NEUBERGER BERMAN

For the period ended
30 June 2019

NB Private Equity Partners Limited

30 June 2019 Interim Financial Report & Consolidated Financial Statements

NEUBERGER BERMAN

NB Private Equity Partners Limited

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Dear Shareholder,

I am pleased to present the 2019 Interim Financial Report of NB Private Equity Partners (the "Company" or "NBPE") for the six month period ended 30 June 2019. Over the last six months, the Company has completed the enhancements to corporate governance which were originally announced in September 2018. In March 2019, NBPE announced the appointment of two new independent directors, William Maltby and Wilken Von Hodenberg, as part of the continuing process of refreshing the board of directors. In conjunction with these appointments, I am not seeking reelection to the board at the 2019 Annual General Meeting and William Maltby will assume the duties of Chairman following my departure.

We have returned a significant amount of capital to shareholders during 2019 and in July the Company declared a $0.29 per Share dividend, a 3.6% increase relative to the February 2019 dividend, in line with the 3.0% annualised dividend yield on NAV target. In conjunction with the February 2019 dividend, this resulted in total 2019 dividends of $0.57 per share. In addition, as announced in January 2019, the Company entered into a new buyback agreement with Jefferies International Limited ("Jefferies"), which allows Jefferies at its discretion to repurchase NBPE Class A Shares on behalf of the Company based on a number of factors. Year to date the Company has repurchased and cancelled 1,755,296 shares at a weighted average discount to NAV of 21% which resulted in approximately $0.18 per Share NAV accretion. These share buybacks used $24.7 million of capital and combined with the 2019 dividend payment has resulted in an aggregate return of capital of $52.0 million to shareholders during the year to date.

Turning to investment performance, I am pleased to report that the Company generated an 8.7% NAV total return during the first six months of 2019, driven by the direct equity investments which generated a 21.0% gross IRR during the period. The Company's investment portfolio is now overwhelmingly allocated to direct equity investments, representing approximately 86% of the private equity portfolio value. Importantly, 96% of the direct equity portfolio, as measured on 30 June 2019 net asset value, attracts no underlying management fee or carried interest by the underlying sponsor, resulting in only a single layer of fees. The fee efficiency of NBPE's portfolio continues to be a highly compelling differentiator for the Company – providing access to leading private equity investments, diversified across over 55 sponsors, without the 2% management fee and 20% carried interest fee structure of traditional limited partnership interests. Instead, fees are charged at the NBPE-vehicle level at the management fee rate of 1.5% of private equity fair value and a 7.5% performance fee, above a 7.5% hurdle. The directors and I are pleased with the direct equity portfolio performance and believe that the portfolio is well positioned for the future. During the first six months of 2019 there were four full realisations in the direct equity portfolio which generated $35.1 million in total proceeds and a 2.2x gross multiple of invested capital. The remaining investments continue to perform well, with 6.1% and 8.3% 30 June 2019 LTM Revenue and LTM EBITDA growth, respectively. These aggregate performance statistics give an indication of the health of the portfolio and we also believe that through meticulous investment selection, the portfolio is well positioned for more challenging economic conditions, should the global economy continue to slow.

Finally, the directors remain highly focused on the share price discount to NAV both on an absolute and relative basis. With recent enhancements to corporate governance, strategic actions and continued robust investment performance, the directors believe the current discount level is unwarranted and the board will continue to seek ways to address the discount. We are working on a number of initiatives related to investor relations and marketing, which are designed to help address this issue. More information on these initiatives will be discussed at the company's upcoming Capital Markets Day on October 1st. Since this is my final communication as Chairman of NBPE, I would like to take this opportunity to say that I'm delighted to have worked with the board and the Investment Manager over my tenure at NBPE. I'm proud of the results that NBPE has achieved and I wish the Company continued success into the future. I believe the corporate governance initiatives completed over the years and in recent months, the current portfolio and the quality of the investment manager position the Company well for a bright future.

Talmai Morgan
Chairman
20 September 2019

Investment Strategy

86% of fair value invested in direct equity of private equity backed companies

NBPE's objective is to provide investors with the opportunity for capital appreciation (through share price growth) and current income (through a regular dividend).

NBPE offers direct exposure to a diversified portfolio of private equity investments alongside high quality sponsors with an extra layer of due diligence through Neuberger Berman Private Equity's global investment team and processes. Equity investments are made alongside leading private equity firms in their core areas of expertise by leveraging the deep network of private equity relationships, deal flow and investment expertise of the 200 private equity professionals of Neuberger Berman's $70 billion private equity platform. The Company invests across a variety of situations including new buyouts and "mid-life" transactions, which are investments into existing private equity sponsor portfolio companies, often to fund an acquisition or to provide partial liquidity to investors.

By leveraging the capabilities of the Neuberger Berman Private Equity platform, the Company seeks exposure to a broad set of private equity managers and companies and provides investors in the Company access which is more typically achieved by large-scale institutional investors with the ability to invest across a wide-range of the private equity universe. The current portfolio includes over 100 direct equity investments made alongside over 50 leading private equity sponsors and represents 86% of the portfolio's fair value, of which approximately 96% of the direct equity investments have no second layer of fees. In addition, NBPE seeks prudent diversification in its equity portfolio across geography, industry, enterprise value, and vintage.

In addition, NBPE's investment strategy is executed on a highly fee-efficient basis and without need for significant long-term unfunded commitments. Typically, co-investments are made on a no management fee and no carried interest basis, resulting in only a single layer of fees (as opposed to the additional management fee and carried interest charges associated with limited partner commitments). Since NBPE is a direct investor operating without third party fund investments, it is able to efficiently manage its capital deployment without significant long-term unfunded commitments, which is advantageous to its balance sheet management.

NBPE has the ability to invest across the capital structure and also invests in the debt of private equity backed companies, including first and second lien debt and mezzanine. Investments are made both on a primary basis to finance new buyouts and through secondary trades in the open market. Investments acquired through secondary trades often may be purchased at discounts to face value based on the current market trading price. In these situations, NBPE aims to take advantage of misunderstood credits, or mis-pricings or in other dislocations which affect the market price of the security.

Manager Overview

About the Manager

NBPE is managed by NB Alternatives Advisors LLC, the private equity group of Neuberger Berman (the "Manager" or the "Investment Manager"), which manages over $70 billion of private equity assets across multiple strategies.[1] The Investment Manager has 30 years of investing experience specialising in direct equity investments, income investments, private equity funds and secondary investments and has built deep relationships with leading private equity fund managers over that time. The Manager maintains over 530 active LP fund relationships and has committed approximately $10 billion annually to private equity over the past three years.[2]

The Company is managed by the Investment Manager pursuant to an Investment Management Agreement, dated 2 May 2017. Subject to the Board's overall strategic direction and instructions, the Investment Manager makes all of the Company's investment decisions. The Board has delegated to the Investment Manager the day-to-day management and operations of the Company, including sourcing, evaluating and making investment decisions related to the Company and executing the Company's business plan. The Manager's Investment Committee is comprised of 12 members, with an average of over 30 years of experience. The 12 members of the Investment Committee average 16 years with the firm and all of the Investment Committee members have been with the private equity team for at least 10 years. The sourcing and evaluation of the Company's investments are conducted by the Investment Manager's team of over 200 dedicated private equity professionals who specialise in direct equity investments, income investments and fund investments. The Investment Manager currently maintains offices in New York, London, Boston, Dallas, Hong Kong, Milan, Zurich and Bogotá.

About Neuberger Berman

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 23 countries, Neuberger Berman's team is more than 2,100 professionals. For five consecutive years, the company has been named first or second in Pensions & Investments Best Places to Work in Money Management survey (among those with 1,000 employees or more). Tenured, stable and long-term in focus, the firm has built a diverse team of individuals united in their commitment to delivering compelling investment results for our clients over the long term. That commitment includes active consideration of environmental, social and governance factors. The firm manages $333 billion in client assets as of June 30, 2019. For more information, please visit our website at www.nb.com.

1. As of 30 June 2019, including commitments in the process of documentation.
2. Average committed capital from 2016 to 2018.

Financial Summary

Strong balance sheet with **$1,034 million** of private equity assets

Investment level **115%** as of 30 June 2019

Financial Summary	At 30 June 2019	At 31 December 2018
Net Asset Value ("NAV") of the Ordinary Shares	$899.7m	$872.2m
Direct Equity Investments[1]	$890.7m	$831.1m
Income Investments	$102.7m	$135.1m
Fund Investments	$40.1m	$53.7m
Total Private Equity Fair Value	$1,033.5m	$1,019.9m
Private Equity Investment Level	115%	117%
Cash and Cash Equivalents	$14.7m	$23.0m
Credit Facility Borrowings Drawn	($15.0m)	($40.0m)
2022 & 2024 ZDP Share Liabilities (Dollar equivalent liabilities)	($137.6m)	($134.9m)
Net Other Liabilities	$4.1m	$4.2m
NAV per Ordinary Share (USD)	**$19.12**	**$17.87**
NAV per Ordinary Share (GBP)	**£15.02**	**£14.03**
NAV per Ordinary Share including dividends paid during financial period	**$19.35**	**$18.40**
ZDP Shares (2022 / 2024)	£55.8m / £52.3m	£54.7m / £51.2m
Net Asset Value per ZDP Share (2022 / 2024)	111.56p / 104.62p	109.41p / 102.48p
Dividends per Ordinary Share:		
Dividends paid during financial period	$0.28	$0.53
Cumulative dividends paid since inception	$3.15	$2.87

Note: Numbers may not sum due to rounding.

