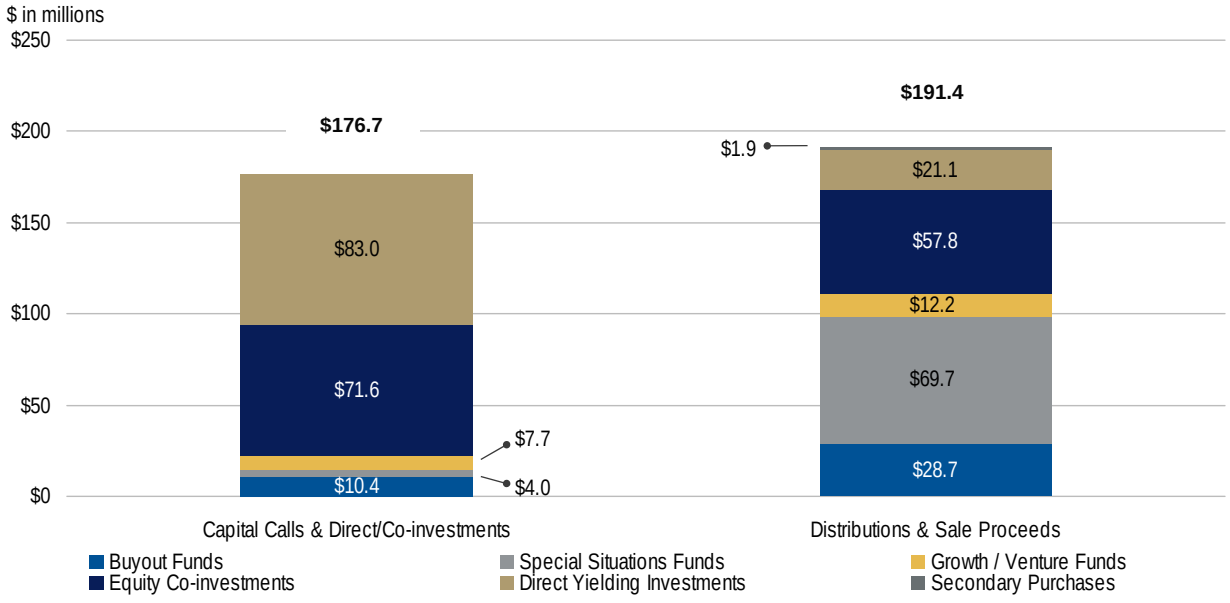
We seek to generate attractive risk-adjusted returns by increasing our net asset value over the long term and returning capital to shareholders in accordance with our long-term Capital Return Policy, implemented through our Long-term Dividend Policy and Share Buyback Programme. We have allocated a meaningful portion of our portfolio to equity co-investments and direct yielding investments. Over the past twelve months, our equity co-investment and direct yielding investment exposure has increased from 25% of NAV as of 31 December 2011 to 40% of NAV on a pro forma basis as of 31 December 2012. This allocation will continue to increase over the next several quarters. We expect the majority of the portfolio to be deployed in equity co-investments and direct yielding investments by the end of 2013. Within the direct portfolio, we are currently targeting an allocation of approximately 60% equity co-investments and 40% direct yielding investments, subject to an available set of opportunities and market conditions.

We expect a meaningful allocation to direct yielding investments as a means to generate portfolio income at attractive yields. During the year ending 31 December 2012, NPBE generated cash and PIK interest of $8.1 million from this portfolio. As of 31 December 2012, on a pro forma run rate basis, our portfolio generates cash and PIK interest of $11.4 million.

During 2012, on a pro forma basis, our private equity portfolio generated net cash flow of $14.7 million (including the redemption proceeds from two special situations fund investments). We continue to see meaningful cash distributions from our mature distressed and buyout funds. Many special situations fund portfolios are beginning to monetize investments in credit securities. We expect the more mature investments to become increasingly cash generative over the next several quarters.

We will continue to deploy this cash into direct yielding investments. We will also continue to make equity co-investments in attractive opportunities alongside leading sponsors in their core areas of expertise subject to an available set of opportunities. In addition, we may make primary commitments to seasoned fund managers and other yielding investments on an opportunistic basis, with a particular focus on capital efficient investment strategies.

2012 CAPITAL DEPLOYMENT & DISTRIBUTIONS[1,2]



Note: As of 31 December 2012. Past performance is not indicative of future results. Numbers may not sum due to rounding.

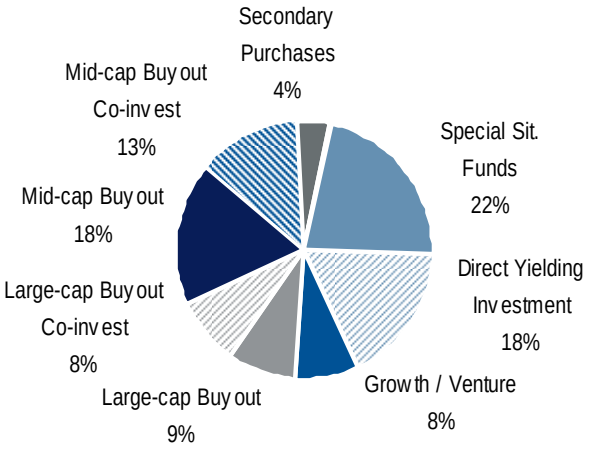
1. *Pro forma for NBPE's participation in the primary issuance of second lien debt in Heartland in January 2013 and NBPE's additional purchase of this second lien debt through a secondary transaction.*
2. *Special Situations Funds distributions include $29.9 million of special situations fund redemption proceeds. NBPE received $24.0 million of cash proceeds in 2012 and an additional $5.6 million of cash proceeds in January 2013. An additional $1.6 million was held on NBPE's Balance Sheet as a receivable at 31 December 2012 and NBPE expects to receive the cash in Q2 2013.*

DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE[1,2]

Consistent with our investment objective, we strive to manage investment risk through appropriate diversification within our private equity portfolio. The graphs below illustrate the breakdown of our private equity portfolio by asset class and investment type based on pro forma fair value, pro forma total exposure and unfunded commitments as of 31 December 2012.

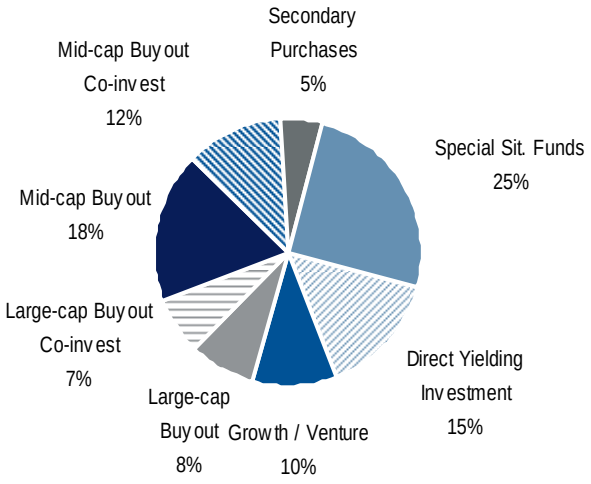
DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE

BASED ON PRO FORMA FAIR VALUE

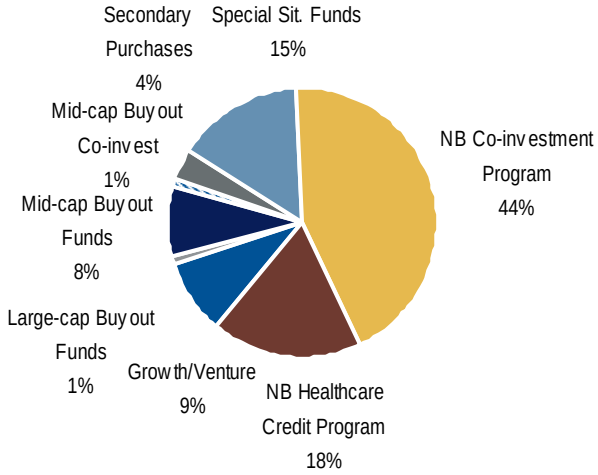


DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE

By Pro Forma Total Exposure[3]



By Unfunded Commitment



1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

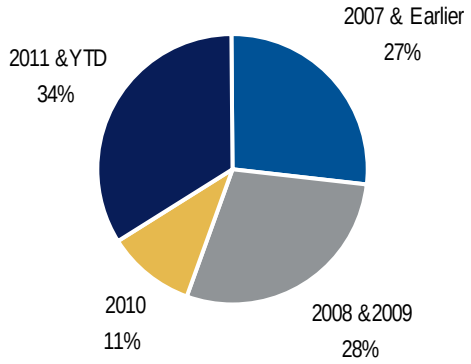
2. *The diversification analysis by asset class and investment type is based on the fair value of underlying fund investments and direct co-investments. Determinations regarding asset class and investment type represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information.*

3. *For the NB Alternatives Direct Co-investment Program and the NB Healthcare Credit Investment Program commitments, total exposure only reflects the funded investments to date, as capital deployment is opportunistic and cannot be accurately forecast at this time.*

DIVERSIFICATION BY YEAR OF INVESTMENT[1]

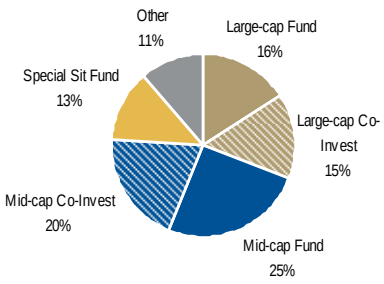
The graphs below illustrate the diversification of our private equity portfolio by year of investment based on pro forma fair value as of 31 December 2012. Year of investment is calculated at the portfolio company level and is defined as the date of capital deployment into a particular underlying investment. This differs from the diversification by vintage year on page 15 as vintage year shows when a fund was formed rather than when the capital was deployed. As illustrated below, approximately 73% of pro forma fair value at 31 December 2012 was attributable to investments made during 2008 through 2012. On a pro forma basis, approximately 73% of capital invested in 2011 and 2012 has been invested in direct yielding investments and equity co-investments as NBPE continues to execute on its strategy to increase allocations to attractive opportunities within each of these asset classes.

DIVERSIFICATION BY YEAR OF INVESTMENT BASED ON PRO FORMA FAIR VALUE

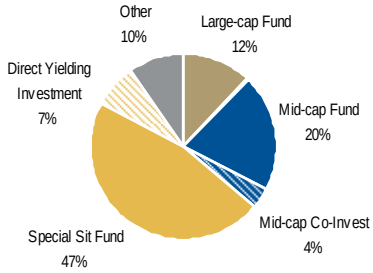


YEAR OF INVESTMENT: DIVERSIFICATION BY ASSET CLASS BASED ON PRO FORMA FAIR VALUE

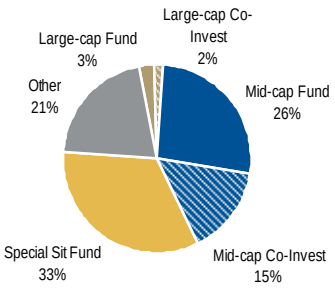
2007 & EARLIER (27%)



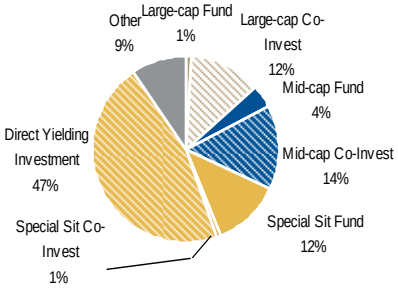
2008 & 2009 (28%)



2010 (11%)



2011 & 2012 (34%)



Note: "Other" includes NB Crossroads Fund XVII and Growth / Venture.

Note: Numbers may not sum due to rounding.

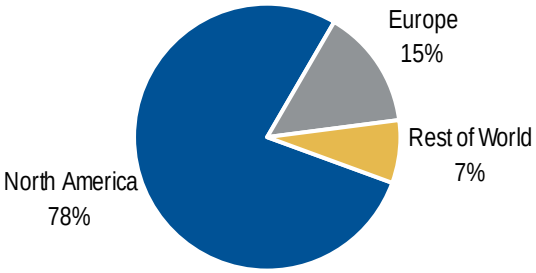
1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

DIVERSIFICATION BY GEOGRAPHY AND INDUSTRY[1,2]

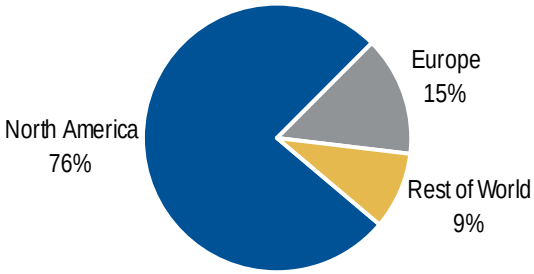
The graphs below illustrate the diversification of our private equity portfolio by geography and industry based on pro forma fair value and pro forma total exposure as of 31 December 2012.

GEOGRAPHIC DIVERSIFICATION

By Pro Forma Fair Value

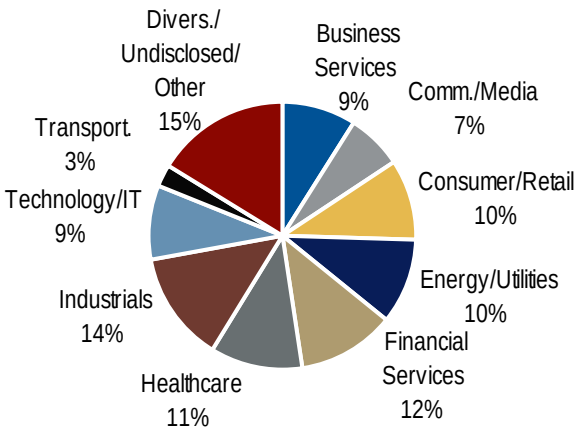


By Pro Forma Total Exposure

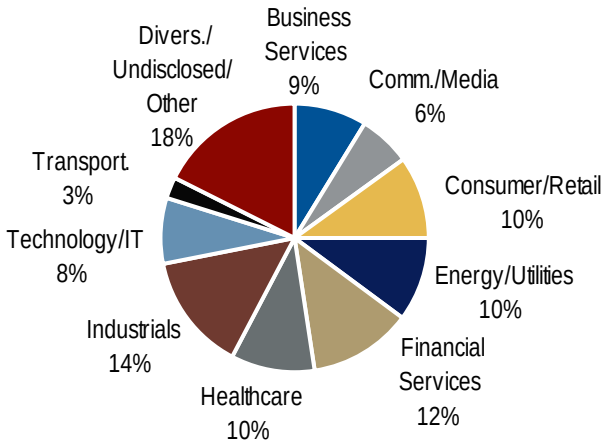


INDUSTRY DIVERSIFICATION

By Pro Forma Fair Value



By Pro Forma Total Exposure



Note: Numbers may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *The diversification analysis by geography and industry is based on the diversification of underlying portfolio company investments at fair value. Determinations regarding geography and industry also represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information.*

DIVERSIFICATION BY VINTAGE YEAR[1]

The table below outlines the diversification of our private equity portfolio by vintage year and investment type based on pro forma fair value as of 31 December 2012. For the purposes of this analysis, and throughout this Annual Report, vintage year is defined as the date of the first portfolio investment made by a private equity fund or the date of a direct co-investment. This diversification by vintage year should be distinguished from the diversification by year of investment, which is shown on page 13.

DIVERSIFICATION BY VINTAGE YEAR AND INVESTMENT TYPE BASED ON PRO FORMA FAIR VALUE

($ in millions)	Vintage Year										
	<=2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**
Special Sit. Funds	0.1	1.5	14.1	63.1	31.6	18.7	-	-	-	-	129.0
Special Sit. & Direct Yielding Co-invest	-	-	-	-	12.4	-	-	9.9	62.0	18.7	103.1
Mid-cap Buyout Funds	6.0	11.3	50.0	32.7	3.8	-	-	-	-	-	103.8
Mid-cap Buyout & Growth Co-invest	-	-	8.1	24.8	3.4	2.6	9.4	4.7	22.7	-	75.8
Large-cap Buyout Funds	11.2	2.7	33.9	3.0	-	-	0.1	-	-	-	50.9
Large-cap Buyout Co-invest	-	-	3.1	20.9	-	0.3	1.0	22.9	0.5	-	48.7
Growth / Venture Funds	2.3	5.6	10.4	12.1	2.4	-	12.8	0.1	-	-	45.8
Secondary Purchases	0.2	0.0	0.5	5.0	0.3	7.3	1.8	7.0	-	-	22.1
Total	$19.7	$21.2	$120.1	$161.6	$53.9	$28.9	$25.1	$44.7	$85.2	$18.7	$579.2

(% of Fair Value)	Vintage Year										
	<=2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**
Special Sit. Funds	0.0%	0.3%	2.4%	10.9%	5.5%	3.2%	-	-	-	-	22.3%
Special Sit. & Direct Yielding Co-invest	-	-	-	-	2.1%	-	-	1.7%	10.7%	3.2%	17.8%
Mid-cap Buyout Funds	1.0%	2.0%	8.6%	5.6%	0.7%	-	-	-	-	-	17.9%
Mid-cap Buyout & Growth Co-invest	-	-	1.4%	4.3%	0.6%	0.4%	1.6%	0.8%	3.9%	-	13.1%
Large-cap Buyout Funds	1.9%	0.5%	5.9%	0.5%	-	-	0.0%	-	-	-	8.8%
Large-cap Buyout Co-invest	-	-	0.5%	3.6%	-	0.1%	0.2%	4.0%	0.1%	-	8.4%
Growth / Venture Funds	0.4%	1.0%	1.8%	2.1%	0.4%	-	2.2%	0.0%	-	-	7.9%
Secondary Purchases	0.0%	0.0%	0.1%	0.9%	0.1%	1.3%	0.3%	1.2%	-	-	3.8%
Total	3.4%	3.7%	20.7%	27.9%	9.3%	5.0%	4.3%	7.7%	14.7%	3.2%	100.0%

Note: Numbers may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

PRIVATE EQUITY INVESTMENT PORTFOLIO[1,2]

The following is a list of our direct co-investments on a pro forma basis as of 31 December 2012.