1. *Includes direct equity investments into companies, co-investment vehicles and investments through NB-managed vehicles.*

Financial Highlights

Total Return during the first half of 2019

8.7% NAV per Share[1]

15.6% Share price[1]

Portfolio at 30 June 2019

90% Equity investments[2]

10% Income investments

Cash Flows during the first half of 2019

$118.9M from Realisations to NBPE

$44.7M Invested into New Direct Investments and Follow-ons into Existing Investments

Dividends Paid to Shareholders

$0.28 per Share paid during the first half of 2019

3.9% Annualised yield on share price at 30 June 2019

1. *Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date. NAV total return figures reflect cumulative returns over the period shown and are based on USD. Share price return data based on London Stock Exchange, based on GBP returns.*
2. *Includes fund investments, including some which have a credit orientation.*

First Half 2019 Results

Unrealised & Realised Net Gains of $75.0m or $1.56 per share

	Value in Millions	USD per Share
31 December 2018 Net Asset Value	**$872.2 M**	**$17.87**
Positive Value Drivers		
+ Unrealised & Realised Net Gains	$75.0 M	$1.56
+ Yield Income & Dividends	$6.6 M	$0.14
Fees / Expenses		
- Management Fees & Operating Costs	($15.0) M	($0.33)
- Interest & Financing Costs	($6.2) M	($0.13)
FX Changes		
+ Foreign Exchange Movements	$5.4 M	$0.11
Dividends / Share Buybacks Paid to Shareholders		
- Dividends Paid	($13.6) M	($0.28)
- Share Buybacks / Accretion per Share	($24.7) M	$0.18
30 June 2019 Net Asset Value	**$899.7 M**	**$19.12**

Note: Numbers may not sum due to rounding.

Portfolio Overview

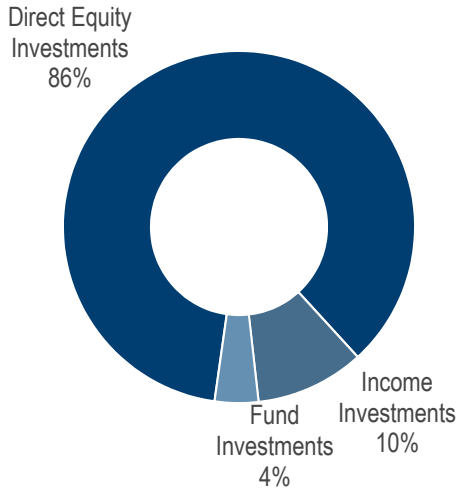
145 total investments and total private equity value of $1,033.5m

NBPE's portfolio is comprised of three main types of assets: direct equity investments, income investments and fund investments. NBPE is actively investing in direct equity and income investments and the relative weighting of each may shift over time, as the Manager seeks the best relative value opportunities. Fund investments are a small and declining portion of the portfolio and are comprised of mature private equity funds in realisation mode.

Portfolio Summary	Investments	Fair Value	Adj.Unfunded[1]	Exposure[1]
Direct Equity Investments	102	$890.7m	$32.2m	$922.9m
Income Investments	24	$102.7m	$48.5m	$151.2m
Fund Investments	19	$40.1m	-	$40.1m
Total Private Equity	**145**	**$1,033.5m**	**$80.7m**	**$1,114.2m**

Note: Numbers may not sum due to rounding.

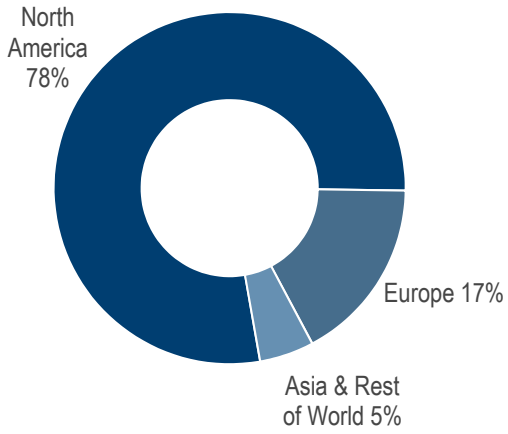
1. *Please refer to page 21 for more information on unfunded commitments to funds past their investment period. Actual unfunded commitments and total exposure is $205.6 million and $1.2 billion, respectively. Actual unfunded commitments is comprised of $97.5 million, $85.7, and $22.4 million to direct equity investments, income investments, and fund investments, respectively. Actual total exposure is $988.2 million, $188.4 million, and $62.5 million to direct equity investments, income investments, and fund investments, respectively.*



Investment Type

Weighted to Direct Equity Investments

NBPE pursues the securities that the Manager believes present the most attractive risk / return opportunity. Currently the portfolio is weighted to direct equity investments, and 10% of the portfolio is in income investments. Fund investments represent 4% of private equity fair value and the fund portfolio will continue to become a smaller portion of NBPE's private equity fair value as these funds wind-down.

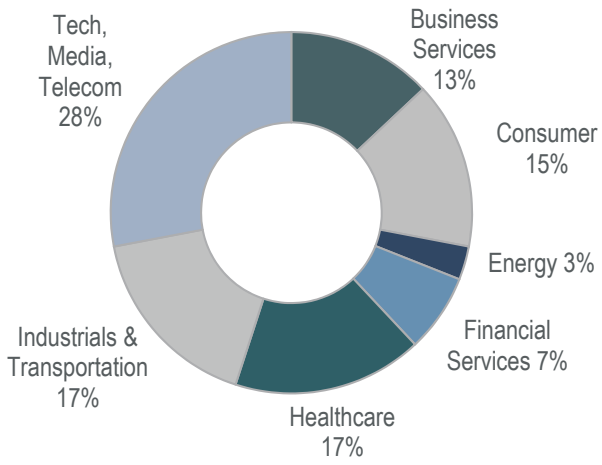


Geography

Weighted to North America

NBPE's portfolio is weighted to North American investments. This is the largest private equity market globally and the Manager believes the overall dynamics in this market relative to other geographies have generally offered the most attractive investment opportunities. The Manager is constantly monitoring and evaluating markets globally and may adjust this strategy over time. Approximately 17% of NBPE's portfolio is invested in European companies and 5% in other parts of the world, primarily Asia and Latin America.

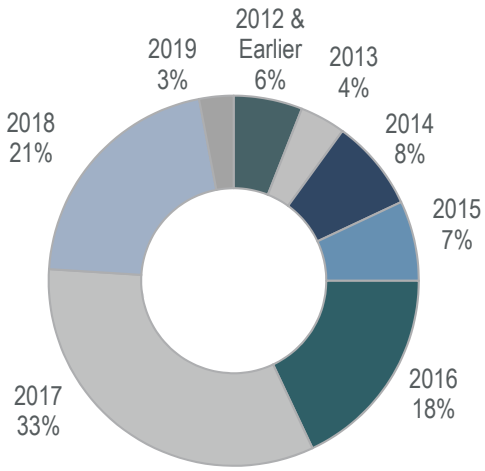
Note: Numbers may not sum due to rounding.



Industry

Broadly diversified across industries

NBPE's portfolio is broadly diversified across industries. The Manager does not set specific industry targets, because the Manager believes this could lead to selecting sub-optimal investments to meet a target. Instead the Manager looks for companies backed by high quality general partners with strong business characteristics in favoured sectors that the Manager believes can grow faster than gross domestic product.



Year of Investment

Diversified by vintage year, with limited exposure to older vintages

Approximately 90% of the portfolio fair value relates to investments made since the beginning of 2014 and the portfolio has a limited exposure to older vintages. The Manager believes this is advantageous for a number of reasons. First, older vintages often contain businesses which underlying sponsors have been unable or unwilling to sell and are often unlikely to be value drivers for a portfolio. Younger vintages in NBPE's portfolio demonstrate the Company's ability to regularly refresh its portfolio into healthier, newer investments. Second, NBPE's portfolio companies in the 2015, 2016, 2017 and 2018 vintage years are generally progressing well as sponsors execute their investment plans. Given that private equity holding periods are typically in the 3 - 6 year range, the Manager believes that companies from these vintage years can continue to drive value in NBPE's portfolio in the coming years.

Note: Numbers may not sum due to rounding.

Portfolio & Performance

As of 30 June 2019, approximately 96% of the private equity fair value was invested in direct equity and direct income investments. The portfolio has been repositioned away from fund investments and we expect the fund portfolio to continue to wind down organically and/or through additional secondary sales over the relatively short term.

During 2019, NBPE's portfolio generated a gross IRR of 17.6%, driven by its direct equity investments. In total, the investment portfolio has performed well year to date, three and five year time periods.

Investment Type	% of Fair value	2019 YTD	Three Year	Five Year
Direct Equity Investments	86.2%	21.0%	19.9%	17.6%
Income Investments	9.9%	3.9%	7.9%	7.9%
Fund Investments	3.9%	(3.3%)	6.5%	2.0%
Total Portfolio	**100%**	**17.6%**	**15.9%**	**12.0%**

Direct Equity Investments

During 2019, direct equity investments appreciated in value by $88.7 million and generated an internal rate of return of 21.0%. The top five investments measured by 2019 value appreciation – Staples, Petsmart, Engineering, Agiliti and Omega – in aggregate, appreciated by $31.5 million. As of 30 June 2019, approximately $70.5 million of NBPE's direct equity portfolio fair value was held in public securities.

Income Investments

Returns in the income portfolio were lower than in prior years and below expectations, driven primarily by two income investments. In February 2019, one of Company's debt position converted into equity of the newly re-organised business. In addition, 2019 performance was impacted by the mark to market adjustment on one debt investment based on the recent trading quote. Longer term performance in this asset class over three and five years has been in line with expectations.

Fund Investments

Fund investments are "tail-end" positions and as discussed above, are winding down over time. NBPE has 19 remaining legacy fund interests remaining and during 2019 these remaining funds generated $12.9 million of realisations. The top five largest fund positions represented 71.5% of the total legacy fund investment fair value.