($ in millions) Direct / Co-investments	Principal Geography	Vintage Year	Pro Forma Fair Value	Unfunded Commit.	Pro Forma Total Exposure
Mid-cap Buyout, Special Situations and Growth Equity					
Acteon Group Ltd.	U.S.	2012			
American Dental Partners, Inc.	U.S.	2012			
Blue Coat Systems, Inc.	U.S.	2012			
Credibureau L.P. (Boa Vista)	Brazil	2012			
Deltek Inc.	U.S.	2012			
Edgen Group, Inc.	U.S.	2007			
Fairmount Minerals, Ltd.	U.S.	2010			
Firth Rixson, plc	Europe	2007-09			
Gabriel Brothers, Inc.[3]	U.S.	2012			
GazTransport & Technigaz S.A.S.	Europe	2008			
Group Ark Insurance Holdings Limited	Global	2007			
Kyobo Life Insurance Co., Ltd.	Asia	2007			
Pepcom GmbH	Europe	2011			
Press Ganey Associates, Inc.	U.S.	2008			
RevSpring	U.S.	2012			
Salient Federal Solutions, LLC	U.S.	2010			
Seventh Generation, Inc. [4]	U.S.	2008			
SonicWall, Inc.	U.S.	2010			
Swissport International AG	Europe	2011			
Taylor Precision Products	U.S.	2012			
The SI Organization, Inc.	U.S.	2010			
TPF Genco Holdings, LLC	U.S.	2006			
Total Mid-cap Special Situations and Growth Equity			**$78.5**	**$1.5**	**$80.0**
Large-cap Buyout					
Avaya, Inc.	U.S.	2007-12			
Capsugel, Inc.	U.S.	2011			
CommScope, Inc.	U.S.	2011			
Energy Future Holdings Corp.	U.S.	2007			
First Data Corporation	U.S.	2007			
Freescale Semiconductor, Inc.	U.S.	2006			
J.Crew Group, Inc.	U.S.	2011			
RAC Limited	Europe	2011			
Sabre Holdings Corporation	U.S.	2007			
Syniverse Technologies, Inc.	U.S.	2011			
Univar Inc.	Global	2010			
Total Large-cap Buyout			**$48.6**	**$0.0**	**$48.6**
Direct Yielding Investments					
CPG International Inc.	U.S.	2012			
Deltek Inc.	U.S.	2012			
Evans Network of Companies	U.S.	2012			
Firth Rixson, plc (Mezzanine Debt)	Europe	2008			
Firth Rixson, plc (2011 PIK Notes)	Europe	2011			
Firth Rixson, plc (2012 PIK Notes)	Europe	2012			
Heartland Dental Care, LLC [5]	U.S.	2013			
Petroleum Place 2nd Lien	U.S.	2012			
Royalty Notes (Hormone Therapy)	Global	2011			
Royalty Notes (Medication Products)	U.S.	2012			
Senior Secured Term Loan (PCR)	U.S.	2012			
Public Healthcare Company	U.S.	2012			
Total Direct Yielding Investments			**$101.6**	**$0.0**	**$101.6**
NB Alternatives Direct Co-investment Program			-	**$103.3**	**$103.3**
NB Healthcare Credit Investment Program			-	**$42.6**	**$42.6**
Total Direct Investments			**$228.6**	**$147.4**	**$376.1**

Note: Totals may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Direct co-investment values are disclosed on an aggregate-only basis. No individual company accounted for more than 4.0% of total net asset value.*
3. *Gabriel Brothers is the only Special Situations investment.*
4. *Seventh Generation is the only Growth Equity investment.*
5. *Investment closed in January 2013.*

PRIVATE EQUITY INVESTMENT PORTFOLIO [1,2]

The following is a list of our private equity fund investments on a pro forma basis as of 31 December 2012.

($ in millions) Fund Investments	Principal Geography	Vintage Year	Pro Forma Fair Value	Unfunded Commit.	Pro Forma Total Exposure
Special Situations					
Catalyst Fund III	Canada	2009	$7.4	$8.1	$15.5
Centerbridge Credit Partners	U.S.	2008	19.7	-	19.7
CVI Global Value Fund	Global	2006	9.8	0.8	10.5
OCM Opportunities Fund VIIb	U.S.	2008	11.9	3.0	14.9
Oaktree Opportunities Fund VIII	U.S.	2009	11.0	-	11.0
Platinum Equity Capital Partners II	U.S.	2007	16.9	3.5	20.4
Prospect Harbor Credit Partners	U.S.	2007	0.9	-	0.9
Sankaty Credit Opportunities III	U.S.	2007	23.0	-	23.0
Strategic Value Special Situations Fund	Global	2010	0.6	0.0	0.7
Strategic Value Global Opportunities Fund I-A	Global	2010	0.9	0.1	1.0
Sun Capital Partners V	U.S.	2007	7.6	1.4	9.0
Wayzata Opportunities Fund II	U.S.	2007	11.8	17.8	29.6
Wayzata Opportunities Fund II (Secondary)	U.S.	2011	7.0	5.1	12.2
Mid-cap Buyout					
American Capital Equity II	U.S.	2007	4.3	1.3	5.6
Aquiline Financial Services Fund	U.S.	2005	5.6	0.0	5.6
ArcLight Energy Partners Fund IV	U.S.	2007	5.1	5.4	10.5
Avista Capital Partners	U.S.	2006	11.2	0.7	12.0
Clessidra Capital Partners	Europe	2004	1.4	0.2	1.6
Corsair III Financial Services Capital Partners	Global	2007	6.7	1.4	8.1
Highstar Capital II	U.S.	2004	3.5	0.1	3.6
Investitori Associati III	Europe	2000	0.4	0.3	0.7
Lightyear Fund II	U.S.	2006	10.1	1.3	11.4
OCM Principal Opportunities Fund IV	U.S.	2006	16.4	2.0	18.4
Trident IV	U.S.	2007	4.5	0.7	5.1
Large-cap Buyout					
Carlyle Europe Partners II	Europe	2003	4.7	0.7	5.4
Doughty Hanson & Co IV	Europe	2003	5.1	0.1	5.2
First Reserve Fund XI	U.S.	2006	21.3	0.0	21.4
J.C. Flowers II	Global	2006	2.7	0.3	3.0
Growth Equity					
Bertram Growth Capital I	U.S.	2007	8.8	1.8	10.6
Bertram Growth Capital II	U.S.	2010	3.2	5.8	9.0
DBAG Expansion Capital Fund	Europe	2011	0.1	5.2	5.4
NG Capital Partners	Peru	2010	5.9	1.3	7.1
Summit Partners Europe Private Equity Fund	Europe	2010	3.7	3.1	6.8
Fund of Funds Investments					
NB Crossroads Fund XVII	U.S.	2002-06	30.7	2.7	33.4
NB Crossroads Fund XVIII Large-cap Buyout	Global	2005-10	11.8	2.2	14.0
NB Crossroads Fund XVIII Mid-cap Buyout	Global	2005-10	29.6	7.1	36.7
NB Crossroads Fund XVIII Special Situations	Global	2005-10	8.7	0.9	9.6
NB Crossroads Fund XVIII Venture Capital	U.S.	2005-10	9.3	1.7	10.9
NB Fund of Funds Secondary 2009	Global	2009-10	7.3	2.0	9.2
Total Fund Investments			**$350.6**	**$88.3**	**$438.9**
Total Private Equity Investment Portfolio			**$579.2**	**$235.7**	**$815.0**

Note: Totals may not sum due to rounding.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Of the amount of unfunded commitments to fund investments, approximately $40.9 million was unfunded commitments to funds past their investment period. Some portion of this amount may be called in future periods for fees, expenses, and/or follow-on investments.*

2012 NEW INVESTMENT OVERVIEW[1]

During the year ending 31 December 2012, we funded an aggregate $99.8 million[2] to the following equity co-investments and direct yielding investments:

Equity Co-investments

Acteon (Nov. 2012)

Mid-cap Buyout Co-investment

(Less than 1% of NBPE NAV)

- Global provider of specialized products and services to the offshore energy sector across the life of field developments, from exploration to decommissioning
- Operates globally from 41 facilities in 17 countries and serves both operators (oil companies), contractors and other service providers
- NBPE agreed to participate alongside KKR, a leading global investment firm, with over 30 years of private equity experience and a large, dedicated energy and infrastructure team
- We believe Acteon is well-positioned to capitalize on a secular trend towards offshore and subsea E&P activity requiring specialized niche expertise, which comprises the core of Acteon's equipment and services offering

Boa Vista (Nov. 2012)

Mid-cap Buyout Co-investment

(Less than 1% of NBPE NAV)

- Boa Vista (BVS) is the second largest credit bureau in Brazil
- This was an investment by NBPE into an existing portfolio company of TMG Capital
- TMG is a Brazilian middle market private equity firm whose partners have pioneered the private equity in Brazil and have deep experience implementing operational improvements
- We believe Boa Vista will benefit from continued strong secular growth in consumer credit in Brazil, which is expected to further benefit from the enactment of recent legislation allowing for the use of positive credit data in credit scores

RevSpring (Sept. 2012)

Mid-cap Buyout Co-investment

(Less than 1% of NBPE NAV)

- Outsourced provider of consumer accounts receivable management ("ARM") and revenue cycle management ("RCM") services
- NBPE's investment provided capital to allow the company to finance an add-on acquisition
- NBPE invested alongside Compass Investment Partners, a private equity firm focusing on control investments in middle-market companies
- We believe RevSpring is positioned to capitalize on end-market trends in the healthcare revenue cycle management market. We also believe the company has proven it can successfully execute acquisitions and grow organically

Taylor Precision Products (July 2012)

Mid-cap Buyout Co-investment

(Less than 1% of NBPE NAV)

- Leading North American marketer of a wide range of consumer and foodservice precision measurement products including bath scales, kitchen scales, thermometers and timers, and selected outdoor products
- NBPE invested alongside Centre Partners, a private equity fund focusing on control investments in middle-market companies
- Market-leading business and strong partner to retail customers in a defensible sector with limited competition
- We believe Taylor is a market-leading business and strong partner to retail customers in a defensible sector

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Net of returns of capital.*

2012 NEW INVESTMENT OVERVIEW[1]

Avaya Add-on Acquisition (June 2012) Large-cap Buyout Co-investment (Less than 1% of NBPE NAV) AVAYA	• Provider of communication systems, applications and services for enterprises, including businesses, government agencies and other organizations • The acquired business is a leading provider of videoconferencing and telepresence technologies over IP and wireless networks • NBPE invested alongside Silver Lake and TPG, two premier large-cap investors in technology companies and related sectors • We believe that, through the acquisition, Avaya will have a competitive portfolio of video and unified communications solutions and the acquired business's product will benefit from Avaya's distribution network and existing customer base
Gabriel Brothers (March 2012) Special Situations Co-investment (Less than 1% of NBPE NAV) GABRIEL Brothers	• Off-price retailer that purchases merchandise from vendors at deep discounts due to stock over-runs, close outs or minor irregularities, and resells the product. The company has 100 stores in the mid-Atlantic and south-eastern states of the United States and carries well-known brands • NBPE invested alongside A&M Capital, a middle market private equity firm focused on undermanaged companies where they can bring their operational expertise and executives to bear to improve performance • We believe Gabriel Brothers is a well-positioned retailer with the opportunity to improve operating performance and margin profile
Blue Coat Systems (Feb. 2012) Mid-cap Buyout Co-investment (1-2% of NBPE NAV) Blue Coat	• Technology company that provides web security and network acceleration products to Fortune 500 companies. Blue Coat sells its products and services globally • NBPE invested alongside Thoma Bravo, one of the best private equity investors in the space, with an especially strong track record in "software as a service" business models • We believe Blue Coat will benefit from strong secular growth trends in technology security and network optimization, and the company has significant opportunities to drive margin expansion • NB has previously co-invested with Thoma Bravo in similar businesses and value creation thesis
American Dental Partners (Feb. 2012) Mid-cap Buyout Co-investment (Less than 1% of NBPE NAV) AMERICAN DENTAL PARTNERS	• Provider of administrative office management services to dental practices in the United States • NBPE invested alongside JLL Partners, who has a successful track-record in healthcare investments in the United States • We believe ADPI will benefit from a stable and resilient dental services industry, a secular trend towards outsourcing of dental office administration services, and significant opportunities to expand

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

2012 NEW INVESTMENT OVERVIEW[1]

Direct Yielding Investments

Heartland Dental Care **(Jan. 2013)** Second Lien Term Loan (Direct Yielding Investment) (3-4% of NBPE NAV) 	• Large dental service organization in the U.S., providing dentists with administrative services such as personnel staffing, purchasing, and financial, marketing and technology support • NB's investment in Heartland Dental Care is a second lien term loan with an 9.8% annual cash interest coupon • We believe Heartland will benefit from strong industry dynamics, provides clear value to dentists and has a highly-diversified revenue stream across geographies, payors and service type
P2 Energy Solutions, Inc. **(Dec. 2012)** Second Lien Term Loan (Direct Yielding Investment) (Less than 1% of NBPE NAV) 	• The largest independent provider of software and data solutions exclusively serving the upstream oil-and-gas industry • NB Alternatives is participating in a second lien term loan which pays a 10% annual cash interest coupon and matures in 2018 • We believe P2 is uniquely positioned as both a back office support provider as well as a provider of engineering software services that are used in the field. In addition, we believe industry dynamics are and will continue to be attractive
Firth Rixson **(Dec. 2012)** Senior Unsecured PIK Notes (Direct Yielding Investment) (Less than 1% of NBPE NAV) 	• Leading, global supplier of highly engineered rings, forgings and specialist metal products primarily to aerospace engine manufacturers • NB Alternatives participated in a follow-on opportunity in Firth Rixson PIK Notes with a 19% annual coupon and an expected maturity of 2018 • We believe this company has attractive long-term growth prospects and the structure of the investment provides downside protection
Public Healthcare Company **(Dec. 2012)** Senior Secured Term Loan (Direct Yielding Investment) (Less than 1% of NBPE NAV)	• A public healthcare company that develops enzymes for industrial use • The senior secured term loan pays an 11.5% annual cash interest and is expected to mature in 2017 • We believe the company's multitude of product offerings and the nature of their diverse industry coverage will provide strong growth potential as well as downside protection. Additionally, the company is associated with brand-name companies within their respective industries

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

2012 NEW INVESTMENT OVERVIEW[1]

Deltek (Oct. / Nov. 2012) Second Lien Debt / Equity (Direct Yielding and Mid-cap Buyout Co-investment) (3-4% of NBPE NAV) Deltek.	• Leading global provider of enterprise software and information solutions for professional services firms and government contractors • Provides software tools such as enterprise resource planning, project management, customer relationship management, and subscription-based data • NBPE agreed to participate alongside Thoma Bravo, a leading middle market software and information technology private equity firm • We believe Deltek has a strong customer base and is a leader in its end markets
CPG International (Sept. 2012) Mezzanine Financing (Direct Yielding Investment) (2-3% of NBPE NAV) CPG INTERNATIONAL	• Leading manufacturer and innovator of low maintenance, premium branded synthetic building products that replace wood, metal and other materials • NBPE participated in the mezzanine financing, which consists of notes that carry a 12% annual cash interest coupon and equity • CPG is using the capital to acquire TimberTech, a manufacturer of synthetic decking • We believe that, post-acquisition, CPG offers a comprehensive line of synthetic building products and has strong free cash flow profile
Senior Secured Term Loan (Aug. 2012) Primary Origination of Senior Secured Term Loan (Direct Yielding Investment) (Less than 1% of NBPE NAV)	• Senior secured term loan backed by a healthcare company that receives royalty payments from licensing patents related to Polymerase Chain Reaction ("PCR") • NB Alternatives and sub-advisor directly underwrote the term loan facility which carries a 10% annual cash interest rate with upside potential through warrants purchased alongside the notes • We believe the company's royalty revenues from its PCR patents will provide a stable cash flow stream and the company's development and expansion of a diagnostic product line creates upside for the investment
Evans Network of Companies (June 2012) Mezzanine Financing (Direct Yielding Investment) (2-3% of NBPE NAV)	• Leading business services firm focused on supporting agents and drivers that coordinate and haul intermodal freight • NB Alternatives directly underwrote the mezzanine investment which carries a 12% annual cash interest coupon, and a 2% PIK interest component, plus equity • We believe Evans will benefit from a favorable secular trend within the transportation industry towards intermodal shipping. We also believe we are backing an industry leading management team and the company has an attractive risk reward profile given the business' underlying customer diversification and earnings profile
Royalty Notes (Feb. 2012) Royalty Backed Notes (Direct Yielding Investment) (Less than 1% of NBPE NAV)	• Senior notes secured by guaranteed licensing payments generated by the sale of next generation safety blood collection device • NB Alternatives and sub-advisor directly underwrote the purchase of the notes which carry a 14% annual cash interest rate with upside potential for additional interest contingent on product sales • We believe there is a shift in the market toward "safe needles" and the long term contract dynamics that underpin the income stream supporting the royalty provide downside protection

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

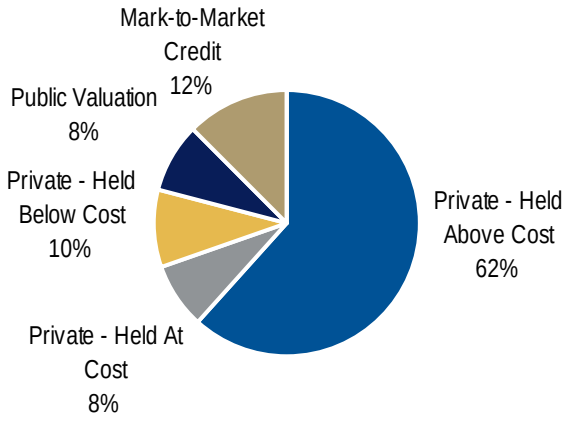
VALUATION INFORMATION[1,2]

Our NAV per Share of $11.81 as of 31 December 2012 was $0.31 higher than previously reported in our December 2012 Monthly Report principally due to the receipt of additional portfolio valuation information. Companies held through multiple fund investments are generally marked at the lowest of the GP valuations and in some cases the average of the GP valuations.

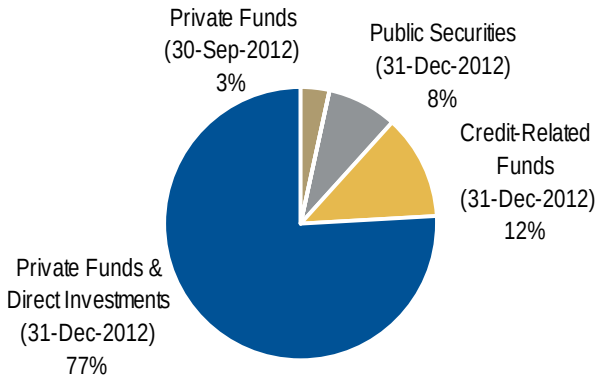
The graphs below illustrate the diversification of our private equity investments by valuation type and the date of most recent available information on a pro forma basis as of 31 December 2012. See page 39 for a detailed description of our valuation policy.

VALUATION DIVERSIFICATION (PRO FORMA)

Pro Forma Fair Value by Valuation Type



Pro Forma Fair Value by Date of Most Recent Available Information



1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Please refer to page 39 for a detailed description of our valuation policy. While some valuation data is as of 30 September 2012, our analysis and historical experience lead us to believe that this approximates fair value at 31 December 2012.*

PERFORMANCE BY ASSET CLASS[1]

Based on the multiple of total value to paid-in capital ("TVPI") since inception, our private equity portfolio saw strong gains in special situations and venture / growth capital funds. The special situations portfolio increased 11.0% during the year ended 31 December 2012. This increase was meaningfully driven by distributions from four Special Situations funds. NBPE received aggregate distributions of $32.1 million from these funds during 2012 as a result of multiple underlying liquidity events in the underlying portfolios. In addition to strong cash distributions, one of the funds has seen meaningful write-ups in its unrealized portfolio. In aggregate, these four Special Situations funds appreciated in fair value by 18.0% over the past twelve months.

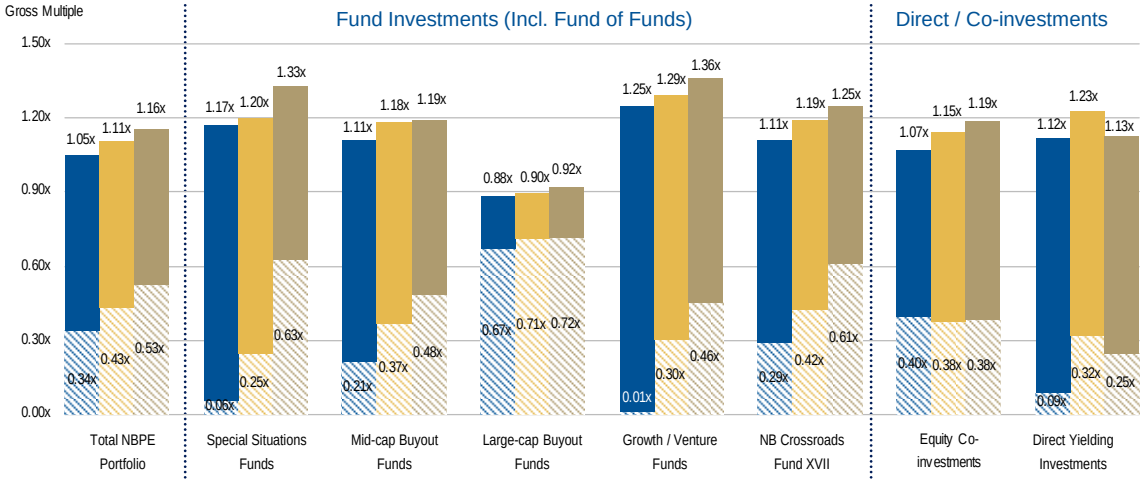
The value of the growth / venture portfolio increased approximately 5.5% since 31 December 2011. This increase in value was driven by distributions from realized and unrealized gains attributable to multiple underlying portfolio events.

Two growth capital funds experienced meaningful write-ups in their unrealized portfolios. The write-ups were due two exits, one private sale expected to close in the coming months and one initial public offering.

The TVPI of the equity co-investments increased by 3.4% since 31 December 2011. This increase was due to value increases across the portfolio, including the write-ups of two equity co-investments, both 2012 vintage investments, which were written up during the fourth quarter of 2012. The TVPI of the direct yielding investments declined from 31 December 2011 primarily due to the funding of additional new investments, the majority of which are held at cost or near cost. However, the direct yielding investments continue to be highly cash generative with $17.1 million of distributions received during the year ended 31 December 2012. Since inception, this portfolio has distributed 25% of paid-in capital.

The graph below illustrates a summary of our portfolio performance since inception by asset class as of 31 December 2012.

2012 PORTFOLIO PERFORMANCE BY ASSET CLASS[1]



	Total NBPE Portfolio	Special Situations Funds	Mid-cap Buyout Funds	Large-cap Buyout Funds	Growth / Venture Funds	NB Crossroads Fund XVII	Equity Co-investments	Direct Yielding Investments
Fair Value at 31-Dec-2012 ($mm):	**$575.9**	**$133.8**	**$106.0**	**$45.6**	**$31.0**	**$30.7**	**$127.0**	**$101.6**
Cash Distributions since Inception:	**$383.8**	**$119.7**	**$72.4**	**$58.3**	**$15.6**	**$29.3**	**$59.7**	**$28.7**

Note: Totals may not sum due to rounding. A portion of the December 2011 secondary transaction in Wayzata Opportunities Fund II is unfunded through a deferred purchase price. For performance calculations, this deferred purchase price is netted against fair value. Therefore the fair value shown on this page will not tie to private equity fair value. Realized investments have generated a 1.4x multiple of invested capital. This includes shorter duration investments underwritten to higher IRR and lower multiples. Strategic Asset Sale proceeds of approximately $100.5 million are excluded from cash distributions.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

PORTFOLIO INVESTMENT PERFORMANCE[1,2]

The table below outlines the performance of our unrealized underlying investments by asset class and valuation range pro forma as of 31 December 2012. The following analysis totals approximately $591.6 million in pro forma fair value, and is based on the most recent information available at the underlying company level. Across the portfolio, 84% of unrealized pro forma fair value and 68% of unrealized pro forma cost basis was held at or above cost on a company by company basis as of 31 December 2012.

Total Unrealized Portfolio Multitple Range	**31 Dec 2012 Cost**	**31 Dec 2012 Pro Forma Value**
2.0x +	$35.0	$107.3
1.0x - 2.0x	258.9	325.1
Held at Cost	65.9	65.9
0.5x - 1.0x	108.2	81.7
0.25x - 0.5x	26.7	9.3
< 0.25x	33.1	2.4
Total Unrealized ($m)	**$527.8**	**$591.6**

Special Situations Multiple Range	**31 Dec 2012 Cost**	**31 Dec 2012 Pro Forma Value**
2.0x +	$7.3	$20.7
1.0x - 2.0x	140.7	164.2
Held at Cost	35.0	35.0
0.5x - 1.0x	45.8	37.8
0.25x - 0.5x	1.9	0.8
< 0.25x	1.7	0.1
Total Unrealized ($m)	**$232.5**	**$258.6**

Mid-cap Buyout Multiple Range	**31 Dec 2012 Cost**	**31 Dec 2012 Pro Forma Value**
2.0x +	$18.6	$53.6
1.0x - 2.0x	61.3	78.7
Held at Cost	20.7	20.7
0.5x - 1.0x	32.4	23.5
0.25x - 0.5x	7.6	3.0
< 0.25x	12.3	1.3
Total Unrealized ($m)	**$153.0**	**$180.7**

Large-cap Buyout Multiple Range	**31 Dec 2012 Cost**	**31 Dec 2012 Pro Forma Value**
2.0x +	$4.6	$17.3
1.0x - 2.0x	43.5	63.5
Held at Cost	2.5	2.5
0.5x - 1.0x	25.1	17.0
0.25x - 0.5x	14.1	4.4
< 0.25x	16.9	0.8
Total Unrealized ($m)	**$106.7**	**$105.5**

Venture / Growth Multiple Range	**31 Dec 2012 Cost**	**31 Dec 2012 Pro Forma Value**
2.0x +	$4.4	$15.8
1.0x - 2.0x	13.4	18.7
Held at Cost	7.7	7.7
0.5x - 1.0x	4.9	3.3
0.25x - 0.5x	3.0	1.2
< 0.25x	2.2	0.1
Total Unrealized ($m)	**$35.6**	**$46.7**

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

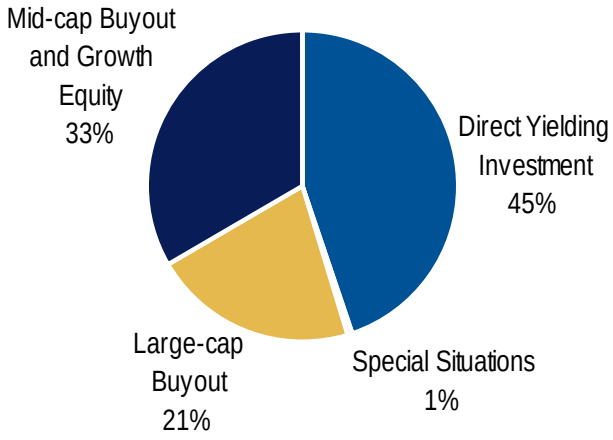
2. *Assets not included consist primarily of cash held by underlying private equity funds and other assets or liabilities associated with underlying partnership investments. Values based on underlying company level data and may differ from net asset value.*

UNREALIZED DIRECT CO-INVESTMENT PORTFOLIO SUMMARY[1]

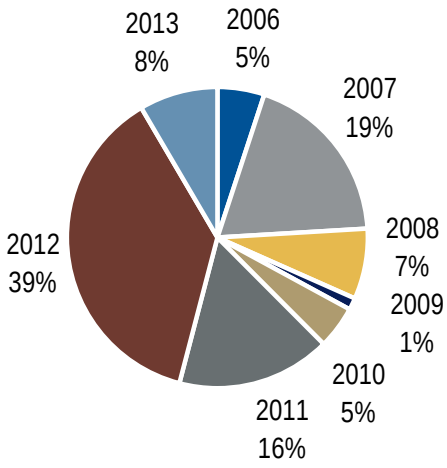
Our unrealized direct co-investment portfolio consisted of 33 active investments as of 31 December 2012. Illustrated below is the diversification of our direct co-investment portfolio by asset class and year of investment based on pro forma fair value.

UNREALIZED DIRECT CO-INVESTMENT PORTFOLIO OVERVIEW

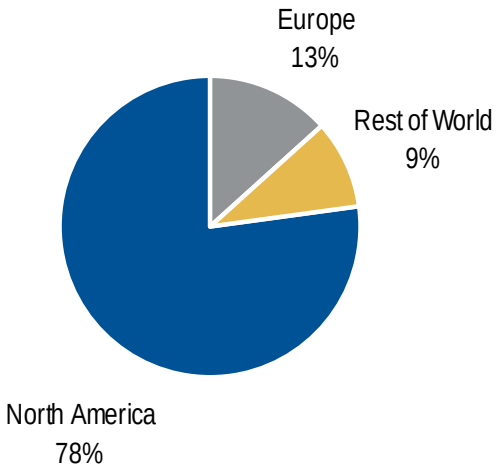
Pro Forma Fair Value by Asset Class



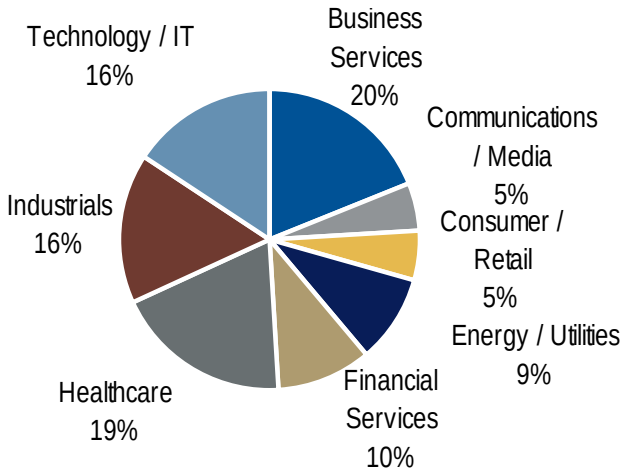
Pro Forma Fair Value by Year of Investment[2]



Pro Forma Fair Value by Geography



Pro Forma Fair Value by Industry



1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Year of investment includes follow-on investments in direct co-investments and may differ from vintage year.*

UNREALIZED EQUITY CO-INVESTMENT PORTFOLIO SUMMARY

Listed below is a description of the unrealized companies in our equity co-investment portfolio as of 31 December 2012.

Company Name	Asset Class	Business Description
Acteon Group Ltd	Mid-cap Buyout	Global provider of specialized products and services to the offshore energy sector
American Dental Partners, Inc.	Mid-cap Buyout	Provider of dental practice management services to multi-disciplinary dental groups in the U.S.
Avaya, Inc.	Large-cap Buyout	Provider of communication systems, applications and services for enterprises, including businesses, government agencies and other organizations
Blue Coat Systems, Inc.	Mid-cap Buyout	Designer and developer of products and services that optimize and secure the delivery of business applications over the internet or a wide-area network (WAN)
Boa Vista Serviços	Mid-cap Buyout	Second largest credit bureau in Brazil
Capsugel, Inc.	Large-cap Buyout	Provides hard capsules and drug delivery systems for pharmaceutical and healthcare industries
CommScope, Inc.	Large-cap Buyout	Global provider of infrastructure solutions for communications networks
Deltek, Inc.	Mid-cap Buyout	Leading global provider of enterprise software and information solutions for professional services firms and government contractors
Edgen Group Inc.	Mid-cap Buyout	Global distributor and marketer of high performance steel and alloy products used primarily in energy infrastructure applications
Energy Future Holdings Corp.	Large-cap Buyout	Energy company that manages a portfolio of competitive and regulated energy businesses located in Texas, including unregulated power generation, retail electric supply, and regulated electric utilities
Fairmount Minerals, Ltd.	Mid-cap Buyout	Producer of high purity sand for a broad range of industrial applications, including sand-based proppants for the oil and gas industry
First Data Corporation	Large-cap Buyout	Provider of electronic commerce and payment solutions for merchants, financial institutions, and card issuers globally, with operations in 36 countries, serving over 6 million merchant locations and thousands of card issuers
Firth Rixson, plc (Equity)	Mid-cap Buyout	Supplier of highly engineered rings, forgings and specialist metal products primarily to global aerospace engine manufacturers
Freescale Semiconductor, Inc.	Large-cap Buyout	Designer and manufacturer of semiconductors for a variety of end-markets including the automotive, consumer, industrial, networking and wireless industries
Gabriel Brothers, Inc.	Special Situations	Discount retailer offering a broad range of products, including apparel, accessories, footwear and home goods
GazTransport & Technigaz S.A.S.	Mid-cap Buyout	Designer and installer of cryogenic containment systems for liquefied natural gas carriers
Group Ark Insurance Holdings Limited	Mid-cap Buyout	Lloyd's market underwriter of a geographically diverse book of global specialty insurance and reinsurance risks
J.Crew Group, Inc.	Large-cap Buyout	Specialty retailer of women's, men's and children's apparel, shoes and accessories
Kyobo Life Insurance Co., Ltd.	Mid-cap Buyout	Life insurance company based in Korea that offers a broad range of savings and protection products targeted at middle- and upper-income consumers
Pepcom GmbH	Mid-cap Buyout	Germany's 5th largest cable operator with more than 630,000 subscribers of video, broadband and voice services
Press Ganey Associates, Inc.	Mid-cap Buyout	Provider of patient satisfaction measurement and quality and performance improvement solutions to healthcare institutions
RAC Limited	Large-cap Buyout	Provides motor-related and breakdown assistance services to consumer and corporate clients in the UK
RevSpring	Mid-cap Buyout	Outsourced provider of accounts receivable / revenue cycle management services
Sabre Holdings Corporation	Large-cap Buyout	World leader in travel commerce, providing a broad portfolio of transaction processing, distribution, and technology solutions to the global travel industry
Salient Federal Solutions, LLC	Mid-cap Buyout	Provider of technology and engineering services to government agencies, primarily within the intelligence community and the Department of Defense
Seventh Generation, Inc.	Growth / Venture	Manufacturer of authentic, safe, and environmentally-responsible household products for a healthy home
SonicWall, Inc. (Equity)[1]	Mid-cap Buyout	Developer of advanced intelligent network security and data protection solutions for small and large enterprises worldwide
The SI Organization, Inc.	Mid-cap Buyout	Provider of high-end systems engineering and integration solutions and modeling, simulation, analysis and risk mitigation services to the U.S. Intelligence Community
Swissport International AG	Mid-cap Buyout	Worldwide leader in ground handling services, providing ramp services, passenger services, and cargo services to more than 650 airlines
Syniverse Technologies, Inc.	Large-cap Buyout	Provider of technology and business solutions for the global telecommunications industry
Taylor Precision Products	Mid-cap Buyout	North American marketer of consumer and foodservice precision measurement products
TPF Genco Holdings, LLC	Mid-cap Buyout	Five natural gas-fired power plants located in California, Texas, Illinois, Virginia and West Virginia, representing 2,480 megawatts of generating capacity
Univar Inc.	Large-cap Buyout	Global distributor and marketer of commodity and specialty chemicals to a broad array of end markets

1. SonicWall is a mostly realized investment with escrow proceeds as remaining unrealized value which we expect to be fully realized in the future.

UNREALIZED EQUITY CO-INVESTMENT PORTFOLIO SUMMARY[1,2]

Our investment manager analyzed the performance of our unrealized traditional buyout co-investments which were valued based on a multiple of EBITDA. The below charts outline the EV / LTM EBITDA valuation ranges and Net Debt / LTM EBITDA ranges for our traditional buyout co-investments only and excludes direct co-investments based on other valuation metrics. The below charts also only reflect the number of unique unrealized portfolio companies (excluding escrow) and exclude public companies and realized investments; therefore company counts and amounts will differ from the analysis on page 28 and 29.

Overall, the portfolio was held at a weighted average valuation multiple of 8.6x LTM EBITDA as of 31 December 2012. The portfolio had a weighted average leverage multiple of 4.1x LTM EBITDA as of 31 December 2012.[3]

($ in millions) EV / LTM EBITDA Valuation Ranges	# of Unique Equity Co-investments	Realized Proceeds	31 Dec 2012 Pro Forma Fair Value	Total Value to Paid-in Capital	% of Pro Forma Fair Value
< 7x	2	$2.2	$4.8	0.79x	5.3%
7x - 8x	7	0.4	31.9	1.35x	35.2%
8x - 9x	10	4.0	29.5	1.02x	32.5%
9x - 10x	2	0.0	7.6	0.99x	8.4%
10x+	5	0.9	16.9	1.21x	18.7%
Total Direct / Co-investments	**26**	**$7.5**	**$90.7**	**1.11x**	**100.0%**

($ in millions) Net Debt / LTM EBITDA Ranges	# of Unique Equity Co-investments	Realized Proceeds	31 Dec 2012 Pro Forma Fair Value	Total Value to Paid-in Capital	% of Pro Forma Fair Value
< 2x	5	$0.5	$9.8	1.03x	10.8%
2x - 3x	2	0.7	11.2	1.99x	12.4%
3x - 4x	3	0.5	8.3	1.23x	9.2%
4x - 5x	8	3.6	41.1	1.47x	45.3%
5x+	8	2.2	20.3	0.65x	22.4%
Total Direct / Co-investments	**26**	**$7.5**	**$90.7**	**1.11x**	**100.0%**

Note: One energy services company was valued based on normalized EBITDA.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Investment count reflects unique companies.*
3. *Weighted by fair value.*

UNREALIZED EQUITY CO-INVESTMENT PORTFOLIO SUMMARY[1]

As of 31 December 2012, in aggregate, the unrealized portfolio of equity co-investments was held at a multiple of 1.12x and represented approximately $127.0 million of pro forma fair value. Approximately 50% of the pro forma fair value within our unrealized equity co-investment portfolio was invested since the beginning of 2010, which reflects the relatively young age of the portfolio. As of 31 December 2012, approximately 85% of the unrealized equity co-investment pro forma fair value was held at or above cost.