Direct Equity Investments

Made alongside leading private equity firms in their core areas of expertise

NBPE seeks to invest in high quality businesses across a variety of transaction types, including capital for new buyouts and "mid-life" transactions, where investments are made into a sponsor's existing private equity portfolio companies. The Investment Manager's team of professionals works alongside the general partners throughout the process and often engages with sponsors early on in a transaction. NBPE is able to leverage the deep networks of the Investment Manager's team to invest alongside numerous private equity sponsors.

INVEST IN NEW DEALS

NEW BUYOUTS

New buyouts are made alongside leading private equity firms and can be across a variety of transaction types including take-privates, buyouts of family businesses, carve-outs or divisional sales.

CO-INVEST "MID-LIFE" INTO EXISTING PRIVATE EQUITY PORTFOLIO COMPANIES

ADD-ON ACQUISITIONS / GROWTH CAPITAL

Add-on or growth capital typically helps finance an existing company's growth or M&A strategy.

Portfolio

The direct equity portfolio is comprised of 102 investments with a fair value of $890.7 million. The portfolio consists primarily of buyout investments and is diversified across industry, vintage year and sponsor. The portfolio includes investments with unique investment angles and the Manager seeks investments which have multiple value creation levers including: strong sponsors and management teams, industry growth or secular trends, growth of new markets or product offerings, operational enhancements or clear exit paths and the potential for shorter paths to liquidity. The portfolio is weighted towards buyout investments and the weighted average holding period is 2.6 years.

Overview of the First Half of 2019

During the half of 2019, NBPE deployed $25.1 million into two new equity investments in the healthcare and insurance industries and $13.0 million to existing follow-on investments. Year to date, the equity portfolio has generated a gross IRR of 21.0%, driven by write-ups across the portfolio. In aggregate there were $101.9 million of unrealised write-ups in the equity portfolio during 2019 and these write-ups were offset by $13.2 million in unrealised write-downs.

Exit Activity

During the first half of 2019, the direct equity portfolio received distributions of $63.5 million, of which $35.1 million in aggregate was received from the exits of Berlin Packaging, Assurant (formerly The Warranty Group), Fairmount Minerals and Standard Aero. Combined these four exits generated a 2.2x gross multiple and a 21% IRR. The additional $28.4 million of proceeds consisted of dividends and other cash received as a result of partial realisations in Staples, Qpark, and sales of public shares of Aruhi.

IPO Activity

In May 2019, Avantor (NYSE: AVTR) completed an IPO and NBPE's junior convertible security converted into common shares. Uber (NYSE: UBER) also completed an IPO during May. In June, Chewy (NYSE: CHWY), a subsidiary of Petsmart, also completed an IPO and Chewy's public valuation is reflected in the private valuation of Petsmart.

Key Stats[1]

(as of 30 June 2019)

12.1x

EV / EBITDA Valuation Multiple

4.8x

EBITDA / Net Debt Multiple

6.1%

LTM Revenue Growth

8.3%

LTM EBITDA Growth

Full Exits / Sales:

StandardAero

berlin PACKAGING

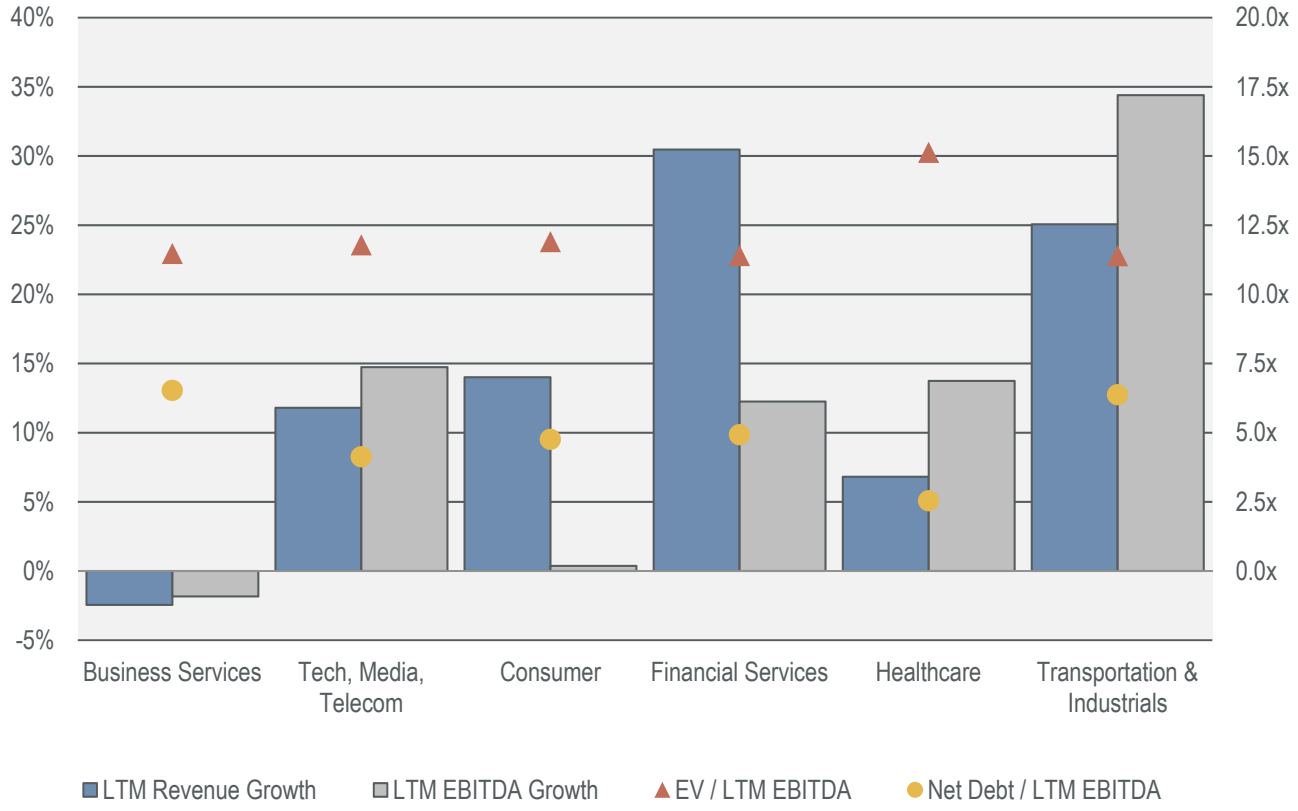
the warranty group®

FairmountSantrol

1. Analysis based on 74 private companies, representing 81% of direct equity fair value and excludes public companies, equity invested alongside healthcare credits, financial services companies valued on a multiple of book value or other income metrics, E&P companies valued on acreage or reserves and escrow value (ie companies valued on metrics other than EBITDA). Revenue and EBITDA of companies denominated in foreign currency are converted to US Dollars at the average US Dollar exchange rate for the 12 month period from 30/6/18 through 30/6/19; leverage and enterprise value is converted to US Dollars at the year end exchange rate. Companies valued on a revenue multiple are excluded from EV/EBITDA metrics. One equity position was converted from debt due to a restructuring and is excluded and one carve-out transaction is excluded due to not meaningful financial data comparisons year over year. Portfolio company operating and valuation metrics are based on the most recently available (unaudited) financial information for each company. Where necessary, estimates were used, which include pro forma adjusted EBITDA and revenue, annualised quarterly operating metrics and LTM periods as of 31/3/19 and 30/6/19. Data weighted by private equity fair value as of 30 June 2019.

Operating Performance, Valuation & Leverage[1]

The figure below illustrates the key operating, valuation, and leverage statistics for private companies in the direct equity portfolio by industry sector. In conducting the analysis, the Investment Manager utilised the most recently available information to estimate the year-over-year growth in revenue and EBITDA for each company. In addition, the Investment Manager analysed the most recently available valuation multiple (enterprise value to EBITDA) and leverage multiple (net debt to EBITDA) for each company. Companies without meaningful EBITDA or where EBITDA is not a meaningful valuation metric (for example, in certain Exploration & Production companies valued on reserves or acreage or companies valued on a revenue multiple), were excluded from those parts of the analysis. The aggregate metrics by industry sector represent weighted averages based on the fair value of each underlying company at 30 June 2019.



Fair Value ($mm):	**$122.1**	**$236.3**	**$102.4**	**$43.9**	**$103.4**	**$114.8**
# of Companies:	**8**	**25**	**16**	**4**	**10**	**11**

1. Analysis based on 74 private companies, representing 81% of direct equity fair value and excludes public companies, equity invested alongside healthcare credits, financial services companies valued on a multiple of book value or other income metrics, E&P companies valued on acreage or reserves and escrow value (ie companies valued on metrics other than EBITDA). Revenue and EBITDA of companies denominated in foreign currency are converted to US Dollars at the average US Dollar exchange rate for the 12 month period from 30/6/18 through 30/6/19; leverage and enterprise value is converted to US Dollars at the year end exchange rate. Companies valued on a revenue multiple are excluded from EV/EBITDA metrics. One equity position was converted from debt due to a restructuring and is excluded and one carve-out transaction is excluded due to not meaningful financial data comparisons year over year. Portfolio company operating and valuation metrics are based on the most recently available (unaudited) financial information for each company. Where necessary, estimates were used, which include pro forma adjusted EBITDA and revenue, annualised quarterly operating metrics and LTM periods as of 31/3/19 and 30/6/19. Data weighted by private equity fair value as of 30 June 2019.

Largest Companies in the Direct Equity Investment Portfolio

The table below shows the largest company exposures in the portfolio. The top ten investments represented approximately 30.1% of NBPE's NAV and no company was larger than 5.0% of NAV.