UNREALIZED EQUITY CO-INVESTMENT PORTFOLIO PERFORMANCE[1,2,3]

	Equity Co-investments				
($ in millions) Asset Class	**# of Unique Equity Co-investments**	**Realized Proceeds**	**31 Dec 2012 Pro Forma Fair Value**	**Total Value to Paid-in Capital**	**% of Pro Forma Fair Value**
Mid-cap Buyout & Growth Equity	21	$7.5	$76.9	1.27x	60.5%
Large-cap Buyout & Special Situations	12	5.9	50.1	0.95x	39.5%
Total Equity Co-investments	**33**	**$13.4**	**$127.0**	**1.12x**	**100.0%**

	Equity Co-investments				
($ in millions) Multiple Range	**# of Unique Equity Co-investments**	**Realized Proceeds**	**31 Dec 2012 Pro Forma Fair Value**	**Total Value to Paid-in Capital**	**% of Pro Forma Fair Value**
Greater than 2.0x	4	$4.0	$24.6	2.49x	19.3%
1.0x to 2.0x	15	6.8	65.4	1.36x	51.5%
Cost	7	-	18.7	1.00x	14.7%
0.5x to 1.0x	5	2.6	14.9	0.70x	11.8%
Less than 0.5x	2	-	3.4	0.20x	2.7%
Total Equity Co-investments	**33**	**$13.4**	**$127.0**	**1.12x**	**100.0%**

	Equity Co-investments				
($ in millions) Vintage Year	**# of Unique Equity Co-investments**	**Realized Proceeds**	**31 Dec 2012 Pro Forma Fair Value**	**Total Value to Paid-in Capital**	**% of Pro Forma Fair Value**
2006 & 2007	9	$3.0	$56.9	0.93x	44.8%
2008 & 2009	4	3.1	7.4	1.35x	5.8%
2010	5	3.6	10.4	1.56x	8.2%
2011	7	3.7	27.6	1.38x	21.7%
2012	8	-	24.7	1.14x	19.5%
Total Equity Co-investments	**33**	**$13.4**	**$127.0**	**1.12x**	**100.0%**

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *As of 31 December 2012 there was one special situations direct co-investment.*
3. *Investment count reflects unique companies.*

EQUITY CO-INVESTMENT PORTFOLIO SINCE INCEPTION SUMMARY[1]

Since inception, including fully realized investments, our equity co-investment portfolio has generated a 1.19x TVPI multiple as of 31 December 2012. In aggregate, the valuation of our equity co-investment portfolio increased by approximately 3.4% during the year, primarily due to funding new investments held at cost.

The table below outlines the performance of our equity co-investment portfolio from inception through 31 December 2012 by asset class and current multiple of invested capital valuation range. The number of investments and the TVPI multiples are based on all realized and unrealized equity co-investments, while fair values are based on unrealized equity co-investments on a pro forma basis as of 31 December 2012. As of 31 December 2012, the pro forma fair value of our equity co-investment portfolio was $127.0 million.

The below charts will not be comparable to historical presentations due to the removal of direct yielding investments, which have a separate analysis on page 30 of this report.

EQUITY CO-INVESTMENT PERFORMANCE SINCE INCEPTION[1,2,3]

	Equity Co-investments					
($ in millions) Asset Class	# of Unique Equity Co-investments	Realized Proceeds	31 Dec 2012 Pro Forma Fair Value	Total Value to Paid-in Capital	% of Pro Forma Fair Value	
Mid-cap Buyout & Growth Equity	26	$53.7	$76.9	1.33x	60.5%	
Large-cap Buyout & Special Situations	12	5.9	50.1	0.95x	39.5%	
Total Equity Co-investments	**38**	**$59.6**	**$127.0**	**1.19x**	**100.0%**	

	Equity Co-investments					
($ in millions) Multiple Range	# of Unique Equity Co-investments	Realized Proceeds	31 Dec 2012 Pro Forma Fair Value	Total Value to Paid-in Capital	% of Pro Forma Fair Value	
Greater than 2.0x	6	$25.7	$24.6	2.62x	19.3%	
1.0x to 2.0x	17	22.5	65.4	1.31x	51.5%	
Cost	7	-	18.7	1.00x	14.7%	
0.5x to 1.0x	6	11.4	14.9	0.75x	11.8%	
Less than 0.5x	2	-	3.4	0.20x	2.7%	
Total Equity Co-investments	**38**	**$59.6**	**$127.0**	**1.19x**	**100.0%**	

	Equity Co-investments					
($ in millions) Vintage Year	# of Unique Equity Co-investments	Realized Proceeds	31 Dec 2012 Pro Forma Fair Value	Total Value to Paid-in Capital	% of Pro Forma Fair Value	
2006 & 2007	13	$46.1	$56.9	1.08x	44.8%	
2008 & 2009	4	3.1	7.4	1.35x	5.8%	
2010	6	6.7	10.4	1.78x	8.2%	
2011	7	3.7	27.6	1.38x	21.7%	
2012	8	-	24.7	1.14x	19.5%	
Total Equity Co-investments	**38**	**$59.6**	**$127.0**	**1.19x**	**100.0%**	

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *As of 31 December 2012 there was one special situations direct co-investment and one growth equity direct co-investment.*
3. *Investment count reflects unique companies.*

UNREALIZED DIRECT YIELDING PORTFOLIO SUMMARY[1,2,3]

Listed below is a description of the unrealized private debt investments in our direct yielding investment portfolio on a pro forma basis as of 31 December 2012.

Investment Name	Investment Type	Investment Date	Pro Forma Fair Value	Cash + PIK Coupon	Cash Yield	PIK Yield	Est. Yield to Maturity
Closed Investments							
CPG International I Inc.	Mezzanine Debt	Sep-12	-	12.0%	12.3%	-	-
Deltek	Second Lien Debt	Oct-12	-	10.0%	9.9%	-	-
Evans Network of Companies	Mezzanine Debt	Jun-12	-	14.0%	12.2%	2.0%	-
Firth Rixson Mezzanine	Mezzanine Debt	May-08	-	11.0%	5.0%	6.0%	-
Firth Rixson 2011 PIK Notes	Senior Unsecured PIK	Nov-11	-	18.0%	-	18.0%	-
Firth Rixson 2012 PIK Notes	Senior Unsecured PIK	Dec-12	-	19.0%	-	19.6%	-
Petroleum Place	Second Lien Debt	Dec-12	-	10.0%	10.0%	-	-
Royalty Notes (Medication Delivery)	Royalty Backed Note	Feb-12	-	14.0%	14.2%	-	-
Royalty Notes (Hormone Therapy)	Royalty Backed Note	Apr-11	-	17.0%	16.1%	-	-
Senior Secured Term Loan (PCR)	Senior Secured Loan	Aug-12	-	10.0%	10.1%	-	-
Senior Secured Term Loan (Public Company)	Senior Secured Loan	Dec-12	-	11.5%	11.2%	-	-
Pro Forma Investments							
Heartland Dental Care	Second Lien Debt	Jan-13	-	9.8%	9.9%	-	-
Total Direct Yielding Portfolio			**$101.6**	**11.8%**	**10.0%**	**1.8%**	**12.9%**

The twelve private debt investments in the direct yielding portfolio had a pro forma fair value of $101.6 million as of 31 December 2012. These investments in the direct yielding portfolio generated annualized income of approximately $11.4 million through cash and PIK interest, had a weighted average yield to maturity of approximately 13%, had a weighted average senior leverage multiple of 3.8x[4] and had a weighted average total leverage multiple of 5.5x.

($ in millions) Investment Type	# of Securities	Pro Forma Fair Value	Annualized Income	Current Yield	Est. Yield to Maturity
Healthcare Credit Investments	4	$14.3	$1.9	13.2%	10.5%
Corporate Debt / Mezzanine	8	87.3	9.5	10.9%	9.8%
Total Direct Yielding Portfolio	**12**	**$101.6**	**$11.4**	**11.2%**	**12.9%**

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *The mezzanine debt investments include equity investments completed as part of the mezzanine transaction. The fair value includes the value of these equity investments, but the cash, PIK and current yields and internal rates of return (IRR) are calculated based on only the debt investments.*
3. *The Firth Rixson Mezzanine cash interest is based on LIBOR plus 450 basis points. The Deltek cash interest is based on LIBOR plus 875 basis points subject to a 1.25% LIBOR floor.*
4. *Based on the net leverage that is senior to the security held by NBPE. Royalty notes are not only generally senior in the capital structure, but also senior to operating expenses.*

BUYOUT PORTFOLIO ANALYSIS[1,2]

In connection with our portfolio monitoring process, our Investment Manager analyzed the operational performance and valuation metrics for the 50 largest buyout investments (including co-investments) based upon pro forma fair value at 31 December 2012.

Traditional Buyout Investments

- Traditional buyout investments that were valued based on a multiple of cash flow (total enterprise value as a multiple of EBITDA[3])
    - 36 companies with approximately $120.9 million of fair value, representing 21% of private equity fair value and 41% of pro forma buyout fair value
- Summary metrics for the traditional buyout investments:
    - Weighted average valuation multiple of 8.9x LTM EBITDA
    - Weighted average leverage multiple of 4.1x LTM EBITDA
    - Weighted average LTM revenue growth of 8.0%
    - Weighted average LTM EBITDA growth of 18.0%

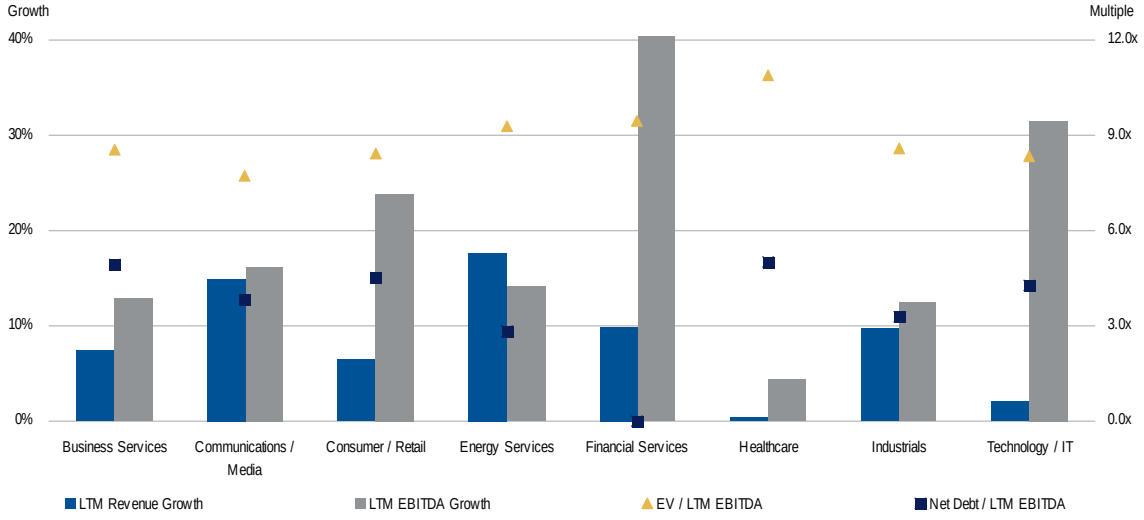
Other Buyout Investments

- Power generation and utility companies, financial institutions and publicly traded companies
    - 14 companies with approximately $58 million of fair value, representing 10% of pro forma private equity fair value and 20% of pro forma buyout fair value
- Five privately held financial institutions ($27 million of fair value) grew book value by 7% over the last twelve months and were valued at 1.29x book value on a weighted average basis
- Two power generation and utility companies ($11 million of fair value) were valued based on a variety of metrics, including price per kilowatt hour of generation capacity
- Seven publicly traded companies ($19 million of fair value) generated a weighted average total return of 4% during 2012

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Portfolio company operating and valuation metrics are based on most recently available information (unaudited). Private equity fair value as of 31 December 2012. Numbers may not sum due to rounding.*
3. *One energy services company was valued based on normalized EBITDA.*

BUYOUT PORTFOLIO ANALYSIS[1,2]

The figure below illustrates the key operating, valuation, and leverage statistics for the largest traditional buyout investments by industry sector. In conducting the analysis, our Investment Manager utilized the most recently available information (principally as of 31 December 2012 but also as of 30 September 2012) to evaluate the year-over-year growth in revenue and EBITDA for each company. In addition, our Investment Manager analyzed the most recently available valuation multiple (enterprise value to LTM EBITDA[3]) and leverage multiple (net debt to LTM EBITDA) for each company. The aggregate metrics by industry sector represent weighted averages based on the pro forma fair value of each underlying company at 31 December 2012.



Pro Forma Fair Value ($mm):	**$33.4**	**$10.6**	**$13.6**	**$15.0**	**$6.2**	**$15.6**	**$10.6**	**$15.9**
# of Companies:	**8**	**4**	**4**	**5**	**2**	**5**	**5**	**3**

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1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *Portfolio company operating and valuation metrics are based on most recently available information (unaudited). Private equity fair value as of 31 December 2012. Numbers may not sum due to rounding.*
3. *One energy services company was valued based on normalized EBITDA.*

TWENTY LARGEST UNDERLYING INVESTMENTS[1]

As of 31 December 2012, our fund and direct co-investment portfolio had exposure to approximately 450 underlying companies. Including NB Crossroads Fund XVII and Fund XVIII, our private equity portfolio had exposure to over 3,200 underlying companies, with our allocable portion of approximately 470 companies valued at greater than $100,000. Our 10 largest portfolio company investments totaled approximately $136.9 million in fair value, or 23.6% of pro forma private equity fair value. Our 20 largest portfolio company investments totaled approximately $187.2 million in fair value, or 32.3% of pro forma fair value. No individual company accounted for more than 4.0% of total NAV as of 31 December 2012. Listed below are the 20 largest underlying investments in alphabetical order.

Company Name	Status	Asset Class	Partnership(s)
American Commercial Lines, Inc.	Private	Special Sit Fund	Platinum II
Blue Coat Systems, Inc.	Private	Mid-cap Co-Invest	Co-investment
Capsugel, Inc.	Private	Large-cap Co-Invest	Co-investment
Cobalt International Energy, Inc.	Public	Large-cap Fund	Carlyle/Riverstone III, First Reserve XI
CPG International Inc.	Private	Direct Yielding Investment	Direct Yielding Investment
Deltek Inc.	Private	Direct Yielding & Mid-cap Co-Investment	Co-investment
Edgen Group, Inc.	Public	Mid-cap Co-Invest	Co-investment, Fund XVII, Fund XVIII
Evans Network of Companies	Private	Direct Yielding Investment	Direct Yielding Investment
Fairmount Minerals, Ltd.	Private	Mid-cap Co-Invest	Co-investment, Fund XVIII
Firth Rixson plc (Mezzanine Debt)	Private	Direct Yielding Investment	Direct Yielding Investment
FR Midstream Holdings, LLC	Private	Large-cap Fund	First Reserve XI
Group Ark Insurance Holdings Limited	Private	Mid-cap Co-Invest	Co-investment, Aquiline, Fund XVII
Heartland Dental Care, LLC	Private	Direct Yielding Investment	Direct Yielding Investment
P2 Energy Solutions	Private	Direct Yielding Investment	Direct Yielding Investment
RAC Limited	Private	Large-cap Co-Invest	Co-investment
Royalty Notes (Hormone Therapy)	Private	Direct Yielding Investment	Direct Yielding Investment
Sabre Holdings Corporation	Private	Large-cap Co-Invest	Co-investment, Fund XVII, Fund XVIII
TPF Genco Holdings, LLC	Private	Mid-cap Co-Invest	Co-investment, Fund XVII, Fund XVIII
TSIO Holdings LLC	Private	Mid-cap Co-Invest	Co-investment, Fund XVIII

As of 31 December 2012, approximately $48.9 million of our private equity portfolio was comprised of investments directly or indirectly in publicly-traded securities. This amount represented approximately 8.4% of pro forma private equity fair value.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

SPECIAL SITUATIONS FUND PORTFOLIO ANALYSIS

The fair value of our special situations fund portfolio (including special situations secondary purchases and excluding the direct yielding portfolio and special situations equity co-investments) was approximately $137.6 million as of 31 December 2012, or 23.8% of pro forma private equity fair value.[1] Within this 23.8% of the portfolio, 12.4% of total pro forma private equity fair value was held in credit related funds that provide a monthly estimate of the mark-to-market fair value of their debt investments.

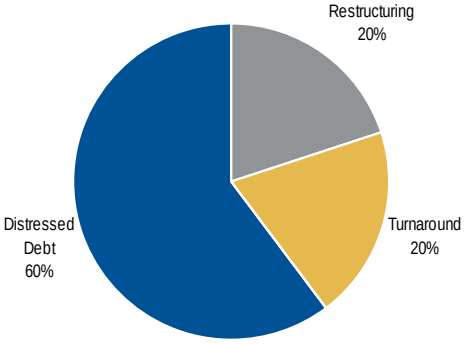
Our special situations fund portfolio consists of a combination of distressed debt, restructuring, and turnaround. As of 31 December 2012, the special situations portfolio was primarily comprised of debt securities, but over time we expect the equity component to increase as restructuring activity progresses.

As part of the execution on reducing exposure to private equity funds, in the third quarter of 2012, NBPE elected to redeem two special situations fund investments. NBPE fully redeemed its position in Prospect Harbor Credit Partners and received the majority of cash associated with the redemption in the fourth quarter of 2012. As of 31 December 2012, an additional $1.6 million was held as a receivable and we expect to receive this cash in Q2 2013. In addition, NBPE agreed to partially redeem its position in Centerbridge Credit Partners and NBPE received $10.5 million in cash during the fourth quarter. Subsequent to this reporting period, during January 2013, NBPE received $5.6 million of cash proceeds associated with this redemption. As of 31 December 2012, on a pooled investment performance basis, these two investments have generated a 1.3x multiple of invested capital and a 5.1% IRR.

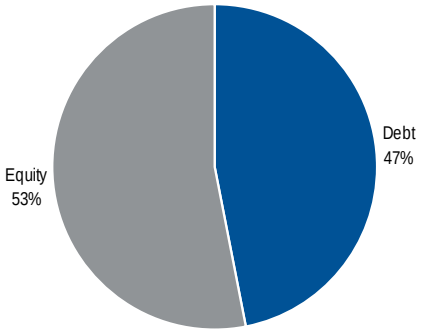
The below charts will not be comparable to historical presentations due to the removal of direct yielding and equity co-investments, which have a separate analysis on pages 27 through 30 of this report.