Investment / Description	Status	Year of Investment	Asset Class	Equity Sponsor	NBPE Fair Value
Material Handling Systems Infrastructure and automation outsourcing	Private	2017	Mid-cap Buyout	Thomas H Lee	$37.4 million
Engineering Italian IT firm	Private	2016	Mid-cap Buyout	NB Renaissance	$34.5 million
USI Insurance Insurance brokerage & consulting services	Private	2017	Large-cap Buyout	KKR	$28.0 million
Marquee Brands Portfolio of consumer branded IP assets	Private	2014	Special Situations	Neuberger Berman	$27.8 million
Staples B2B and retail supplies of office products	Private	2017	Special Situations	Sycamore Partners	$27.7 million
Business Services Company* Business services company	Private	2017	Large-cap Buyout	Not Disclosed	$27.6 million
Agiliti Healthcare technology and management services solutions	Private	2019	Mid-cap Buyout	Thomas H Lee	$24.0 million
ProAmpac Leading global flexible packaging company	Private	2016	Mid-cap Buyout	Pritzker Group	$23.5 million
Telxius Telecommunications infrastructure	Private	2017	Large-cap Buyout	KKR	$20.9 million
QPark European parking services provider	Private	2016	Large-cap Buyout	KKR	$19.7 million
Total Top Ten Largest Exposures					**$271.1 million**

Note: Numbers may not sum due to rounding.
**Due to confidentiality provisions, company name cannot be disclosed.*

New Direct Equity Investments

$25.1 million invested into two new direct equity investments during 2019 year to date

agiliti

Industry: Healthcare

Sponsor: THL

Thesis: Attractive business model, strong customer base

HUB

Industry: Insurance

Sponsor: Altas Partners / Hellman & Friedman

Thesis: Stable industry; platform for organic and inorganic growth

Note: excludes $13.0 million of follow-on investments.

Income Investments

Debt in private equity backed companies

The portfolio is diversified across industry sectors in leading businesses with strong cash flow generation and defensible market positions. Income investments are made in established and stable private equity-backed companies with high quality private equity sponsorship.

NBPE invests both on a primary basis – to finance new buyouts – as well as on a secondary basis, when mispricings or market dislocations exist or a credit is misunderstood. NBPE also invests in structured securities – hybrid debt/equity securities, higher in the capital structure, above common equity, but subordinated to debt. These preferred equity securities carry a yielding component – often in the form of PIK interest.

INVEST IN THE DEBT OF PRIVATE EQUITY-BACKED COMPANIES

CORPORATE DEBT - PRIMARY

First / Second Lien

Structured Securities

Primary origination of loans

- Target market leading companies with strong cash flow
- Senior secured loans offering structural seniority and strong asset coverage
- Invest in new buyouts, re-financings or for acquisition / growth capital

CORPORATE DEBT - SECONDARY

Mispricings or dislocations

Misunderstood credits

Loans acquired on the secondary market, often at discounts to face value

- Securities include secured and unsecured loans, bonds and other related instruments
- Target smaller, less liquid issuers at prices that imply compelling enterprise values
- Focus on companies which may have come under pressure due to operational issues, financial stresses or other issues
- Target equity-like returns in fixed income

Portfolio

The income portfolio is comprised of 24 investments with $102.7 million of fair value. The investments are well diversified and have a reasonable average level of total leverage. Total leverage and senior leverage to NBPE's security are both reasonable at 6.2x and 5.3x, respectively. The portfolio's current cash yield is 7.8% with a 12.2% estimated yield to maturity, based on the current fair value of the debt and the amount of future expected cash flow and principal payment at maturity. One investment in the debt portfolio with approximately $15 million of cost had completed a restructuring and NBPE's security was converted to equity during 2019; this direct position is now reported in the equity portfolio. Another investment with approximately $5 million of cost had been written down to approximately 8% of par value, based on the most recent quote available at 30 June 2019. This investment continues to generate current income to NBPE, but is excluded from the estimated yield to maturity calculations. The weighted average holding period of the debt investments in the income portfolio was 1.8 years as of 30 June 2019.

The income portfolio generates approximately $7.9 million of run-rate cash income as of 30 June 2019.

Overview of the First Half of 2019

During the first half of 2019, NBPE invested $6.5 million into new investments through the NB Credit Opportunities Program and received $42.7 million of distributions from income investments. Distributions were driven by the exits of NBPE's PIK preferred investments in Avantor and Standard Aero, which together generated $29.5 million of proceeds and the four exits year to date generated total proceeds of $33.3 million. In addition NBPE received principal repayments equaling $3.4 million and interest income of $6.0 million from other debt investments. There were no new investments during the first quarter of 2019.

Exit Activity

NBPE fully exited four investments during the first half of 2019. These investments generated $38.3 million of total proceeds to NBPE and an aggregated 1.3x multiple of invested capital and a 17.7% IRR (inclusive of prior realisations and income).

7.8% / 12.2%

Cash Yield / Estimated yield to maturity

6.2x / 5.3x

Total leverage / Senior leverage

68%

Fair value invested in floating rate debt

Note: Leverage statistics exclude small business loan programs, credit opportunities and healthcare credit investments. Based on portfolio company data as of 30 June 2019. Small business loan programs are excluded from yield calculations but are at an interest rate at least at the rate stated above. Numbers may not sum due to rounding.

Largest Companies in the Income Investment Portfolio

The table below shows the largest company exposures in the income investment portfolio. The top five investments represented approximately 6.2% of NBPE's NAV and 54.6% of the income portfolio's fair value. No company was larger than 3.0% of NAV.

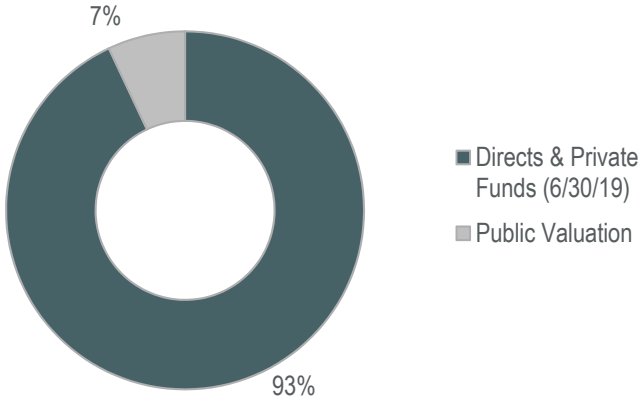
Investment / Description	Year of Investment	Security Terms	Cash Yield	NBPE Fair Value
Verscend Healthcare information technology	2018	PIK Preferred Equity (12.3% PIK)	-	$22.1 million
Schumacher Group Provider of outsourced medical clinical staffing	2015	Second Lien (L+8.5% Cash, 1.0% L Floor)	11.2%	$9.7 million
Carestream Dental Dental imaging and software	2017	Second Lien (L+8.0% Cash, 1.0% L Floor)	10.8%	$9.3 million
Dubois Chemical Specialty chemical company	2017	Second Lien (L+8.0% Cash, 1.0% L Floor)	10.7%	$9.0 million
ProAmpac Leading global flexible packaging company	2016	Second Lien (L+8.5% Cash, 1.0% L Floor)	11.1%	$6.0 million
Total Top Five Largest Exposures				**$56.1 million**

Note: Numbers may not sum due to rounding. Excludes credit opportunities investments purchased through secondary transactions.

Valuation

Following the receipt of additional valuation information after 16 July 2019, the publication date of the June monthly NAV estimate, the NAV per Share of $19.12 was an increase of $0.40 from the previously reported estimate.[1]

NBPE carries direct equity and fund investments based on the most recently available estimate of fair value using financial information provided by the lead private equity sponsor. Debt investments made on a primary basis are generally carried at cost plus accrued interest, if any; debt investments made through secondary market trades are generally carried at market quotes, to the extent available.



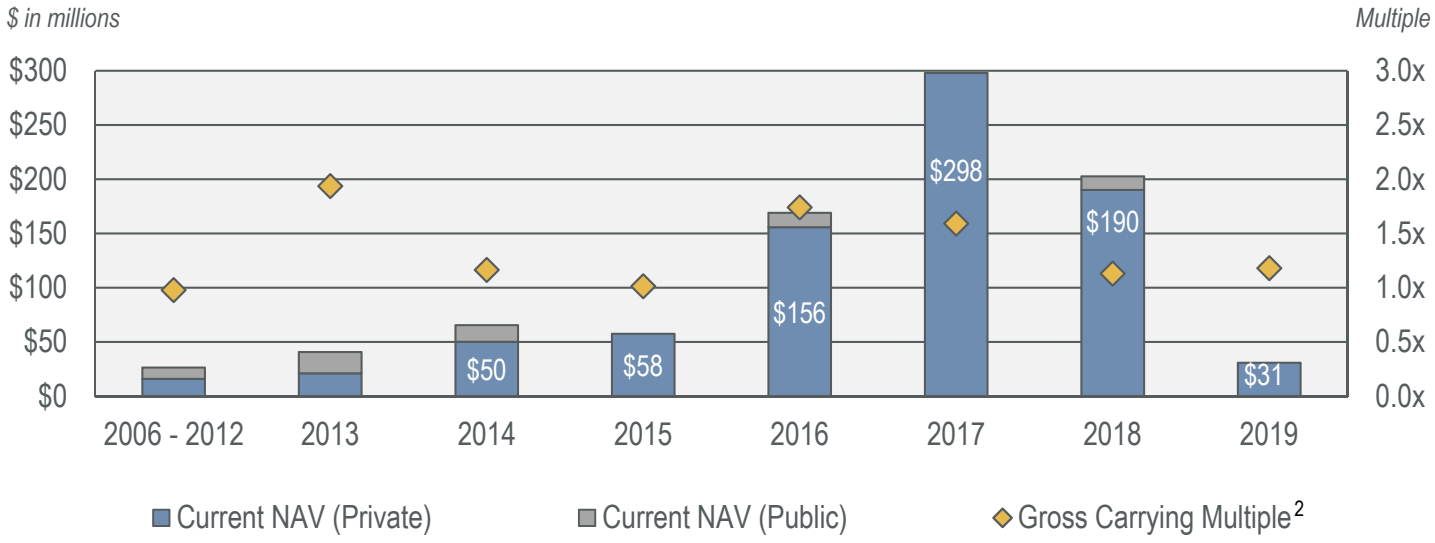
Public Valuation Information

As of 30 June 2019, approximately 7% of fair value was held in public securities. The top five public securities exposures are shown below:

- SolarWinds (NYSE: SWI): $13.3 million
- Gardner Denver (NYSE: GDI): $10.2 million
- Brightview (NYSE: BV): $8.2 million
- Extraction Oil & Gas (NASDAQ: XOG): $7.1 million
- Evoqua (NYSE: AQUA): $6.6 million

Direct Equity Portfolio Valuation

The table below shows the private and public fair value and the current carrying multiple by vintage year of the direct equity portfolio. The direct equity portfolio was held at a gross carrying multiple of 1.4x current cost as of 30 June 2019.



Note: Numbers may not sum due to rounding. Please refer to page 59 for a detailed description of the valuation methodology.

1. *As reported in the Monthly NAV estimate.*
2. *Returns are presented on a "gross" basis (i.e. they do not reflect the management fees, carried interest, transaction costs and other expenses that may be paid by investors, which may be significant and may lower returns).*

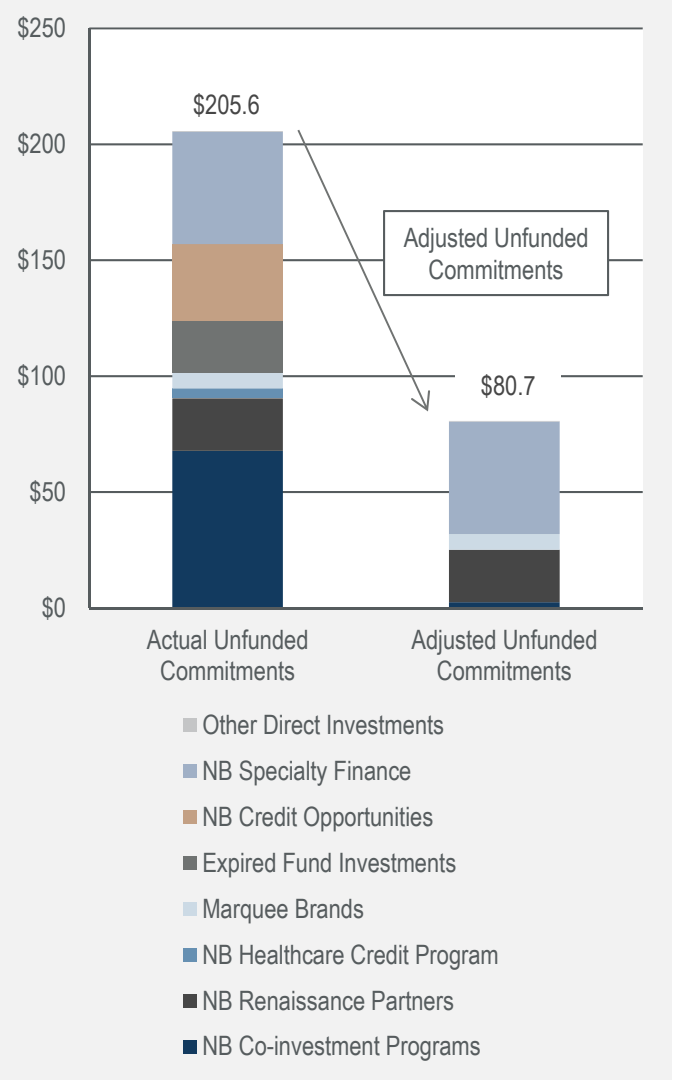
Unfunded Commitments

As of 30 June 2019, NBPE's unfunded commitments were approximately $205.6 million. Of this, $182.9 million was unfunded to NB Programs, as detailed below:

- NB Co-investment Programs[1]: $67.8 million
- NB Specialty Finance Program: $48.5 million
- NB Credit Opportunities Program[1]: $33.1 million
- NB Renaissance Programs: $22.6 million
- Marquee Brands: $6.8 million
- NB Healthcare Credit Program: $4.2 million

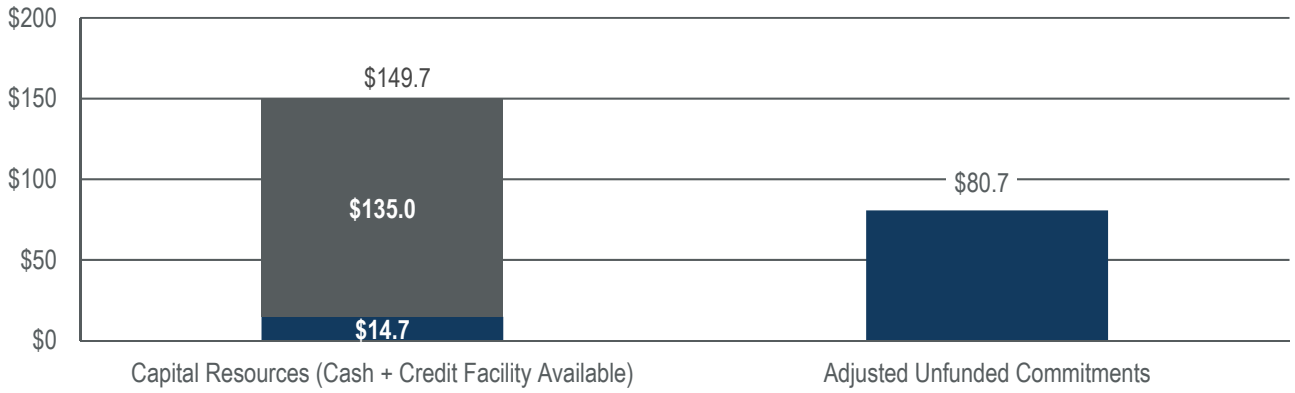
The remaining unfunded commitments were to legacy funds and other direct investments. The Manager believes a large portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

The Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted by removing unfunded commitments past their investment period (adjustment of $43.9 million), except for reserves which may be called for follow-ons, and amounts which NBPE has the ability to terminate if it so chooses (adjustment of $81.1 million). Following these adjustments, the unfunded commitments were $80.7 million.



Capital Resources

As of 30 June 2019, NBPE had $14.7 million of cash and $135.0 million of available borrowings under the 2016 Credit Facility (as defined on the following page), totaling $149.7 million of total capital resources. On an adjusted basis this corresponds to excess capital resources of $69.0 million and a commitment coverage ratio of 186%.



Note: Numbers may not sum due to rounding.

1. Amounts to NB Co-investment Program B and NB Credit Opportunities Program represent cancelable commitments.

Credit Facility

JP Morgan Credit Facility

On 7 June 2016, the Company entered into an agreement with JP Morgan Chase Bank, N.A. (the "2016 Credit Facility). The 2016 Credit Facility's availability is up to $150.0 million (including a $25.0 million accordion whereby the Company is able to increase available borrowings) that expires on 7 June 2021. The 2016 Credit Facility is guaranteed by the Company (the "Parent Guarantor") as well as all of the Company's subsidiaries (except for NB PEP Investments LP (Incorporated), being the borrower under the 2016 Credit Facility) and secured by substantially all of the assets of the Parent Guarantor and its subsidiaries. At 30 June 2019, there was $15.0 million borrowed under the 2016 Credit Facility.

Under the 2016 Credit Facility, the interest rate is calculated as LIBOR (based on 3-month LIBOR) plus 3.75% per annum. In addition, under the 2016 Credit Facility, the Company is required to pay an undrawn revolving fee of 1.25% per annum on the daily balance of the unused facility amount (excluding the $25.0 million accordion). The Company is also subject to certain minimum draw requirements, which if not met, subjects the Company to an additional utilisation fee on any undrawn amounts that are below the minimum draw requirement.

Under the 2016 Credit Facility, the Company is required to meet a maximum over-commitment test, certain loan-to-value ("LTV") ratios, performance event tests and certain portfolio concentration tests.

The maximum over-commitment test is performed on an adjusted unfunded basis, and is designed to limit the amount of unfunded obligations the Company and its subsidiaries may enter into. Adjusted unfunded obligations cannot exceed the lesser of: 1) $50 million, plus unrestricted cash, plus the undrawn credit facility and 2) 15% of the adjusted market value of eligible investments.

The Company is subject to a number of LTV ratios in order to be in compliance with the 2016 Credit Facility. The drawdown LTV ratio is 25% and the maximum LTV ratio is 40%. If the LTV ratio exceeds 40%, the Company is subject to certain requirements to lower the LTV ratio to the maintenance margin of 35%, within certain timeframes. If at any time the LTV ratio exceeds 60%, the Company is forced to make prepayments on the loan balance on an expedited basis. Certain cash distributions, including dividends, are subject to an LTV release ratio of less than 35%, unless a performance event has occurred. The performance event test is measured against the level of the S&P 500 index. If the S&P 500 index value falls by 30% in any 120 day period, certain cash distributions, including dividends, are subject to an LTV release ratio of 20%.

The Company is subject to certain portfolio concentration tests which limit the amount of exposure the Company may have in certain areas.

At 30 June 2019, the Company met all requirements under the 2016 Credit Facility.