SPECIAL SITUATIONS FUND PORTFOLIO OVERVIEW[1]

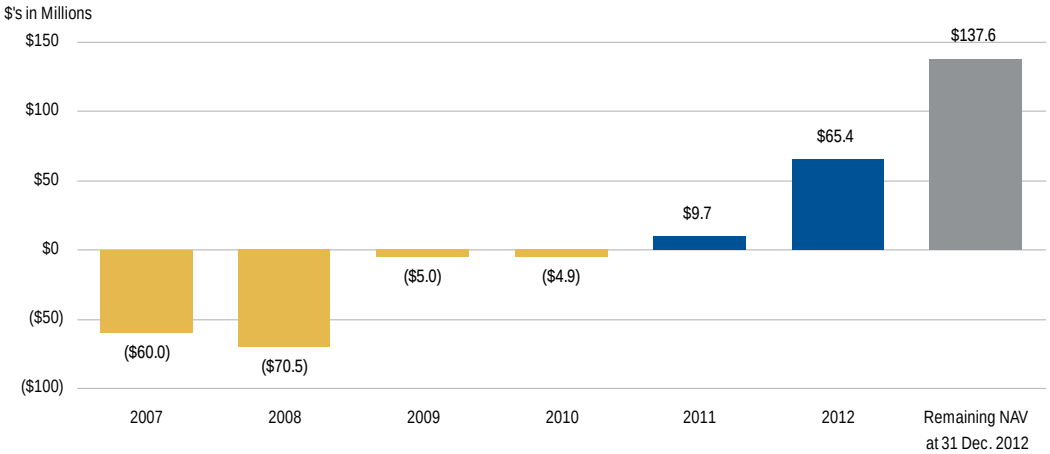
Strategy Diversification by Fair Value



Estimated Security Type by Fair Value



SPECIAL SITUATIONS FUND NET CASH FLOW TO DATE AND REMAINING NAV



1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

2. *Special situations diversification statistics are based on most recently available quarterly information and the Investment Manager's estimates as of 31 December 2012.*

NB FUND OF FUNDS INVESTMENTS[1]

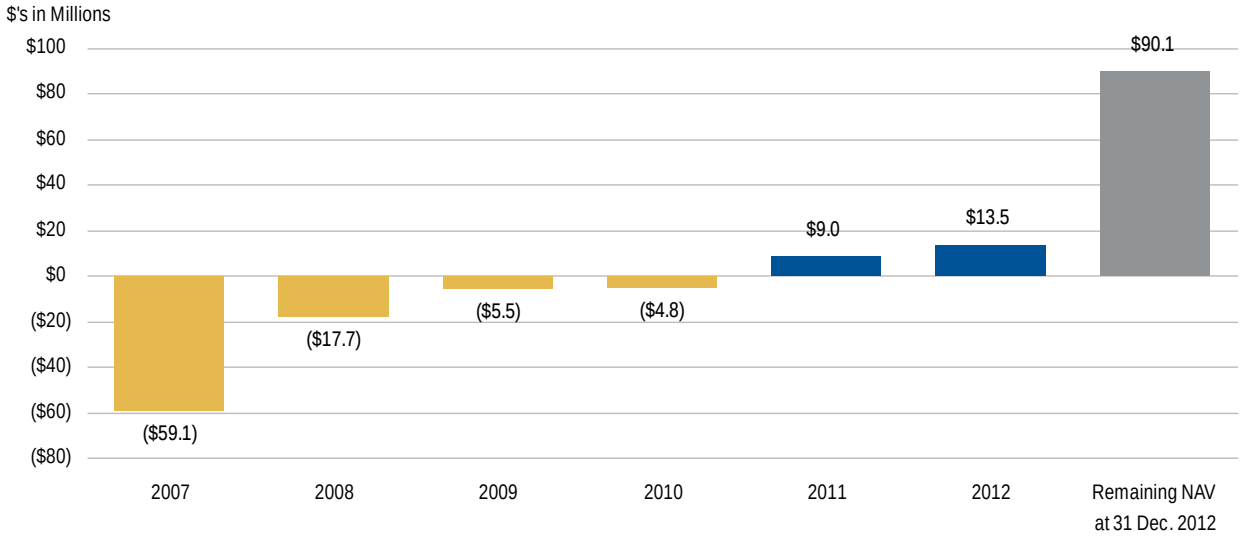
NB Crossroads Fund XVII ("Fund XVII") and NB Crossroads Fund XVIII ("Fund XVIII") are diversified private equity funds of funds comprised of private equity fund investments, secondary investments and co-investments. Our exposure to Fund XVII is through a single commitment to Fund XVII's asset allocation fund while our exposure to Fund XVIII is through separate commitments to each of the asset class funds within Fund XVIII: Large-cap Buyout; Mid-cap Buyout; Special Situations / Distressed; and Venture Capital.

As of 31 December 2012, the fair value of our investment in Fund XVII was $30.7 million, representing 5% of pro forma private equity fair value. The asset class diversification of our investment in Fund XVII based on private equity fair value at year end was as follows:[2] Mid-cap Buyout – 23%; Large-cap Buyout – 24%; Growth / Venture – 49%; and Special Situations – 4%. As of 31 December 2012, Fund XVII consisted of 62 primary fund investments, seven co-investments and five secondary purchases and included exposure to over 1,100 separate companies, with the ten largest companies totaling approximately $3.5 million in fair value to NBPE, or 0.6% of pro forma private equity fair value. At 31 December 2012, we had unfunded commitments of $2.7 million to Fund XVII.

As of 31 December 2012, the aggregate fair value of our investments in Fund XVIII was $59.4 million, representing 11% of pro forma private equity fair value. The asset class diversification of our investments in Fund XVIII based on private equity fair value at year end was as follows:[2] Mid-cap Buyout – 48%; Large-cap Buyout – 20%; Growth / Venture – 16%; and Special Situations – 16%. As of 31 December 2012, Fund XVIII consisted of 73 primary fund investments, 35 co-investments and 13 secondary purchases and included exposure to over 1,790 separate companies, with the ten largest companies totaling approximately $6.6 million in fair value to NBPE, or 1.1% of pro forma private equity fair value. At 31 December 2012, we had unfunded commitments of $11.9 million to Fund XVIII.

As of 31 December 2012, the ten largest investments in Fund XVII had a fair value of approximately $10.9 million, or 1.9% of pro forma private equity fair value. The ten largest investments in Fund XVIII had a fair value of approximately $19.2 million, or 3.3% of pro forma private equity fair value.

NB FUND OF FUNDS NET CASH FLOW TO DATE AND REMAINING NAV



1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*
2. *The asset class diversification analysis is based on our allocable portion of the net asset value of the underlying fund investments and direct co-investments held by Fund XVII and Fund XVIII, respectively.*

LIQUIDITY AND CAPITAL RESOURCES

The principal sources of our liquidity consist of the net cash proceeds of cash distributions from investments, sales of investments, interest and dividends earned on invested cash and investments, and borrowings under the credit facility (further detail provided below).

As of 31 December 2012, we had no outstanding borrowings from our $200.0 million credit facility. We had cash and cash equivalents of $64.0 million (excluding restricted cash), and $200.0 million of undrawn capacity on the credit facility, resulting in total capital resources of $264.0 million. As of 31 December 2012 we had unfunded private equity commitments of approximately $235.7 million, which represented approximately a 112% commitment coverage level.

The table below outlines our liquidity and capital commitment position as of 31 December 2012.

CAPITAL COMMITMENT POSITION AT 31 DECEMBER 2012

($ in millions)	**31-Dec-12**
Net Asset Value	$576.6
Total Private Equity Investments	$564.0
Private Equity Investment Level	98%
NB Co-investment Program	$103.3
NB Healthcare Credit Program	$42.6
Fund Investments	$88.3
Other Direct Investments	$1.6
Total Unfunded Private Equity Commitments	$235.7
Total Private Equity Exposure	$799.7
Cash and Cash Equivalents (Excluding Restricted Cash)	$64.0
Undrawn Credit Facility	$200.0
Total Capital Resources	$264.0
Excess Capital Resources	$28.3
Commitment Coverage Level	112%
Pro Forma[1]	
Cash and Cash Equivalents (Excluding Restricted Cash)	$69.9
Total Capital Resources	$269.9
Pro Forma Excess Capital Resources	$34.2
Pro Forma Commitment Coverage Level	115%

In December 2012, we entered into an agreement with Lloyds Banking Group regarding a senior secured revolving credit facility of up to $200.0 million. Under the terms of the agreement, we may borrow, repay and re-borrow to fund private equity contributions and working capital requirements throughout the term expiring in April 2017. All borrowings under the credit facility bear interest at a floating rate and are tiered based on loan value, calculated as LIBOR or Euribor, as appropriate:

- LIBOR / Euribor + 280 bps for loan value less than or equal to $65 million
- LIBOR / Euribor + 330 bps for loan value in excess of $65 million and less than or equal to $150 million
- LIBOR / Euribor + 365 bps for loan value in excess of $150 million

We are also required to pay a non-utilization fee calculated as 80 basis points per annum on the daily balance of the unused amount of the credit facility.

1. *Investment analysis contained on this page reflects pro forma adjustments as of 31 December 2012. Pro forma adjustments impact private equity fair value and NBPE's cash balance.*

LIQUIDITY AND CAPITAL RESOURCES (CONT.)

The key financial covenant for our credit facility is a maximum debt to value ratio of 50.0%. The debt to value ratio is calculated as total debt and current liabilities divided by Restricted NAV, with Restricted NAV defined as the fair value of all private equity investments (less any excluded value) plus cash and cash equivalents. At 31 December 2012, the debt to value ratio was 2.4%.

The two other covenants are a secured asset ratio and a commitment ratio. The secured asset ratio is not to exceed 80.0% and is defined as total debt and current liabilities divided by Secured Assets, with Secured Assets defined as the value of secured private equity investments plus cash and cash equivalents. At 31 December 2012, the secured asset ratio was 3.6%.

The commitment ratio is defined as Restricted Total Exposure divided by the aggregate of Shareholder's equity and the total amount of the credit facility, with Restricted Total Exposure defined as the value of private equity investments (less any excluded value) plus unfunded private equity commitments. If the debt to value ratio is greater than 25.0% and the commitment ratio is greater than 130.0%, then we become restricted from making new private equity investments. At 31 December 2012, the commitment ratio was 103.0%.

SHARE REPURCHASES

From July 2008 through May 2009, we repurchased 3,150,408 Shares, or 5.8% of the originally issued Shares, pursuant to a liquidity enhancement program on Euronext Amsterdam.

On 22 October 2010, we launched a new Share Buy-Back Programme in order to begin implementing the Capital Return Policy. Under the terms of the Share Buy-back Programme, Jefferies International Limited ("JIL") has been appointed to effect on-market repurchases of Shares on behalf of NBPE on Euronext Amsterdam and/or the Specialist Fund Market of the London Stock Exchange[1]. The Board of Directors has approved an extension of the share buyback program from 28 February 2013 to 31 May 2013. Shares bought back under the Share Buy-Back Programme will be cancelled.

During the year ended 31 December 2012, we repurchased a total of 554,605 Class A Ordinary Shares at a weighted average price of $7.07 per Class A Ordinary Share. As of 31 December 2012, we have repurchased an aggregate 5,419,436 Class A Ordinary Shares, or 10.0% of the originally issued Class A Ordinary Shares, at a weighted average price of $4.75 per Class A Ordinary Share.

LIQUIDITY ENHANCEMENT PROGRAMME AND SHARE BUY-BACK PROGRAMME ACTIVITY

Time Period	Number of Shares Repurchased	Weighted Average Repurchase Price per Share	Weighted Average Discount to NAV	Accretion to NAV per Share
July 2008 - May 2009	3,150,408	$2.93	68.6%	$0.17 [2]
November 2010	123,482	$7.01	28.0%	$0.02
December 2010	203,285	$7.05	28.4%	$0.01
January 2011	276,011	$7.00	32.6%	$0.02
February 2011	-	-	-	-
March 2011	92,504	$7.30	30.5%	$0.01
April 2011	55,683	$8.03	25.1%	<0.01
May 2011	35,825	$8.84	17.8%	$0.01
June 2011	44,787	$8.62	20.4%	<0.01
July 2011	11,818	$8.36	23.7%	<0.01
August 2011	215,224	$8.02	25.8%	$0.01
September 2011	273,682	$7.53	29.8%	$0.01
October 2011	222,122	$6.86	34.9%	$0.02
November 2011	85,000	$6.96	35.1%	$0.01
December 2011	75,000	$6.98	34.4%	$0.01
January 2012	69,360	$6.98	36.7%	$0.01
February 2012	32,113	$6.94	37.7%	<0.01
March 2012	-	-	-	-
April 2012	50,000	$7.00	38.4%	$0.01
May 2012	266,879	$7.03	37.9%	$0.02
June 2012	25,000	$7.00	37.2%	<0.01
July 2012	-	-	-	-
August 2012	64,048	$7.27	35.4%	$0.01
September 2012	25,205	$7.35	34.6%	<0.01
October 2012	22,000	$7.35	34.6%	<0.01
November 2012	-	-	-	-
December 2012	-	-	-	-
Total / Weighted Average	**5,419,436**	**$4.75**	**53.2%**	**$0.71**

1. *The Share Buy-back Programme was managed previously by The Royal Bank of Scotland N.V. (London Branch) and The Royal Bank of Scotland plc, however following the acquisition by JIL of the corporate broking business of RBS Hoare Govett, management of the Share Buy-back Programme was transferred to JIL.*
2. *NAV per share accretion represents total accretion for cumulative shares repurchased during this time period.*

VALUATION METHODOLOGY

Equity

We carry our private equity investments on our books at fair value using the best information we have reasonably available to determine or estimate fair value. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions associated with the securities, if any, that affect marketability. We determine such values for publicly traded securities held directly as well as known public positions held in the underlying private equity investments on a look-through basis. We estimate fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events. We proactively re-value our investments before we have received updated information from the fund manager or lead sponsor if we become aware of material events that justify a change in valuation. If we conclude that it is probable that we will sell an investment, we adjust our carrying value to the amount we expect to realize from the sale, exclusive of transaction costs.

Debt

We estimate the enterprise value of each portfolio company and compare such amount to the total amount of the company's debt as well as the level of debt senior to our interest. Estimates of enterprise value are based on a specific measure (such as EBITDA, free cash flow, net income, book value or NAV) believed to be most relevant for the given company and compares this metric in relation to comparable company valuations (market trading and transactions) based on the same metric. In determining the enterprise value, we will further consider the companies' acquisition price, credit metrics, historical and projected operational and financial performance, liquidity as well as industry trends, general economic conditions, scale and competitive advantages along with other factors deemed relevant. Valuation adjustments are made if estimated enterprise value does not support the value of the debt security we are invested in and securities senior to our position.

If the principal repayment of debt and any accrued interest is supported by the enterprise value analysis described above, we will next consider current market conditions including pricing quotations for the same security and yields for similar investments. To the extent market quotations for the security are available, we will take into account current pricing and liquidity. Liquidity may be estimated by the spread between bid and offer prices and other available measures of market liquidity, including number and size of recent trades and liquidity scores. If we believe market yields for similar investments have changed substantially since the pricing of our security, we will perform a discounted cash flow analysis, based on the expected future cash flows of the debt securities and current market rates. We will also consider the maturity of the investment, compliance with covenants and ability to pay cash interest when estimating the fair value of our debt investment.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made and relate to expectations, beliefs, projections (including anticipated economic performance and financial condition), future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts and are subject to risks and uncertainties including, but not limited to, statements as to:

- Our future operating results;
- Our business prospects and the prospects of our investments;
- The impact of investments that we expect to make;
- The dependence of our future success on the general economy and its impact on the industries in which we invest;
- The ability of our investments to achieve their objectives;
- Differences between our investment objective and the investment objectives of the private equity funds in which we invest;
- The rate at which we deploy our capital in private equity investments, co-investments and opportunistic investments;
- Our expected financings and investments;
- The continuation of the Investment Manager as our service provider and the continued affiliation with the Investment Manager of its key investment professionals;
- The adequacy of our cash resources and working capital; and
- The timing of cash flows, if any, from the operations of our underlying private equity funds and our underlying portfolio companies.

In some cases, forward-looking statements may be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will," and "would," or the negative of those terms or other comparable terminology.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Factors and events that could cause our business, financial condition, liquidity and results of operations to vary materially include, among other things, general economic conditions, securities market conditions, private equity market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, outcome of legal proceedings, changes in currency values, inflation, credit ratings and the size, volume and timing of transactions, as well as other risks described elsewhere in this report and our prospectus relating to our IPO and our prospectus relating to our ZDP Shares.

The foregoing is not a comprehensive list of the risks and uncertainties to which we are subject. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations, or any changes in events, conditions or circumstances on which the forward-looking statement is based. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors.

RISK FACTORS

Our company is subject to, and an investment in our company's shares involves, substantial risks, which may adversely impact our business, financial condition, results of operations and/or the value of your investment. Investors in our company's Class A Ordinary Shares ("Class A Shares") and ZDP Shares should carefully consider such risks, which include, without limitation, those set out below. If any such risks occur, our business, financial condition, results of operations and the value of your investment would likely suffer.

Our company may experience fluctuations in its monthly NAV.

Our company may experience fluctuations in our NAV from month to month due to a number of factors, including changes in the values of investments, which in turn could be due to changes in values of portfolio companies, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in operating expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the shares and cause our company's results for a particular period not to be indicative of our company's performance in a future period.

On liquidation of our assets on any given day, the reported NAV may not match the liquidated cash value of such assets.

Where we are required or deem it necessary to liquidate some or all of our assets on any given day, the liquidated cash value of such assets may not match the reported NAV or portion of the reported NAV (in the case that not all of our assets are liquidated) attributable to such assets. Liquidation of our assets will be subject to a number of factors, including the availability of purchasers of our assets, liquidity and market conditions and, as such, the actual cash value of some or all of our assets may differ from the latest reported NAV (or portion of the reported NAV (in the case that not all of our assets are liquidated)).

The shares could continue to trade at a discount to NAV.

The shares could continue to trade at a discount to NAV for a variety of reasons, including, without limitation, due to market conditions or to the extent investors undervalue the Investment Manager's investment management activities. Also, since there is generally a period of years before a new private equity fund has completed making its investments, return on our investments in such funds is not likely to be realized for a substantial time period, if at all, which could negatively impact the value of the shares. Additionally, unlike traditional private equity funds, we intend to continuously reinvest the cash we receive, except in limited circumstances (including in connection with our company's Capital Return Policy and Share Buy Back Programme). Therefore, the only way for investors to realize their investment is to sell their shares for cash. Accordingly, in the event that a holder of shares requires immediate liquidity, or otherwise seeks to realize the value of its investment in our company, through a sale of shares, the amount received by the holder upon such sale may be less than the underlying NAV of the relevant shares sold.

The trading markets that the Class A Shares and ZDP Shares are admitted to are less liquid than certain other major exchanges, which could affect the price of our shares.

The principal trading markets are Euronext Amsterdam and the SFM for the Class A Shares and the SFM and the CISX for the ZDP Shares, and these markets are less liquid than certain other major exchanges in the United States and certain other parts of Europe. Because these markets are less liquid than major exchanges in the United States and certain other parts of Europe, our shareholders may face difficulty when disposing of their shares, especially in large blocks. To date the company's shares have actively traded, but with generally low daily volumes. Our company cannot predict the effects on the price of the shares if a more liquid trading market for them does not develop. In addition, if such a market does not develop, relatively small sales may have a significant negative impact on the price of the shares. For example, sales of a significant number of shares may be difficult to execute at a stable price.

RISK FACTORS

The availability of our credit facility and failure to continue to meet the financial covenants in our credit facility could have an adverse impact on our liquidity.

The availability of our credit facility is dependent on our continuing compliance with the covenants of our credit facility. We are currently in compliance with all of the covenants of our credit facility. However, certain events, including reductions in the NAV of our investment portfolio, could result in an event of default under the credit facility agreement. Where an event of default occurs, the lender may cancel the undrawn portion of our credit facility and declare the entire outstanding principal and interest immediately due. As a result, we may not have access to sufficient capital to meet our obligations (including unfunded commitments) and we could be forced to sell assets in order to cure the event of default or to repay our credit facility. Where we are obliged to sell assets from our investment portfolio to meet our obligations under our credit facility, such sale may be at an undervalue and may not reflect the estimated unaudited fair value that we have assigned to such asset(s). Further, where our credit facility is unavailable, our ability to make new investments or to honor funding obligations to which we are already committed may be severely restricted. We may be unable, or it may not be prudent or in our best interests, to enter into further agreements to borrow money or to refinance our credit facility.

The price attributed to the Class A Shares on Euronext Amsterdam and the SFM may vary significantly and the price attributed to the ZDP Shares on the SFM and the CISX may vary significantly.

The Class A Shares are admitted to trading on Euronext Amsterdam and the SFM and the ZDP Shares are admitted to trading on the SFM and the CISX. The price attributed to the Class A Shares or ZDP Shares, as the case may be, may vary significantly on one exchange versus the other. As such, no guarantee is given that investors will receive best pricing and execution on one market over another. We and our company accept no responsibility whatsoever with regards to the pricing of the Class A Shares and execution of trades therein on Euronext Amsterdam and the SFM, the pricing of the ZDP Shares and execution of trades therein on the SFM and the CISX, nor do we accept any responsibility for any pricing and/or execution variation between any of these exchanges. Investors are responsible for informing themselves as to the best pricing and execution available, in the case of the Class A Shares, on both Euronext Amsterdam and the SFM, and, in the case of the ZDP Shares, on both the SFM and the CISX.

The holders of ZDP Shares may not receive the final capital entitlement.

The holders of ZDP Shares may not receive the final capital entitlement and no guarantee is made by us or our company in relation to the payment thereof. The ZDP Shares, whilst ranking prior to the Class A Shares and the Class B Shares in respect of the repayment of up to 169.73 pence per ZDP Share from the assets of the investment portfolio, rank behind any borrowings of our company that remain outstanding. In addition, upon the occurrence of significant loss in value of the assets held in the investment portfolio, our company may be unable to pay the final capital entitlement or any part thereof to the holders of ZDP Shares.

Payment of the final capital entitlement to the holders of ZDP Shares may be dilutive to the NAV per Class A Share.

Payment of the final capital entitlement to the holders of the ZDP Shares may be dilutive to the NAV per Class A Share. Where our company does not generate investment returns in excess of the forecast gross redemption yield of 7.30% (in relation to which, no guarantee has been given) per annum (based on the issue price of the ZDP Shares), the NAV per Class A Share may be significantly diluted.

DIRECTORS' REPORT

Principal Activity

NB Private Equity Partners Limited ("NBPE", the "Company", "We", or "Our") is a closed-end investment company registered in Guernsey. Our registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. We invest in private equity through private equity funds and co-investments. We may also make opportunistic investments. Our Class A shares are listed and admitted to trading on Euronext Amsterdam by NYSE Euronext and on the Specialist Fund Market of the London Stock Exchange plc under the symbol "NBPE". Our zero dividend preference shares (see note 6 of the consolidated financial statements) are listed and admitted to trading on the Daily Official List of the Channel Islands Stock Exchange and the Specialist Fund Market of the London Stock Exchange under the symbol "NBPZ".

Statement of Responsibility

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008, as amended (the "Law") requires the Directors to prepare consolidated financial statements for each financial year. These consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss and are in accordance with and are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as allowed by rules published in The Netherlands to effect implementation of the EU Transparency Directive, and are presented in United States dollars. The Company prepares its financial statements in compliance with the Law. The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these consolidated financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with the Law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The auditors of the company carry out their work under the Crown Dependencies Audit Rules and Guidance ("the Rules"). In previous years the auditors have performed their audit in accordance with US Generally Accepted Auditing Standards (US GAAS). To bring the audit into line with similar Guernsey companies and to meet a recent interpretation of the Rules, this year the auditors have carried out their audit in accordance with International Standards of Auditing (UK & Ireland). This change has been made after consultation with the audit committee who are satisfied that it does not reduce the robustness or quality of the audit.

DIRECTORS' REPORT

Material Contracts

NBPE, NB PEP Investments LP (Incorporated) and the Investment Manager entered into that certain Investment Management and Services Agreement on 25 July 2007 (as amended and restated on 25 January 2008), whereby the Investment Manager, subject to the overall supervision of the Directors, was appointed as NBPE's investment manager. NBPE and Heritage International Fund Managers Limited entered into that certain Administration Agreement on 3 July 2007 (as amended by side letter on 22 June 2009), whereby NBPE appointed Heritage International Fund Managers Limited to act as administrator and company secretary to NBPE. NBPE, as general partner, and NB PEP Associates LP (Incorporated), as special limited partner, entered into that certain limited partnership agreement of NB PEP Investments LP (Incorporated) on 25 July 2007, as amended and restated on 16 July 2008. NBPE is party to a Share Buy-Back Agreement with Jefferies International Limited ("JIL") in relation to the on market repurchases of class A shares on behalf of NBPE. The Share Buy-Back Agreement was initially entered into between NBPE and The Royal Bank of Scotland N.V. (London Branch) ("RBS N.V.") on 22 October 2010 and was subsequently amended and extended on 30 August 2011, novated on 7 November 2011 from RBS N.V. to The Royal Bank of Scotland plc ("RBS plc") in respect of repurchases of shares made on the Specialist Fund Market only, and extended on 29 November 2011. The Share Buy-Back Agreement was then novated by RBS NV and RBS plc to JIL on 1 March 2012 and the Board of Directors has approved an extension of the share buyback program from 28 February 2013 to 31 May 2013.

Shareholdings of the Directors

Talmai Morgan (Chairman):	10,000 Class A Shares
John Buser:	10,000 Class A Shares
John Hallam:	10,000 Class A Shares
Christopher Sherwell:	9,150 Class A Shares
Peter Von Lehe:	7,500 Class A Shares

Major Shareholders

As at 31 December 2012, insofar as is known to NBPE, the following persons were interested, directly or indirectly, in 5% or more of the Class A Shares in issue (excluding Class A Shares held in treasury):

Class A Shareholder:	Lehman Brothers Offshore Partners Ltd.
Number of Class A Shares:	15,302,319

List of NBPE Subsidiaries

Name	Place of Incorporation (or Registration) and Operation	Proportion of Ownership Interest %
Directly Owned		
NB PEP Investments, LP (Incorporated)	Guernsey	99.9%
Indirectly Owned		
NB PEP Investments Limited	Guernsey	100.0%
NB PEP Investments DE, LP	United States	100.0%
NB PEP Investments LP Limited	Guernsey	100.0%
NB PEP Investments I, LP (Incorporated)	Guernsey	100.0%
NB PEP Holdings Limited	Guernsey	100.0%
Various holding entities for specific investments	United States	100.0%

We also confirm that to the best of our knowledge:

- The consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole as required by the EU Transparency Directive, Disclosure and Transparency Rules ("DTR") 4.1 12R and by the Wft Decree; and
- The annual report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face as required by the EU Transparency Directive, DTR 4.1 12R and by the Wft Decree.

By order of the Board

Talmai Morgan
Director

John Hallam
Director

Date: 11 March 2013

Certain Information

We are subject to The Netherlands Financial Supervision Act (*Wet op het financieel toezicht,* "Wft"), and we are registered with The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, "AFM") as a collective investment scheme as meant in section 1:107 of the Wft. We are subject to certain ongoing requirements under the Wft, the Decree on Supervision of Conduct by Financial Enterprises (*Besluit Gedragstoezicht financiële ondernemingen Wft*) and the Decree on the Implementation Directive Transparency Issuing Entities (*Besluit uitvoeringsrichtlijn transparantie uitgevende instellingen Wft*, the "Wft Decree") relating to the disclosure of certain information to investors, including the publication of our financial statements.

SUBSEQUENT EVENTS

Subsequent Events

Please also note the following subsequent events:

During February, NBPE funded an aggregate $3.0 million to a direct yielding investment and a follow-on investment through the NB Alternatives Healthcare Credit Program. The new investment is a senior secured term loan with a 13.5% cash coupon to a medical device company. In addition, NBPE funded an aggregate $2.2 million to two equity co-investments through the NB Alternatives Direct Co-investment Program in early March, which are included in this report on a pro forma basis. The new co-investments funded were CoAdvantage, a leading professional employer organization, and Shelf Drilling, a shallow water jackup rig contractor. The special situations portfolio continues to be cash generative as NBPE received an aggregate $3.6 million from special situations funds during February. Additionally, NBPE received $2.9 million from the NB Alternatives Healthcare Credit Program and $3.0 million from NB Alternatives Direct Co-Investment program, the majority of which were returns of capital.

On 28 February 2013, NBPE paid its first semi-annual dividend of $0.20 per Class A Ordinary Share.

On 22 January 2013, NBPE declared its first semi-annual dividend payment on the Company's class A ordinary shares as part of the implementation of a long-term policy of paying regular dividends. On an annualized basis, this dividend payment represents a dividend yield of 3.4% based on the audited December 2012 NAV and 4.5% based on the Euronext closing price of $8.90 on 28 February 2013.

During January 2013, NBPE funded an aggregate $18.7 million to the second lien financing in Heartland Dental Care. The additional purchase of the second-lien debt was through a secondary transaction in January 2013. In addition, NBPE funded an aggregate $4.3 million, net of returns of capital, to a direct yielding investment and a follow-on investment through the NB Healthcare Credit Investment Program. NBPE also received $5.6 million of cash proceeds associated with the partial redemption in December of one of its special situations funds.

As of 31 January 2013, the unaudited restated NAV per share was $11.66, which represents a decrease of 1.3% compared to the audited NAV per share of $11.81 at 31 December 2012. As of 31 January 2013, the unaudited NAV per share adjusted for the $0.20 per share dividend was $11.86 which represents an increase of 0.4% compared to the audited NAV per share of $11.81 at 31 December 2012.

During the month of January, NBPE's aggregate trading volume on Euronext Amsterdam, the London Stock Exchange, and over-the-counter trading platforms was 471,207 shares, which represents an average daily trading volume of approximately 21,419 shares. The trading volume in January included approximately 136,279 shares traded over-the-counter and not reported on Euronext Amsterdam or the London Stock Exchange. There were no shares repurchased during the month of January.

Joseph Malick, a Managing Director in our London office who joined NB Private Equity in 2000 will be leaving Neuberger Berman on 31 March 2013 and we wish him every success for the future. His responsibilities are being assumed by Joana Rocha, Managing Director/London, Tonia Albano, Executive Director/London, and Paul Daggett, Principal/Dallas. Mr. Malick will not be replaced on the Investment Committee, which will now have seven members. For more information on the Investment Committee, please visit NBPE's website at www.nbprivateequitypartners.com.

DIRECTORS, ADVISORS AND CONTACT INFORMATION

Ordinary Share Information
Trading Symbol: NBPE
Exchanges: Euronext Amsterdam by NYSE Euronext and the Specialist Fund Market of the London Stock Exchange
Euronext Amsterdam Listing Date: 25 July 2007
Specialist Fund Market Admission: 30 June 2009
Base Currency: USD
Bloomberg: NBPE NA, NBPE LN
Reuters: NBPE.AS, NBPE.L
ISIN: GG00B1ZBD492
COMMON: 030991001
Amsterdam Security Code: 600737

ZDP Share Information
Trading Symbol: NBPZ
Exchanges: Specialist Fund Market of the London Stock Exchange and the Daily Official List of the Channel Islands Stock Exchange
Admission Date: 1 December 2009
Base Currency: GBP
Bloomberg: NBPEGBP LN
Reuters: NBPEO.L
ISIN: GG00B4ZXGJ22
SEDOL: B4ZXGJ2

Board of Directors
Talmai Morgan (Chairman)
John Buser
John Hallam
Christopher Sherwell
Peter Von Lehe

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Guernsey Administrator
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For general questions about NB Private Equity Partners Limited, please contact us at IR_NBPE@nb.com or at +1-214-647-9593.

The website address for NB Private Equity Partners Limited is www.nbprivateequitypartners.com.

NB PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2012 and 2011

Independent auditor's report to the members of NB Private Equity Partners Limited

We have audited the consolidated financial statements (the "financial statements") of NB Private Equity Partners Limited (the "Company" or "Group") for the year ended 31 December 2012 which comprise the consolidated balance sheets, consolidated condensed schedules of private equity investments, consolidated statements of operations and changes in net assets, consolidated statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and U.S. generally accepted accounting principles.

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Responsibility set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the Annual Financial Report. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2012 and of its results for the year then ended;
- are in conformity with U.S. generally accepted accounting principles; and
- comply with the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Robert A Hutchinson
For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Date: 11 March 2013

NB Private Equity Partners Limited

Consolidated Balance Sheets

31 December 2012 and 2011

Assets	2012	2011
Private equity investments		
(cost of $504,669,883 at 31 December 2012 and $493,864,537 at 31 December 2011)	$ 564,013,476	$ 538,393,517
Cash and cash equivalents	64,042,937	74,578,471
Restricted cash	3,364,018	3,364,018
Distributions receivable from Investments	24,249,375	53,723
Other assets	3,665,585	2,654,880
Total assets	**$ 659,335,391**	**$ 619,044,609**
Liabilities		
Liabilities:		
Zero dividend preference share liability	$ 66,783,351	$ 59,551,702
Payables to Investment Manager and affiliates	1,900,667	1,790,200
Carried interest payable	3,105,876	-
Accrued expenses and other liabilities	8,674,541	11,002,409
Net deferred tax liability	1,725,897	1,783,203
Total liabilities	**$ 82,190,332**	**$ 74,127,514**
Net assets		
Class A shares, $0.01 par value, 500,000,000 shares authorized,		
51,940,972 shares issued, and 48,790,564 shares outstanding at 31 December 2012		
(52,495,577 shares issued, and 49,345,169 shares outstanding at 31 December 2011)	$ 519,410	$ 524,956
Class B shares, $0.01 par value, 100,000 shares authorized,		
10,000 shares issued and outstanding	100	100
Additional paid-in capital	525,157,490	529,079,201
Retained earnings (deficit)	60,130,710	24,014,750
Less cost of treasury stock purchased (3,150,408 shares)	(9,248,460)	(9,248,460)
Total net assets of the controlling interest	576,559,250	544,370,547
Net assets of the non-controlling interest	585,809	546,548
Total net assets	**$ 577,145,059**	**$ 544,917,095**
Total liabilities and net assets	**$ 659,335,391**	**$ 619,044,609**
Net asset value per share for Class A and Class B shares	**$ 11.81**	**$ 11.03**
Net asset value per zero dividend preference share (Pence)	**124.32**	**115.83**

The accounts were approved by the board of directors on 11 March 2013 and signed on its behalf by

Talmai Morgan **John Hallam**

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Consolidated Condensed Schedules of Private Equity Investments

31 December 2012 and 2011

Private equity investments	Cost	Fair Value	Unfunded Commitment	Private Equity [3] Exposure
2012				
Fund investments	$ 302,173,001	$ 350,579,296	$ 88,282,702	$ 438,861,998
Direct co-investments-equity [1]	120,406,752	130,578,873	104,867,320	235,446,193
Direct co-investments-direct yielding [2]	82,090,130	82,855,307	42,576,232	125,431,539
	$ 504,669,883	**$ 564,013,476**	**$ 235,726,254**	**$ 799,739,730**
2011				
Fund investments	$ 361,090,441	$ 401,536,989	$ 105,019,241	$ 506,556,230
Direct co-investments-equity	99,700,325	103,821,107	201,281,082	305,102,189
Direct co-investments-direct yielding	33,073,771	33,035,421	-	33,035,421
	$ 493,864,537	**$ 538,393,517**	**$ 306,300,323**	**$ 844,693,840**

Private equity investments in excess of 5% of net asset value	Fair Value
2012	
NB Crossroads Fund XVII	$ 30,739,835
NB Crossroads Fund XVIII	
Large-cap Buyout	11,849,427
Mid-cap Buyout	29,624,057
Special Situations	8,669,801
Venture	9,262,452
	59,405,737
2011	
NB Crossroads Fund XVII	$ 35,953,112
NB Crossroads Fund XVIII	
Large-cap Buyout	11,074,039
Mid-cap Buyout	31,356,530
Special Situations	9,050,955
Venture	9,465,028
	60,946,552
Centerbridge Credit Partners Fund, L.P.	32,136,572

(1) Including investments made through NB Alternatives Direct Co-investment Program .

(2) Including investments made through NB Healthcare Credit Investment Program.

(3) Private Equity Exposure is the sum of Fair Value and Unfunded Commitment.