Fee Analysis

AIC Ongoing Charges

NBPE's rate of ongoing charges, as defined by the Association of Investment Companies ("AIC") ratio, was 2.07% (annualised) for the period ended 30 June 2019. The ongoing charges are calculated in accordance with the AIC methodology and exclude interest and financing costs and other items not deemed to be ongoing in nature and therefore may differ from the total expense ratio found in note 12 of the Consolidated Financial Statements on page 50, which was prepared in accordance with US GAAP. The complete methodology can be found on the AIC's website.

The table on the right shows the breakdown of the ongoing expenses during 2019 on an annualized basis. Total annualised ongoing expenses in 2019 were $18.6 million, or 2.07%, based on the average 2019 NAV. The largest contribution to ongoing expenses was the annualised management fee of $15.2 million, or 1.69% (note that percentages of ongoing charges are based on the average 2019 NAV and may differ from contractual rates), followed by the annualised fund administration fee of $1.1 million, or 0.12%.

Total annualised other ongoing expenses were $2.4 million in aggregate or 0.26% of ongoing charges. Other ongoing charges consisted of fees and other expenses to third party providers for ongoing services to the Company. In accordance with the AIC methodology, any fees payable to service providers deemed to be one-time and non-ongoing in nature have been excluded from the other expenses figures.

NBPE Fee Analysis

The directors believe the Company offers access to a diverse private equity and income portfolio at a lower cost than many other listed private equity vehicles. The Company's direct investments are included in the portfolio generally with no management fee and no carry due to underlying sponsors. Approximately 96% of the direct investment portfolio (measured on 30 June 2019 fair value) is on a no management fee, no carry basis at the underlying level. On a total portfolio basis, and including legacy fund investments, approximately 93% of the portfolio is on a no management fee, no carry basis at the underlying level. Importantly, all of the legacy fund investments are past their investment period, when fees are typically charged at lower overall rates.

At the Company level, NBPE's management fees are 1.5% of private equity fair value (payable quarterly) and a 7.5% performance fee after a 7.5% hurdle rate. The directors believe these fees are a distinct advantage to shareholders and favourable relative to other listed direct funds, which often carry higher overall fee levels and listed fund of funds, which typically have a double layer of fees (charged at the vehicle level and underlying fund level).

Ongoing Charge (annualised)	Value ($ in m)	% Ongoing Charge
Management Fee	$15.2m	1.69%
Fund Administration Fee	$1.1m	0.12%
Other Expenses	$2.4m	0.26%
Total Ongoing Charges	**$18.6m**	**2.07%**

ESG

ESG at Neuberger Berman

Neuberger Berman is highly focused on integrating environmental, social and governance ("ESG") issues across its equity, fixed income and alternatives businesses and is continually striving to deepen its commitment to ESG integration both at the individual strategy level, and as a firm as a whole. Since 2012, Neuberger Berman has coordinated these efforts through the ESG Committee, which is now chaired by the Head of ESG Investing, Jonathan Bailey. This committee includes the firm's President and CIO-Equities, Joe Amato, and also includes senior representatives from across the firm including private equity. In June 2012, with the help of the committee, Neuberger Berman became a signatory of the Principles for Responsible Investment ("PRI"). Neuberger Berman has reported to the PRI since 2014 and found that the process of reporting has increased awareness to areas where the firm can improve to ensure continual development. Neuberger Berman was awarded the top score (A+) in the most recent UN-backed Principles for Responsible Investment assessment report for our overarching approach to ESG strategy and governance across all major asset classes.

In addition to being a signatory to the PRI, Neuberger Berman is a signatory to the U.K. Stewardship Code, Japan Stewardship Code, and the U.S. Investor Stewardship Group. Neuberger Berman is an active supporter and funder of a range of industry groups including US SIF, SRI and CDP, the Council of Institutional Investors and the Coalition for Inclusive Capitalism. Most recently Neuberger Berman became a founding member of the SASB Alliance.

The firm's Environmental Social Governance Policy provides a broad framework for an approach to ESG integration. This policy is reviewed annually by the ESG Committee, which is responsible for overseeing the ESG integration efforts, setting goals, and reporting on the firm's performance. This ESG Policy is the guideline for formalising and focusing on responsible investment efforts, with the recognition that environmental, social and governance issues have a significant impact on delivering investment results for clients. Neuberger Berman measures success through sustained improvement in ESG expertise and building awareness across investment teams and central research capabilities by offering continuing education on ESG issues and access to an array of ESG-related analytical resources.

The firm's policy statement is disclosed to the public on the firm's website www.nb.com/esg and includes the latest white papers, articles and perspectives on ESG topics from investment professionals across the firm.

ESG Neuberger Berman Private Equity

NB Private Equity believes that mitigating ESG-related risks may reduce overall portfolio risk and that integrating ESG factors into investment due diligence may lead to a more consistent investment outcome.

ESG factors are an integral part of NB Private Equity's rigorous and resource-intensive due diligence process. NB Private Equity has the ability to diligence a single asset and to ensure that the company and sponsor are appropriately managing ESG risks.

The NB Private Equity investment team works closely with Neuberger Berman's dedicated ESG team to ensure implementation of industry best practices.

Statement of Principal Risks and Uncertainties

The principal risk and uncertainties of the Company include external risks, strategic risks, investment risks, financial risks and operational risks. These risks, and the way in which they are managed, are described in more detail under the heading "Risk Management and Principal Risks" in the Company's annual report for the year ended 31 December 2018. The Company's principal risks and uncertainties have not changed materially since the date of that report and the Company has not identified any new risks that will impact the remaining six months of the financial year.

Statement of Directors' Responsibility

The Directors confirm that to the best of our knowledge:

- the unaudited interim consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles, as required by DTR 4.2.4R of the Disclosure Guidance and Transparency;

- the Interim Financial Report and Consolidated Financial Statements meets the requirements of an interim financial report, together with the statement of principal risks and uncertainties above, includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure Guidance and Transparency Rules and includes:

(a) an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) a description of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so. Please refer to Note 10 of the unaudited interim consolidated financial statements.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

William Maltby
Director

John Falla
Director

Date: 20 September 2019

Independent Review Report to NB Private Equity Partners Limited

Conclusion

We have been engaged by NB Private Equity Partners Limited (the "Company") to review the unaudited consolidated interim financial statements (the "financial statements") in the interim financial report for the six months ended 30 June 2019 of the Company and its subsidiaries (together the "Group") which comprises the consolidated balance sheets, consolidated condensed schedules of private equity investments, consolidated statement of operations and changes in net assets, consolidated statements of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements for the six months ended 30 June 2019 do not give a true and fair view of the financial position of the Company as at 30 June 2019 and of its financial performance and its cash flows for the six month period then ended in conformity with U.S generally accepted accounting principles and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the interim financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

The financial statements included in this interim financial report have been prepared in conformity with U.S generally accepted accounting principles.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial statements in the interim financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Neale Jehan

for and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey
20 September 2019

Assets	2019	2018
Private equity investments		
Cost of $796,820,967 at 30 June 2019 and $848,834,220 at 31 December 2018	$1,033,463,184	$1,019,921,945
Cash and cash equivalents	14,720,263	23,012,039
Other assets	5,652,996	11,041,178
Distributions and sales proceeds receivable from investments	11,134,553	8,064,894
Total assets	**$1,064,970,996**	**$1,062,040,056**
Liabilities and share capital		
Liabilities:		
ZDP Share liability	$ 137,564,616	$ 134,934,698
Credit facility loan	15,000,000	40,000,000
Accrued expenses and other liabilities	1,364,485	9,373,163
Payables to Investment Manager and affiliates	3,721,440	3,665,423
Net deferred tax liability	795,688	795,688
Carried interest payable to Special Limited Partner	5,728,298	-
Total liabilities	**$ 164,174,527**	**$ 188,768,972**
Share capital:		
Class A Shares, $0.01 par value, 500,000,000 shares authorised, 50,185,676 shares issued, 47,035,268 shares outstanding at 30 June 2019 and 48,790,564 shares outstanding at 31 December 2018	$ 501,857	$ 519,410
Class B Shares, $0.01 par value, 100,000 shares authorised, 10,000 shares issued and outstanding	100	100
Additional paid-in capital	500,483,738	525,157,490
Retained earnings	407,934,947	355,792,670
Less cost of treasury stock purchased (3,150,408 shares)	(9,248,460)	(9,248,460)
Total net assets of the controlling interest	**899,672,182**	**872,221,210**
Net assets of the noncontrolling interest	1,124,287	1,049,874
Total net assets	**$ 900,796,469**	**$ 873,271,084**
Total liabilities and net assets	**$1,064,970,996**	**$1,062,040,056**
Net asset value per share for Class A Shares and Class B Shares	**$ 19.12**	**$ 17.87**
Net asset value per share for Class A Shares and Class B Shares (GBP)	**£ 15.02**	**£ 14.03**
Net asset value per 2022 ZDP Share (Pence)	**111.56**	**109.41**
Net asset value per 2024 ZDP Share (Pence)	**104.62**	**102.48**

The consolidated financial statements were approved by the board of directors on 20 September 2019 and signed on its behalf by