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Consolidated Condensed Schedules of Private Equity Investments (Continued)

31 December 2012 and 2011

Geographic diversity of private equity investments[1]	Fair Value 2012	Fair Value 2011
North America	$ 457,368,682	$ 423,252,623
Europe	80,459,054	91,559,644
Asia / Rest of World	12,083,769	16,528,161
Not classified	14,101,971	7,053,089
	$ 564,013,476	**$ 538,393,517**

Industry diversity of private equity investments[2]	Fair Value 2012	Fair Value 2011
Diversified / Undisclosed / Other	16.3%	26.0%
Industrials	13.7%	11.2%
Financial Services	11.7%	11.9%
Healthcare	10.9%	7.0%
Energy / Utilities	10.4%	13.5%
Consumer / Retail	9.9%	9.0%
Business Services	9.0%	3.3%
Technology / IT	8.8%	5.6%
Communications / Media	6.6%	8.3%
Transportation	2.7%	4.2%
	100.0%	**100.0%**

Asset class diversification of private equity investments[3]	Fair Value 2012	Fair Value 2011
Large-Cap Buyout	8.8%	8.6%
Large-Cap Buyout Co-Invest	8.4%	8.1%
Mid-cap Buyout	17.9%	20.7%
Mid-cap Buyout Co-Invest	13.1%	12.3%
Special Situation	22.3%	31.6%
Special Situation Co-Invest	0.3%	-
Direct Yielding Co-Invest	17.5%	6.1%
Growth/Venture	7.9%	8.0%
Secondary Purchases	3.8%	4.6%
	100.0%	**100.0%**

(1): Geography is determined by location of the headquarters of the underlying portfolio companies in funds and direct co-investments. A portion of our fund investments may relate to cash, or other assets or liabilities that they hold and for which we do not have adequate information to assign a geographic location.

(2): Industry diversity is based on underlying portfolio companies and direct co-investments.

(3): Asset class diversification is based on the net asset value of underlying fund investments and co-investments.

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Consolidated Statements of Operations and Changes in Net Assets

For the Years Ended 31 December 2012 and 2011

		2012		2011
Interest and dividend income	$	8,448,771	$	5,734,583
Expenses				
Carried interest		3,105,876		-
Investment management and services		7,689,087		7,101,381
Administration and professional		2,130,660		2,627,841
Finance costs				
Zero dividend preference shares		4,672,793		4,338,615
Credit facility		1,503,373		1,485,848
		19,101,789		15,553,685
Net investment income (loss)	**$**	**(10,653,018)**	**$**	**(9,819,102)**
Realized and unrealized gains (losses)				
Net realized gain (loss) on investments, net of tax expense of $1,438,454 for 2012 and $2,664,705 for 2011	$	32,353,151	$	45,863,795
Net change in unrealized gain (loss) on investments, net of tax benefit of $57,306 for 2012 and $770,236 for 2011		14,455,088		(8,289,169)
Net realized and unrealized gain (loss)		46,808,239		37,574,626
Net increase (decrease) in net assets resulting from operations	$	36,155,221	$	27,755,524
Less net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest		39,261		27,756
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$**	**36,115,960**	**$**	**27,727,768**
Net assets at beginning of year attributable to the controlling interest		544,370,547		526,936,428
Less cost of stock repurchased and cancelled (554,605 shares for 2012 and 1,387,656 shares for 2011)		3,927,257		10,293,649
Net assets at end of year attributable to the controlling interest	**$**	**576,559,250**	**$**	**544,370,547**
Earnings (loss) per share for Class A and Class B shares of the controlling interest	***$***	***0.74***	***$***	***0.55***

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Consolidated Statements of Cash Flows

For the Years Ended 31 December 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 36,115,960	$ 27,727,768
Net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest	39,261	27,756
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized (gain) loss on investments	(32,353,151)	(45,863,795)
Net change in unrealized (gain) loss on investments	(14,455,088)	8,289,169
In-kind payment of interest income	(873,297)	(907,435)
Amortization of finance costs	(1,058,797)	672,357
Amortization of purchase premium (OID)	(116,806)	-
Change in restricted cash	-	(3,364,018)
Change in other assets	(433,243)	(18,964)
Change in payables to Investment Manager and affiliates	3,216,343	(265,388)
Change in accrued expenses and other liabilities	5,968,661	3,363,027
Net cash provided by (used in) operating activities	(3,950,157)	(10,339,523)
Cash flows from investing activities:		
Distributions from private equity investments	150,217,362	87,840,197
Proceeds from sale of private equity investments	11,021,430	87,294,148
Contributions to private equity investments	(26,503,770)	(50,382,827)
Purchases of private equity investments	(137,393,142)	(29,596,491)
Net cash provided by (used in) investing activities	(2,658,120)	95,155,027
Cash flows from financing activities:		
Stock repurchased and cancelled	(3,927,257)	(10,293,649)
Credit facility loan payments	-	(47,500,000)
Net cash provided by (used in) financing activities	(3,927,257)	(57,793,649)
Net increase (decrease) in cash and cash equivalents	**(10,535,534)**	**27,021,855**
Cash and cash equivalents at beginning of year	74,578,471	47,556,616
Cash and cash equivalents at end of year	**$ 64,042,937**	**$ 74,578,471**
Supplemental cash flow information		
Interest paid	**$ -**	**$ 65,233**
Net taxes paid	**$ 2,925,482**	**$ 1,408,585**
Supplemental non-cash flow investing activities		
Payable for investment purchased	**$ 3,364,018**	**$ 3,364,018**

The accompanying notes are an integral part of the consolidated financial statements.

NB Private Equity Partners Limited

Notes to Consolidated Financial Statements

31 December 2012 and 2011

Note 1 – Organization

NB Private Equity Partners Limited and its subsidiaries (the "Company", "We", or "Our") is a closed-end investment company registered in Guernsey. Our registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. We invest in private equity through private equity funds and co-investments. We may also make opportunistic investments. Our Class A ordinary shares are listed and admitted to trading on Euronext Amsterdam by NYSE Euronext and on the Specialist Fund Market of the London Stock Exchange plc under the symbol "NBPE". Our zero dividend preference shares (see note 6) are listed and admitted to trading on the Daily Official List of the Channel Islands Stock Exchange and the Specialist Fund Market of the London Stock Exchange under the symbol "NBPZ".

Our Class B ordinary shares were contributed at the time of our initial public offering to a Guernsey charitable trust whose trustee is Heritage Corporate Services Limited ("Trustee"). Class B ordinary shares have the right to elect all of our directors and make most other decisions usually made by shareholders. The voting rights of Class A ordinary shares are limited to special consent rights involving specified events including merger, change in investment manager or investment policy, certain additional share issuances and certain material related party transactions as well as other events as described in our memorandum and articles of incorporation. Each Class A and B ordinary share participates equally in profits and losses.

The Company is managed by NB Alternatives Advisers LLC ("NB Alternatives" or "Investment Manager") pursuant to an investment management and services agreement. NB Alternatives is a subsidiary of Neuberger Berman Group LLC ("NBG").

Note 2 – Summary of Significant Accounting Policies and Risks

Basis of Presentation

These consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss and are in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), as allowed by rules published in the Netherlands to effect implementation of the EU Transparency Directive, and are in compliance with the Companies (Guernsey) Law, 2008. These consolidated financial statements are presented in United States dollars.

Market Risk

The Company's exposure to financial risks is both direct (through its holdings of assets and liabilities directly subject to these risks) and indirect (through the impact of these risks on the overall valuation of its investments). The Company's investments are generally not traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The partnership investments of the Company each hold a portfolio of investments in underlying companies. These portfolio company investments vary as to type of security held by the underlying partnership (debt or equity, publicly traded or privately held), stage of operations, industry, geographic location, and geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to market price risk.

Market conditions for publicly traded and privately held investments in portfolio companies held by the partnerships may affect their value in a manner similar to the potential impact on direct co-investments made by the Company in publicly traded and privately held securities. The partnership investments of the Company may also hold financial instruments (including debt and derivative instruments) in addition to their investments in portfolio companies that are susceptible to market price risk and therefore may also affect the value of the Company's investment in the partnerships. As with any individual investment, market prices may vary from composite index movements.

Credit Risk

Credit risk is the risk of losses due to the failure of counterparty to perform according to the terms of a contract. The Company may invest in a range of debt securities directly or in funds which do so. Until such investments are sold or are paid in full at maturity, the Company is exposed to credit risk relating to whether the issuer will meet its obligations when the securities come due. Distressed debt securities by nature are securities in companies which are in default or are heading into default and will expose the Company to a higher than normal amount of credit risk.

The cash and other liquid securities held can subject the Company to a concentration of credit risk. The Investment Manager attempts to mitigate the credit risk that exists with cash deposits and other liquid securities by regularly monitoring the credit ratings of such financial institutions and evaluating from time to time whether to hold some of the Company's cash and cash equivalents in U.S. Treasuries or other highly liquid securities.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Investment Manager mitigates this risk by monitoring the sufficiency of cash balances and availability under the credit facility to meet expected liquidity requirements for investment funding and operating expenses.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the inherent uncertainty of such estimates, including estimates of values of investments as described above, amounts ultimately determined may differ from our current estimates and such differences may be significant.

Principles of Consolidation

The consolidated financial statements include accounts of the Company consolidated with the accounts of all its subsidiaries in which we hold a controlling financial interest as of the financial statement date. All material inter-company balances have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents are valued at cost plus accrued interest, which approximates fair value. These balances represent amounts held with financial institutions that are readily accessible to pay expenses or fund investments. As of 31 December 2012 and 2011, $67,406,955 and $77,942,489 (including restricted cash) are held with JPMorgan Chase, respectively.

Restricted Cash

As of 31 December 2012 and 2011, we are required to maintain a cash balance of at least $3,364,018 by an investment purchase agreement with a deferred payment provision. The payment is due on 30 December 2013.

Valuation of Investments

The Company carries private equity investments on its books at fair value in accordance with U.S. GAAP. We use the best information we have reasonably available to determine or estimate fair value. Valuations of the investments are reviewed and approved quarterly by Investment Manager. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions associated with the securities, if any, that affect marketability. We determine such values for publicly traded securities held directly as well as known public positions held in the underlying private equity investments on a look-through basis. We estimate fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events. If we conclude that it is probable that we will sell an investment, we adjust our carrying value to the amount we expect to realize from the sale, exclusive of transaction costs. Direct yielding investments are comprised of second lien or subordinated debt securities, for which there is generally no comparable public market. To determine fair value, we take into account the relevant following inputs: comparable market transactions, discount rates, cash flow projections, and/or liquidity, credit and market risk factors, company performance, current capital structure, applicable market trading and transaction comparables, applicable market yields, timing of future expected cash flows, and any recent trades in the secondary market for the security.

We have adopted FASB ASU No. 2011-04, Fair Value Measurement (Topic 820) – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs ("ASU 2011-04"). The new guidance has no significant effect on these financial statements. See note 4 for additional disclosures related to ASU 2011-04.

Because of their inherent uncertainty, the fair values we use may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material to the consolidated financial statements.

Investment Income

We earn interest and dividends from our direct investments and from our cash and cash equivalents. We record dividends when they are declared and interest when earned, provided we know the information or are able to reliably estimate it. Otherwise, we record the investment income when it is reported to us by the private equity investments. Discounts received or premiums paid in connection with the acquisition of loans are amortized into interest income using the effective interest method over the contractual life of the related loan. Payment-in-kind (PIK) interest is computed at the contractual rate specified in the loan agreement for any portion of the interest which may be added to the principal balance of a loan rather than paid in cash by obligator on the scheduled interest payment date. PIK interest is added to the principal balance of the loan and recorded as interest income.

Operating Expenses

Operating expenses are recognized when incurred. Operating expenses include amounts directly incurred by the Company as part of its operations, and do not include amounts incurred from the operations of our investments.

Realized Gains and Losses on Investments

For investments in private equity funds, we record our share of realized gains and losses incurred when we know that the private equity fund has realized its interest in a portfolio company and we have sufficient information to quantify the amount. For all other investments, we record realized gains and losses when the asset is realized and on the trade date. For all investments, realized gains and losses are recorded on a specific identification cost basis.

Net Change in Unrealized Gains and Losses of Investments

Gains and losses arising from changes in value are recorded as an increase or decrease in the unrealized gains or losses of investments based on the methodology described above.

Carried Interest

Carried interest amounts due the Investment Manager (see note 3) are computed and accrued at each period end based on period-to-date results in accordance with the terms of the agreements.

Currency Translation

Investments denominated in a currency other than U.S. dollars are translated into U.S. dollar equivalents using spot rates as of the valuation date. The Company does not separate the changes relating to currency exchange rates from those relating to changes in the fair value of the investments held. These fluctuations are combined and included in the net change in unrealized gain (loss) on investments in the Consolidated Statements of Operations and Changes in Net Assets. For the year ended 31 December 2012, the effect of translation to U.S. dollars increased valuations of foreign investments by approximately $278,685. For the year ended 31 December 2011, the effect of translation to U.S. dollars decreased valuations of foreign investments by approximately $537,909.

The Company has unfunded commitments denominated in a currency other than U.S. dollars. These unfunded commitments are in Euro and amounted to €3,822,335 and €5,096,820 at 31 December 2012 and 2011 respectively; they have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rate in effect at 31 December 2012 and 2011. The effect on the unfunded commitment of the change in the exchange rate between Euros and U.S. dollars

was an increase in the U.S. dollar obligation of $10,291 and a decrease of $224,289, for 31 December 2012 and 2011 respectively.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Company an exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the Company has been charged an annual exemption fee of £600.

Generally, income that we derive from our investments may be subject to taxes imposed by the U.S. or other countries and will impact our effective tax rate.

Investments made in entities that generate U.S. source investment income may subject the Company to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30 percent may be applied on the Company's distributive share of any U.S. source dividends and interest (subject to certain exemptions) and certain other income that we receive directly or through one or more entities treated as either partnerships or disregarded entities for U.S. federal income tax purposes.

Investments made in entities that generate business income that is effectively connected with a U.S. trade or business may subject the Company to certain U.S. federal and state income tax consequences. Generally the U.S. imposes withholding tax on effectively connected income at the highest U.S. rate (generally 35 percent). In addition, we may also be subject to a branch profits tax which can be imposed at a rate of up to 30 percent of the after-tax profits treated as effectively connected income associated with a U.S. trade or business. As such, the aggregate U.S. tax liability on effectively connected income may approximate 54.5 percent given the two levels of tax.

We recognize a tax benefit in the consolidated financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. To date, we have not provided any reserves for taxes as all related tax benefits have been fully recognized. Although we believe we have adequately assessed for our uncertain tax positions, we acknowledge that these matters require significant judgment and no assurance can be given that the final tax outcome of these matters will not be different.

Deferred taxes are recorded to reflect the tax benefit and consequences of future years' differences between the tax basis of assets and liabilities and their financial reporting basis. We record a valuation allowance to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. We record the tax associated with any transactions with U.S. or other tax consequences when we recognize the related income.

Shareholders in certain jurisdictions may have individual income tax consequences from ownership of our shares. We have not accounted for any such tax consequences in these consolidated financial statements. For example, we expect the Company and certain of its non-U.S. corporate subsidiaries to be treated as passive foreign investment corporations ("PFICs)" under U.S. tax rules. For this purpose, the PFIC regime should not give rise to additional tax at the level of the Company or its subsidiaries. Instead, certain U.S. investors in the Company may need to make tax elections and comply with certain U.S. reporting requirements related to their investments in the PFICs in order to potentially manage the adverse tax consequences associated with the regime.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are reported at fair value. See note 7.

Forward foreign exchange contracts involve elements of market risk in excess of the amounts reflected on the consolidated financial statements. We bear the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign exchange contract as well as risks from the potential inability of the counterparties to meet the terms of their contracts.

Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

Note 3 – Agreements, including related party transactions

Management and Administration

We pay the Investment Manager a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the net asset value of our private equity and opportunistic investments. For purposes of this computation, the net asset value is reduced by the net asset value of any investment for which the Investment Manager is separately compensated as investment manager. For the years ended 31 December 2012 and 2011, the management fee expenses were $7,116,000 and $6,566,664, respectively.

We also pay the Investment Manager for certain accounting and administrative services at the rate of 2.5 basis points per quarter (10 basis points per annum) applied to the net asset value of our private equity and opportunistic investments at the end of each calendar quarter, computed as described above. The amounts incurred by the Company for the years ended 31 December 2012 and 2011 for these services were $573,087 and $534,717 respectively.

We pay to Heritage International Fund Managers Limited ("Heritage"), an affiliate of the Trustee, a fee for providing certain administrative functions relating to certain corporate services and Guernsey regulatory matters affecting the Company. Fees for these services are paid as invoiced by Heritage. We paid Heritage $112,924 and $124,525 for the years ended 31 December 2012 and 2011, respectively, for such services.

For the years ended 31 December 2012 and 2011, we paid our independent directors a total of $195,000 and $195,000 respectively.

Expenses related to the Investment Manager are included in investment management and services in the Consolidated Statements of Operations and Changes in Net Assets. Administration and professional expenses include fees for directors, audit and tax, trustee, legal, listing, and other items.

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 31 December 2012 and 2011, the noncontrolling interest of $585,809 and $546,548 represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation, respectively.

The following table reconciles the carrying amount of net assets, net assets attributable to the controlling interest and net assets attributable to the noncontrolling interest at 31 December 2012 and 2011.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2010	$ 526,936,428	$ 518,792	$ 527,455,220
Net increase (decrease) in net assets resulting from operations	27,727,768	27,756	27,755,524
Stock repurchased and cancelled	(10,293,649)	-	(10,293,649)
Net assets balance, 31 December 2011	**$ 544,370,547**	**$ 546,548**	**$ 544,917,095**
Net increase (decrease) in net assets resulting from operations	36,115,960	39,261	36,155,221
Stock repurchased and cancelled	(3,927,257)	-	(3,927,257)
Net assets balance, 31 December 2012	**$ 576,559,250**	**$ 585,809**	**$ 577,145,059**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5 percent of our consolidated net increase in net assets resulting from operations for a fiscal year in the event that our internal rate of return for such period, based on our net asset value, exceeds 7.5 percent. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the calculations for future periods. Carried interest is reduced by the amount of carried interest that we paid during the period on any investment for which the Investment Manager serves as investment manager. Carried interest is also accrued and paid on any economic gain that we realize on treasury stock transactions. (See note 10). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. As of 31 December 2012, $3,105,876 carried interest was accrued. As of 31 December 2011, no carried interest was accrued.

Shares Owned by Lehman Brothers

Lehman Brothers Holdings Inc. and/or one or more related entities owns 15,302,319 shares of our Class A ordinary shares, most of which were acquired at the initial public offering. Resale of these shares is not restricted.

Investments with the Investment Manager's Platform

The Company holds limited partner interests in private equity funds of funds managed and sponsored by the Investment Manager. These investments are excluded from the calculation of management fees. As of 31 December 2012 and 2011, the aggregate net asset value of these funds was approximately $90.1 million and $96.9 million, respectively, and associated unfunded commitments were $14.6 million and $19.7 million, respectively.

We own a 50% interest in NB Fund of Funds Secondary 2009 LLC ("NBFOFS"). Other funds managed by the Investment Manager own the remaining interest. NBFOFS holds a portfolio of private equity funds acquired in a secondary transaction. NBFOFS pays no fees or carry and we bear our share of any direct expenses of NBFOFS.

As of 31 December 2012, we have committed $125 million and funded $21.7 million to the NB Alternatives Direct Co-investment Program and committed $50 million and funded $7.5 million to the NB Healthcare Credit Investment Program. These programs will not result in any duplicative Neuberger Berman investment management fees and carry charged to NBPE.

Note 4 – Fair Value of Financial Instruments

We categorize our investments and other financial instruments as follows based on inputs to valuation techniques.

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The following tables detail the Company's financial assets and liabilities that were accounted for at fair value as of 31 December 2012 and 2011 by level. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets (Liabilities) Accounted for at Fair Value			
As of 31 December 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Private equity investments	$ 3,054,372	$ -	$ 560,959,104	$ 564,013,476
Forward foreign exchange contract	-	-	(156,114)	(156,114)
Totals	**$ 3,054,372**	**$ -**	**$ 560,802,990**	**$ 563,857,362**
As of 31 December 2011				
Private equity investments	$ 3,509,338	$ -	$ 534,884,179	$ 538,393,517
Forward foreign exchange contract	-	-	(2,569,077)	(2,569,077)
Totals	**$ 3,509,338**	**$ -**	**$ 532,315,102**	**$ 535,824,440**

The Company has assessed its positions and concluded that all of its private equity investments are classified as level 3 with the exception of one publicly traded co-investment classified as level 1 as of 31 December 2012 and 2011.

One co-investment was transferred from level 3 to level 1 during 2011 as a result of the completion of an initial public offering in 2011 and the resulting availability of quoted prices in active markets for those securities. There were no transfers between level 1 and level 2 during the years ended 31 December 2012 and 2011. The Company accounts for transfers at the end of the reporting period in which such transfers occur.

The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2012.

(dollars in thousands)

	For the Year Ended 31 December 2012							
	Large-cap Buyout	**Mid-cap Buyout**	**Special Situations**	**Growth/ Venture**	**Diversified**	**Secondary Purchases**	**Direct Yielding**	**Private Equity Investments**
Balance, 31 December 2011	$ 79,072	$ 172,386	$ 170,526	$ 28,265	$ 35,952	$ 15,648	$ 33,035	$ 534,884
Purchases of investments and/or contributions to investments	6,495	25,686	5,684	6,993	1,401	568	60,228	107,055
Realized gain (loss) on investments	4,350	11,176	10,260	3,551	3,420	1,738	1,212	35,707
Changes in unrealized appreciation (depreciation) of investments still held at the reporting date	9,615	(9,832)	14,850	803	(682)	(290)	803	15,267
Changes in unrealized appreciation (depreciation) of investments sold during the year	-	-	-	-	-	-	-	-
Distributions from investments	(8,378)	(21,546)	(69,384)	(7,519)	(9,351)	(3,353)	(12,423)	(131,954)
Balance, 31 December 2012	**$ 91,154**	**$ 177,870**	**$ 131,936**	**$ 32,093**	**$ 30,740**	**$ 14,311**	**$ 82,855**	**$ 560,959**
Balance, 31 December 2012 through fund investments	$ 45,613	$ 98,768	$ 130,155	$ 30,992	$ 30,740	$ 14,311	$ -	$ 350,579

The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2011.

(dollars in thousands)

	For the Year Ended 31 December 2011							
	Large-cap Buyout	**Mid-cap Buyout**	**Special Situations**	**Growth/ Venture**	**Diversified**	**Secondary Purchases**	**Direct Yielding**	**Private Equity Investments**
Balance, 31 December 2010	$ 137,043	$ 183,922	$ 176,154	$ 27,656	$ 36,478	$ 6,676	$ 23,510	$ 591,439
Purchases of investments and/or contributions to investments	21,310	9,883	22,008	5,968	2,349	7,979	13,388	82,885
Realized gain (loss) on investments	(5,405)	22,624	25,126	4,249	1,233	718	1,188	49,733
Changes in unrealized appreciation (depreciation) of investments still held at the reporting date	(4,416)	(1,557)	(16,937)	(1,408)	2,762	1,324	1,281	(18,951)
Changes in unrealized appreciation (depreciation) of investments sold during the year	10,159	-	-	-	-	-	-	10,159
Distributions from investments	(75,619)	(42,486)	(35,825)	(8,200)	(6,870)	(1,049)	(6,332)	(176,381)
Transfers in and/or (out) of level 3	(4,000)	-	-	-	-	-	-	(4,000)
Balance, 31 December 2011	**$ 79,072**	**$ 172,386**	**$ 170,526**	**$ 28,265**	**$ 35,952**	**$ 15,648**	**$ 33,035**	**$ 534,884**

The following table summarizes the valuation methodologies and inputs used for private equity investments categorized in level 3 as of 31 December 2012.

(dollars in thousands) Private Equity Investments	Fair Value 31 Dec. 2012	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average) [2]	Impact to Valuation from an Increase in Input [3]
Fund investments	$ 350,579	See note 2	Net Asset Value	N/A	N/A
Direct co-investments - equity					
Large-cap Buyout	45,541	Market Comparable Companies	LTM EBITDA	7.0x-11.7x (8.3x)	Increase
Mid-cap Buyout	79,102	Market Comparable Companies	LTM EBITDA	4.9x-12.7x (8.7x)	Increase
		Market Comparable Companies	Book Value	1.0x-1.5x	Increase
		Market Comparable Companies	$/kW	$465	Increase
		Residual Value	Escrow	70%	Increase
		Market Approach	Liquidity Discount	10%	Decrease
		Other	Book Value	1.0x	Increase
Special Situations	1,781	Market Comparable Companies	LTM EBITDA	4.2x	Increase
Growth/ Venture	1,100	Market Comparable Companies	LTM Revenue	1.6x	Increase
Direct co-investments - direct yielding	82,856	Market Comparable Companies	LTM EBITDA	6.6x-10.2x (8.6x)	Increase
		Market Comparable Companies	YTM IRR	10%	Increase
		Market Yield Analysis	Discount Rate	13%	Decrease
		Market Yield Analysis	YTM IRR	10%-14%	Increase
		Discounted Cash Flow	Discount Rate	10.9%-13.0% (12.4%)	Decrease
		Black Scholes Model	Risk Free Rate	1.8%-2.0%	Increase
		Black Scholes Model	Average Volatility	62.1%-66.9%	Increase
		Black Scholes Model	Liquidity Discount	25%-51.2%	Decrease
		Other	Book Value	1.0x	Increase
Total	$ 560,959				

(1) LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortization, YTM IRR means Yield To Maturity Internal Rate of Return.

(2) Inputs weighted based on fair value of investments in range.

(3) Unless otherwise noted, this column represents the directional change in the fair value of level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

Since 31 December 2011, there have been no changes in valuation methodologies within level 2 and level 3 that have had a material impact on the valuation of financial instruments.

Generally, our private equity investments have a defined term and no right to withdraw. We receive distributions as the underlying investments are liquidated. The pace of liquidation depends on a number of factors. We estimate that the liquidation of our current portfolio will continue for another 10-15 years.

Our special situations investments include hedge funds valued at approximately $20.5 million and $45.5 million at 31 December 2012 and 2011 respectively. As of 31 December 2012, one hedge fund amounting to $0.9 million is redeemable quarterly with a 60 day advance notice. Another hedge fund amounting to $19.7 million is not redeemable for the first two to three years following investment, and has rolling two year lock-up periods thereafter. Hedge funds generally have a right to restrict redemptions in order to avoid a forced sale of underlying assets.

Note 5 – Credit Facility

A subsidiary of the Company previously entered into an agreement with Lloyds Banking Group (Bank of Scotland) regarding a senior secured revolving credit facility (the "Original Facility") of up to $250 million due to expire in August 2014. The agreement was amended on 12 December 2012 to provide for a revised senior secured revolving credit facility (the "2012 Facility") of up to $200 million that expires in April 2017. At 31 December 2012 and 2011, there were no amounts outstanding. Substantially all assets are pledged pursuant to the following:

- a security interest in the Company's interest in substantially all eligible funds or co-investments
- an undertaking to dispose of the Company's assets in the event of continued default
- a security interest in the Company's bank accounts
- a pledge over the share capital of any current or future subsidiary of the Company, provided such an arrangement would not violate the terms of the investment
- an assignment by the Company over future cash flows of its private equity investments
- a negative pledge by the Company in respect of the general partnership interests held
- an assignment of the Company's rights under any key transactional documents entered into by the Company

Under both the 2012 Facility and the Original Facility, the Company is required to meet certain portfolio diversification tests, a minimum fund/co-investment threshold, maximum exposure limitations, a maximum debt to value ratio, a maximum debt to secured assets ratio and a maximum over-commitment test. In addition, both the 2012 Facility and the Original Facility limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers, repurchase of shares, liens or other matters customarily restricted in such agreements. The zero dividend preference shares (note 6) and the forward foreign exchange contract (note 7) are compliant with the credit facility agreements. At 31 December 2012 and 2011, the Company met all requirements under the 2012 Facility and the Original Facility, respectively.

Under the 2012 Facility, all borrowings bear interest tiered based on loan value. For a loan value less than or equal to $65 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 2.80% per annum. For a loan value in excess of $65 million and less than or equal to $150 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 3.30% per annum. For a loan value greater than $150 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 3.65% per annum. Under the Original Facility, all borrowings bear interest at a floating rate, calculated as LIBOR or Euribor, as appropriate, plus 1.35% per annum.

In addition, under the 2012 Facility, we are required to pay a commitment fee calculated as 80 basis points per annum on the daily balance of the unused facility amount. Under the Original Facility we are required to pay a commitment fee calculated as 40 basis points per annum on the daily balance of the unused facility amount.

For the year ended 31 December 2012, we incurred and expensed $0 for interest and $1,047,806 for commitment fees related to both the 2012 Facility and the Original Facility. For the year ended 31 December 2011, we incurred and expensed $25,481 for interest and $1,007,778 for commitment fees related to the Original Facility. As of 31 December 2012 and 2011, unamortized capitalized debt issuance costs (included in other assets) were $2,340,514 and $1,000,706 respectively. For the year ended 31 December 2012, capitalized amounts are being amortized on a straight-line basis over the term of the 2012 Facility. For the year ended 31 December 2011, capitalized amounts are being amortized on a straight-line basis over the term of the Original Facility. Such amortization amounted to $405,568 and $397,019 for the years ended 31 December 2012 and 2011, respectively.

An active market for debt that is similar to that of either the 2012 Facility or the Original Facility does not exist. Management estimates the fair value of the 2012 Facility and the Original Facility based on comparison to debt instruments with comparable characteristics. Management has estimated that the fair values of the 2012 Facility and the Original Facility, based on the balance outstanding, are approximately $0 and $0 at 31 December 2012 and 2011 respectively.

Note 6 – Zero Dividend Preference Shares

On 30 November 2009 the Company issued 30,000,000 zero dividend preference shares ("ZDP Shares"). On 16 April 2010 the Company issued additional 2,999,999 ZDP Shares. The additional ZDP Shares rank pari passu with the first ZDP Shares. The holders of the ZDP Shares are entitled to a redemption amount of 100.0 pence per ZDP Share as increased daily at such a daily compound rate as would give a final entitlement of 169.73 pence on 31 May 2017, resulting in an effective interest rate of 7.3% annually. The ZDP shares rank prior to the class A and B shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and their entire return takes the form of capital.

The following table reconciles the liability for ZDP shares for the years ended 31 December 2012 and 2011.

Zero dividend preference shares	Pounds Sterling	U.S. Dollars
Liability, 31 December 2010	£ 35,724,298	$ 55,726,333
Accrued interest	2,602,071	4,085,080
Unamortized premium	(9,742)	(15,216)
Currency conversion	-	(244,495)
Liability, 31 December 2011	£ 38,316,627	$ 59,551,702
Accrued interest	2,800,061	4,420,882
Premium amortization	(11,652)	(19,027)
Currency conversion	-	2,829,794
Liability, 31 December 2012	£ 41,105,036	$ 66,783,351

Capitalized offering costs are being amortized using the effective interest rate method. The unamortized balance at 31 December 2012 and 2011 is $1,210,031 and $1,480,969, respectively.

Note 7 – Forward Foreign Exchange Contract

The Company entered into a forward foreign exchange contract to economically hedge, in part, the currency risk associated with the pounds sterling contractual liability for the ZDP shares.

The contract provides that we will purchase £40,000,000 on 17 May 2017 for $64,820,000 from the Lloyds Banking Group (Bank of Scotland). The contract further provides that the security interests granted to the bank under the credit facility as described in note 5 also apply to any amounts we may owe the bank pursuant to this contract. As of 31 December 2012 and 2011, the fair value of the forward foreign exchange contract was a liability of $156,114 and $2,569,077 included in accrued expenses and other liabilities in the Consolidated Balance Sheets. The change in unrealized gain/(loss) on the Forward Foreign Exchange Contract for the years ended 31 December 2012 and 2011 is $2,412,963 and ($20,575), respectively. Actual trade prices or firm bids may vary significantly from the valuation because of factors including hedging and transaction costs, credit considerations, bid-ask spreads, position size and market liquidity.

Note 8 – Income Taxes

The Company is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments generate income that is subject to tax in other jurisdictions, principally the United States. The Company has recorded the following amounts related to such taxes:

	31 December 2012	31 December 2011
Current tax expense	$ 1,438,454	$ 2,664,705
Deferred tax expense (benefit)	(57,306)	(770,236)
Total tax expense (benefit)	$ 1,381,148	$ 1,894,469

	31 December 2012	31 December 2011
Gross deferred tax assets	$ 3,397,066	$ 1,184,461
Valuation allowance	(3,036,897)	(930,229)
Net deferred tax assets	360,169	254,232
Gross deferred tax liabilities	2,086,066	2,037,435
Net deferred tax liabilities	**$ 1,725,897**	**$ 1,783,203**

Current tax expense is reflected in net realized gains and deferred tax expense (benefit) is reflected in net changes in unrealized gains on the Consolidated Statements of Operations. Net deferred tax liabilities are related to net unrealized gains and gross deferred tax assets, offset by a valuation allowance, are related to unrealized losses on investments held in entities that file separate tax returns.

The Company has no gross unrecognized tax benefits. The Company has been audited by the IRS for the tax year ended 30 November 2007; the audit resulted in no change to the tax the Company reported. The years subsequent to 2007 remain subject to examination.

Note 9 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the years ended 31 December 2012 and 2011 are as follows:

	For the Years Ended 31 December	
	2012	2011
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 36,115,960	$ 27,727,768
Divided by weighted average shares outstanding for Class A and Class B shares of the controlling interest	49,004,162	50,092,462
Earnings (loss) per share for Class A and Class B shares of the controlling interest	**$ 0.74**	**$ 0.55**

Note 10 – Treasury Stock

The Company continues to maintain a liquidity enhancement policy that is intended to enhance and strengthen the liquidity in the trading of the Company's class A ordinary shares. The Company's Liquidity Enhancement Agreement with ABN AMRO Bank N.V. London Branch, which had been in force since 21 July 2008 (and which was subsequently renewed with The Royal Bank of Scotland N.V. ("RBS") on 29 June 2010), expired on 28 June 2011. Under the terms of Share Buy Back Programme (described below), the Liquidity Enhancement Agreement was suspended from 21 October 2010 to 28 June 2011.

On 22 October 2010, we launched a new Share Buy-Back Programme in order to begin implementing the Capital Return Policy. The Share Buy-Back Programme, which commenced in October 2010, is the subject of periodic review by the Board. The Board of Directors has approved an extension of the Share Buyback Program from 28 February 2013 to 31 May 2013. Under the terms of the Share Buy-back Programme, Jefferies International Limited ("JIL") has been appointed to effect on-market repurchases of Shares on behalf of NBPE on Euronext Amsterdam and/or the Specialist Fund Market of the London Stock Exchange. Shares bought back under the Share Buy-Back Programme will be cancelled.

The aggregate number of class A ordinary shares which may be repurchased pursuant to the Share Buy-back Agreement is limited to 6,776,250 shares (being 12.5 per cent of the total number of class A ordinary shares outstanding as of 21 October 2010, the day before the Share Buy-back Programme commenced). The Company may increase such maximum, subject to any limits to the authority granted to the Company by its shareholders to effect share repurchases. The Company currently has shareholder authority to repurchase shares in the market, the aggregate value of which may be up to 14.99 percent of its net asset value on 1 January in the relevant year in which the buyback is made. The maximum price which may be paid for a class A ordinary share is an amount equal to the higher of (i) the price of the last independent trade and (ii) the highest current independent bid, in each case, with respect to the class A ordinary shares on the relevant exchange (being the Specialist Fund Market of the London Stock Exchange or Euronext Amsterdam by NYSE Euronext).

The following table summarizes the Company's shares at 31 December 2012 and 2011.

		31 December 2012		31 December 2011
Class A shares outstanding		48,790,564		49,345,169
Class B shares outstanding		10,000		10,000
		48,800,564		49,355,169
Class A shares held in treasury - number of shares		3,150,408		3,150,408
Class A shares held in treasury - cost	$	9,248,460	$	9,248,460
Class A shares repurchased and cancelled - number of shares		2,269,028		1,714,423
Class A shares repurchased and cancelled - cost	$	16,523,000	$	12,595,743

Note 11 – Financial Highlights

The following ratios with respect to the Class A shares have been computed for the years ended 31 December 2012 and 2011:

Per share operating performance (based on average shares outstanding during the year)		**2012**		**2011**
Beginning net asset value	$	11.03	$	10.38
Stock repurchased and cancelled		0.05		0.10
Net increase in net assets resulting from operations:				
Net investment income (loss)		(0.22)		(0.20)
Net realized and unrealized gain (loss)		0.95		0.75
Ending net asset value	**$**	**11.81**	**$**	**11.03**

Total return (based on change in net asset value per share)	**2012**	**2011**
Total return before carried interest	7.71%	6.26%
Carried interest	(0.64%)	-
Total return after carried interest	**7.07%**	**6.26%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	**2012**	**2011**
Net investment income (loss)	(1.96%)	(1.86%)
Expense ratios:		
Expenses before interest and carried interest	2.93%	2.94%
Interest expense	-	-
Carried interest	0.57%	-
Total	**3.50%**	**2.94%**

Individual shareholder returns may differ from the ratios presented based on differing entry dates into the Company.

Note 12 – Commitments and Contingencies

In the normal course of business, the Company enters into a variety of undertakings containing a variety of warranties and indemnifications that may expose the Company to some risk of loss. The amount of future loss, arising from such undertakings, while not quantifiable, is not expected to be significant.

Note 13 – Subsequent Events

The Board of Directors of the Company declared on 22 January 2013 a dividend payment and paid $0.20 on each ordinary share on 28 February 2013 with dividend record date on 1 February 2013.

There have been no other subsequent events through 11 March 2013, the date the consolidated financial statements were issued, that requires recognition or disclosure in the consolidated financial statements.