William Maltby **John Falla**

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

Private equity investments	Cost	Fair Value	Unfunded Commitment	Private Equity [1] Exposure
2019				
Direct equity investments				
NB Alternatives Direct Co-investment Program A*	$ 58,985,940	$ 58,277,911	$ 19,838,391	$ 78,116,302
NB Alternatives Direct Co-investment Program B*	97,715,172	137,835,107	47,955,065	185,790,172
NB Renaissance Programs	17,584,446	20,477,643	22,560,027	43,037,670
NB Healthcare Credit Investment Program (Equity)	7,232,389	6,379,746	4,146,718	10,526,464
Marquee Brands	22,317,208	27,760,421	6,843,933	34,604,354
Direct equity investments[2]	446,714,578	639,925,287	278,087	640,203,374
Total direct equity investments	$ 650,549,733	$ 890,656,115	$ 101,622,221	$ 992,278,336
Income Investments				
NB Credit Opportunities Program	12,690,979	14,711,599	33,085,705	47,797,304
NB Specialty Finance Program	1,355,840	1,253,596	48,500,000	49,753,596
Income investments	98,544,663	86,717,230	-	86,717,230
Total income investments	$ 112,591,482	$ 102,682,425	$ 81,585,705	$ 184,268,130
Fund investments	33,679,752	40,124,644	22,398,887	62,523,531
Total investments	**$ 796,820,967**	**$ 1,033,463,184**	**$ 205,606,813**	**$ 1,239,069,997**
2018				
Direct equity investments				
NB Alternatives Direct Co-investment Program A*	$ 61,423,017	$ 69,704,160	$ 19,959,605	$ 89,663,765
NB Alternatives Direct Co-investment Program B*	92,294,067	120,816,305	55,545,207	176,361,512
NB Renaissance Programs	17,627,261	19,857,099	21,285,325	41,142,424
NB Healthcare Credit Investment Program (Equity)	7,236,888	6,665,356	4,158,286	10,823,642
Marquee Brands	15,554,933	19,929,714	13,821,594	33,751,308
Direct equity investments(2)	449,949,351	594,133,158	283,252	594,416,410
Total direct equity investments	$ 644,085,517	$ 831,105,792	$ 115,053,269	$ 946,159,061
Income Investments				
NB Credit Opportunities Program	10,850,964	11,076,807	37,255,311	48,332,118
NB Specialty Finance Program	1,500,000	1,341,169	48,500,000	49,841,169
Income investments	145,128,636	122,680,559	-	122,680,559
Total income investments	$ 157,479,600	$ 135,098,535	$ 85,755,311	$ 220,853,846
Fund investments	47,269,103	53,717,618	22,475,879	76,193,497
Total investments	**$ 848,834,220**	**$ 1,019,921,945**	**$ 223,284,459**	**$ 1,243,206,404**

* These investments are above 5% of net asset value. None of the underlying private equity investments held by the funds listed above exceed 5% of net asset value.

(1): Private equity exposure is the sum of fair value and unfunded commitment.

(2): Includes direct equity investments into companies and co-investment vehicles.

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

Geographic diversity of private equity investments [1]	Fair Value 2019	Fair Value 2018
North America	$ 812,402,001	$ 794,287,663
Europe	172,819,920	168,071,917
Asia / rest of world	48,226,075	57,015,958
Not classified	15,188	546,407
	$ 1,033,463,184	**$ 1,019,921,945**

Industry diversity of private equity investments [2]	2019	2018
Technology / IT	20.9%	19.4%
Healthcare	16.8%	14.7%
Industrials	15.1%	19.3%
Consumer	14.6%	13.9%
Financial services	6.7%	7.9%
Business services	12.9%	12.9%
Energy	2.7%	2.9%
Communications / media	6.7%	6.6%
Diversified / undisclosed / other	1.6%	0.3%
Transportation	2.0%	2.1%
	100.0%	**100.0%**

Asset class diversification of private equity investments [3]	2019	2018
Large-cap buyout	0.2%	0.2%
Large-cap buyout co-invest	28.0%	23.7%
Mid-cap buyout	0.6%	0.9%
Mid-cap buyout co-invest	41.8%	42.3%
Special situation	1.1%	1.7%
Special situation co-invest	10.4%	9.5%
Income investments	10.6%	14.1%
Growth / venture	1.7%	2.1%
Growth equity co-invest	5.4%	5.3%
Secondary purchases	0.2%	0.2%
	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 which may be held through either co-investments or NB-managed vehicles.

[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.

	2019	2018
Interest and dividend income	$ 6,646,129	$ 9,368,140
Expenses		
Investment management and services	7,585,791	6,911,245
Carried interest	5,728,298	3,035,279
Finance costs		
Credit facility	3,200,454	3,028,053
ZDP Shares	2,965,085	1,792,508
Administration and professional fees	1,718,221	1,395,257
	21,197,849	16,162,342
Net investment income (loss)	**$ (14,551,720)**	**$ (6,794,202)**
Realised and unrealised gains (losses)		
Net realised gain (loss) on investments and forward foreign exchange contracts, net of tax expense (benefit) of $58,401 for 2019 and $178,654 for 2018	$ 9,609,424	$ 47,551,877
Net change in unrealised gain (loss) on investments and forward foreign exchange contracts, net of tax expense (benefit) of $0 for 2019 and $113,497 for 2018	70,784,701	(256,865)
Net realised and unrealised gain (loss)	80,394,125	47,295,012
Net increase (decrease) in net assets resulting from operations	$ 65,842,405	$ 40,500,810
Less net (increase) decrease in net assets resulting from operations attributable to the noncontrolling interest	(74,413)	(43,536)
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$ 65,767,992**	**$ 40,457,274**
Net assets at beginning of period attributable to the controlling interest	872,221,210	851,486,342
Less dividend payment	(13,625,715)	(12,200,141)
Less cost of stock repurchased and cancelled (1,755,296 shares)	(24,691,305)	-
Net assets at end of period attributable to the controlling interest	**$ 899,672,182**	**$ 879,743,475**
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	***$ 1.37***	***$ 0.83***
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest (GBP)	***£ 1.08***	***£ 0.62***

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

	2019	2018
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 65,767,992	$ 40,457,274
Net increase (decrease) in net assets resulting from operations attributable to the noncontrolling interest	74,413	43,536
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realised (gain) loss on investments and forward foreign exchange contracts, net of tax expense	(9,609,424)	(47,551,877)
Net change in unrealised (gain) loss on investments and forward foreign exchange contracts, net of tax expense	(70,784,701)	256,865
In-kind payment of interest income	(2,118,376)	(1,460,695)
Amortisation of finance costs	436,787	452,658
Amortisation of purchase premium/discount (OID), net	(525,147)	(1,193,028)
Change in other assets	1,891,221	1,686,670
Change in payables to Investment Manager and affiliates	5,784,315	(4,817,512)
Change in accrued expenses and other liabilities	(360,218)	1,040,609
Net cash provided by (used in) operating activities	(9,443,138)	(11,085,500)
Cash flows from investing activities:		
Distributions from private equity investments	110,921,795	80,161,525
Proceeds from sale of private equity investments	5,031,354	43,334,915
Contributions to private equity investments	(23,242,245)	(42,808,284)
Purchases of private equity investments	(22,168,022)	(47,046,721)
Net cash provided by (used in) investing activities	70,542,882	33,641,435
Cash flows from financing activities:		
Dividend payment	(13,625,715)	(12,200,141)
Issuance of 2024 Zero Dividend Preference Shares	-	66,430,000
Stock repurchased and canceled	(24,691,305)	-
Borrowings from credit facility	45,000,000	20,000,000
Payments to credit facility	(70,000,000)	(80,000,000)
Settlement of the forward foreign exchange contract and ongoing hedging activity	(6,074,500)	1,072,449
Net cash provided by (used in) financing activities	(69,391,520)	(4,697,692)
Net increase (decrease) in cash and cash equivalents	**(8,291,776)**	**17,858,243**
Cash and cash equivalents at beginning of period	23,012,039	25,746,450
Cash and cash equivalents at end of period	**$ 14,720,263**	**$ 43,604,693**
Supplemental cash flow information		
Interest paid	**$ 1,835,092**	**$ 1,158,735**
Net taxes paid (refunded)	**$ 15,248**	**$ 13,811**

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

Note 1 – Description of the Group

NB Private Equity Partners Limited (the "Company") and its subsidiaries, collectively (the "Group") is a closed-ended investment company registered in Guernsey. The registered office is Floor 2, Trafalgar Court, St Peter Port, Guernsey, GY1 4LY. The principal activity of the Group is to invest in private equity assets which consist of direct equity investments, income investments and fund investments, which are in realisation mode. Income investments include corporate private debt investments and healthcare credit investments, which consist of loans to companies in the healthcare sector and royalty backed notes. From time to time, the Group may also make other opportunistic investments, as appropriate. The Company's Class A Shares are listed and admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange ("Main Market") under the symbols "NBPE" and "NBPU" corresponding to Sterling and U.S. dollar quotes, respectively. On 19 December 2018, NBPE delisted from the regulated market of Euronext Amsterdam N.V. NBPE has two classes of Zero Dividend Preference ("ZDP") Shares maturing in 2022 and 2024 (see note 5) which are listed and admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("Specialist Fund Segment") under the symbols "NBPP" and "NBPS", respectively.

The Group is managed by NB Alternatives Advisers LLC ("Investment Manager"), a subsidiary of Neuberger Berman Group LLC ("NBG"), pursuant to an Investment Management Agreement. The Investment Manager serves as the registered investment adviser under the Investment Advisers Act of 1940.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements present a true and fair view of the financial position, profit or loss and cash flows and have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are in compliance with the Companies (Guernsey) Law, 2008. All adjustments considered necessary for the fair presentation of the consolidated financial statements for the periods presented have been included. These consolidated financial statements are presented in U.S. dollars.

The Group is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 946. Accordingly, the Group reflects its investments on the Consolidated Balance Sheets at their estimated fair values, with unrealised gains and losses resulting from changes in fair value reflected in net change in unrealised gain (loss) on investments and forward foreign exchange contracts in the Consolidated Statements of Operations and Changes in Net Assets. The Group does not consolidate majority-owned or controlled portfolio companies. The Group does not provide any financial support to any of its investments beyond the investment amount to which it committed.

The directors considered that it is appropriate to adopt a going concern basis of accounting in preparing the consolidated financial statements. In reaching this assessment, the directors have considered a wide range of information relating to present and future conditions including the balance sheets, future projections, cash flows and the longer-term strategy of the business.

Principles of Consolidation

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

Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the directors to make estimates and judgements 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. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In August of 2018, the FASB issued Accounting Standards Update ("ASU") 2018-13 Topic 820, Disclosure Framework – *Changes to the Disclosure Requirement for Fair Value Measurement* ("ASU 2018-13"). ASU 2018-13 removes the requirement to disclose the valuation policy for Level 3 investments and provides modifications to the requirements for disclosure on Level 3 investments as well as transfers within the fair value hierarchy. This update is effective for fiscal years beginning after 15 December 2019, and early adoption is permitted. The Group has early adopted as of 31 December 2018. This guidance does not have a material impact on the Group's financial statements.

Fair Market Value Measurements

It is expected that most of the investments in which the Group invests will meet the criteria set forth under FASB ASC 820 *Fair Value Measurement and Disclosures* ("ASC 820") permitting the use of the practical expedient to determine the fair value of the investments. ASC 820 provides that, in valuing alternative investments that do not have quoted market prices but calculate net asset value ("NAV") per share or equivalent, an investor may determine fair value by using the NAV reported to the investor by the underlying investment. To the extent ASC 820 is applicable to an investment, the Investment Manager will value the Group's investment based primarily on the value reported to the Group by the investment or by the lead investor / sponsor of a direct co-investment as of each quarter-end, as determined by the investments in accordance with its own valuation policies.

ASC 820-10 *Fair Value Measurements and Disclosure* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC 820-10-35-39 to 55 provides three levels of the fair value hierarchy as follows:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of the fair value require significant management judgement or estimation.

Observable inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, based on market data obtained from sources independent of the Group. Unobservable inputs reflect the Group's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities. The Group generally uses the NAV reported by the investments as a primary input in its valuation utilising the practical expedient method of determining fair value; however, adjustments to the reported NAV may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations, any restrictions or illiquidity on such interest, any potential clawbacks by the investments and the fair value of the investments' investment portfolio or other assets and liabilities. Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient are not categorised in the fair value hierarchy.

Realised Gains and Losses on Investments

Realised gains and losses from sales of investments are determined on a specific identification basis. For investments in private equity funds, the Group records its share of realised gains and losses incurred when the Investment Manager knows that the private equity fund has realised its interest in a portfolio company and the Investment Manager has sufficient information to quantify the amount. For all other investments, realised gains and losses are recognised in the consolidated Statements of Operations and Changes in Net Assets in the year in which they arise.

Net Change in Unrealised Gains and Losses on Investments

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

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the reporting date. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into U.S. dollar amounts on the date of such transactions. Adjustments arising from foreign currency transactions are reflected in the net realised gain (loss) on investments and forward foreign exchange contracts and the net change in unrealised gain (loss) on investments and forward foreign exchange contracts on the Consolidated Statements of Operations and Changes in Net Assets.

The Group's investments in funds of which capital is denominated in foreign currency are translated into U.S. dollars based on rates of exchange at the reporting date. The cumulative effect of translation to U.S. dollars has decreased the fair value of the Partnership's foreign investments by $88,771 for the six month period ended 30 June 2019. The cumulative effect of translation to U.S. dollars decreased the fair value of the Partnership's foreign investments by $270,324 for the six month period ended 30 June 2018.

Other than the ZDP Shares denominated in Sterling, the Group has unfunded commitments denominated in currencies other than U.S. dollars. At 30 June 2019, the unfunded commitments that are in Euros amounted to €23,429,791 (31 December 2018: €20,759,242). They have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rates in effect at 30 June 2019 and 31 December 2018. The effect on the unfunded commitment of the change in the exchange rates between Euros and U.S. dollars was a decrease in the U.S. dollar obligations of $165,752 for 30 June 2019 and a decrease in the U.S. dollar obligation of $378,015 for 31 December 2018.

Investment Transactions and Investment Income

Investment transactions are accounted for on a trade date basis. Investments are recognised when the Group incurs an obligation to acquire a financial instrument and assume the risk of any gain or loss or incur an obligation to sell a financial instrument and forego the risk of any gain or loss. Investment transactions that have not yet settled are reported as receivable from investment or payable to investment.

The Group earns interest and dividends from direct investments and from cash and cash equivalents. The Group records dividends on the ex-dividend date, net of withholding tax, if any, and interest, on an accrual basis when earned, provided the Investment Manager knows the information or is able to reliably estimate it. Otherwise, the Group records the investment income when it is reported by the private equity investments. Discounts received or premiums paid in connection with the acquisition of loans are amortised 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. Prepayment premiums include fee income from securities settled prior to maturity date, and are recorded as interest income in the Consolidated Statements of Operations and Changes in Net Assets.

For the six month period ended 30 June 2019, total interest and dividend income was $6,646,129, of which $35,296 was dividends, $6,528,151 was interest income, and $82,682 was other forms of income. For the six month period ended 30 June 2018, total interest and dividend income was $9,368,140, of which $174,116 was dividends, $9,188,013 was interest income, and $6,011 was other forms of income. Realised gains and losses from sales of investments are determined on a specific identification basis.

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in accounts at banks and liquid investments with original maturities of three months or less. Cash equivalents are carried at cost plus accrued interest, which approximates fair value. At 30 June 2019 and 31 December 2018, cash and cash equivalents consisted of $14,720,263 and $23,012,039 of cash, respectively, primarily held in operating accounts with JP Morgan Chase. Cash equivalents are held for the purpose of meeting short-term liquidity requirements, rather than for investment purposes. As of 30 June 2019, there were no cash equivalents. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable FDIC or SIPC limitations.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Group an exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the Group has been charged an annual exemption fee of £1,200 (2018: £1,200). Generally, income that the Group derives from the investments may be subject to taxes imposed by the U.S. or other countries and will impact the Group's effective tax rate.

In accordance with FASB ASC 740-10, Income Taxes, the Group is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority based on the technical merits of the position. Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year

The Group files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Group is subject to examination by U.S. federal, state, local and foreign jurisdictions, where applicable. The Group's U.S. federal income tax returns are open under the normal three-year statute of limitations and therefore subject to examination. The Investment Manager does not expect that the total amount of unrecognised tax benefits will materially change over the next twelve months.

Investments made in entities that generate U.S. source investment income may subject the Group to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30% may be applied on the Group's distributive share of any U.S. sourced dividends and interest (subject to certain exemptions) and certain other income that the Group receives 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 Group 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 21%). In addition, the Group may also be subject to a branch profits tax which can be imposed at a rate of up to 23.7% 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 44.7% given the two levels of tax.

The Group recognises 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, the Group has not provided any reserves for taxes as all related tax benefits have been fully recognised. Although the Investment Manager believes

uncertain tax positions have been adequately assessed, the Investment Manager acknowledges that these matters require significant judgement 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. The Group records 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 realised. Management subsequently adjusts the valuation allowance as the expected realisability of the deferred tax assets changes such that the valuation allowance is sufficient to cover the portion of the asset that will not be realised. The Group records the tax associated with any transactions with U.S. or other tax consequences when the Group recognises the related income.

Shareholders in certain jurisdictions may have individual income tax consequences from ownership of the Group's shares. The Group has not accounted for any such tax consequences in these consolidated financial statements. For example, the Investment Manager expects the Group 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 Group or its subsidiaries. Instead, certain U.S. investors in the Group 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 U.S. tax consequences associated with the regime.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are reported on the balance sheets at fair value and included either in other assets or accrued expenses and other liabilities, depending on each contract's unrealised position (appreciated / depreciated) relative to its notional value as of the end of the reporting periods. See note 6.

Forward foreign exchange contracts involve elements of market risk in excess of the amounts reflected on the consolidated financial statements. The Group bears 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.

Operating Expenses

Operating expenses are recognised when incurred. Operating expenses include amounts directly incurred by the Group as part of its operations, and do not include amounts incurred from the operations of the Group's investments.

Carried Interest

Carried interest amounts due to the Special Limited Partner (an affiliate of the Investment Manager, see note 10) are computed and accrued at each period end based on period-to-date results in accordance with the terms of the Third Amended and Restated Limited Partnership Agreement. For the purposes of calculating the incentive allocation payable to the Special Limited Partner, the value of any fund investments made by the Group in other Neuberger Berman Funds ("NB Funds") in respect of which the Investment Manager or an affiliate receives a fee or other remuneration shall be excluded from the calculation.

Note 3 – Investments

The Group invests in a diversified portfolio of private equity investments (see note 2). As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Group has assessed these positions and concluded that all private equity investments not valued using the practical expedient, with the exception of marketable securities, are classified as either Level 2 or Level 3 due to significant unobservable inputs. Marketable securities distributed from a private equity investment are classified as Level 1. As of 30 June 2019, there were three marketable securities held by the Group. As of 31 December 2018, there were two marketable securities held by the Group.

The following table details the Group's financial assets and liabilities that were accounted for at fair value as of 30 June 2019 and 31 December 2018 by level and fair value hierarchy.

	Assets (Liabilities) Accounted for at Fair Value				
As of 30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Investments measured at net asset value[1]**	**Total**
Private equity investments	$ 11,807,280	$ 7,264,851	$ 255,013,002	$ 759,378,051	$1,033,463,184
Forward foreign exchange contracts	-	21,456	-	-	21,456
Totals	**$ 11,807,280**	**$ 7,286,307**	**$ 255,013,002**	**$ 759,378,051**	**$1,033,484,640**
As of 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Investments measured at net asset value[1]**	**Total**
Private equity investments	$ 8,722,528	$ 10,305,561	$ 260,318,559	$ 740,575,297	$1,019,921,945
Forward foreign exchange contract	-	(5,217,693)	-	-	(5,217,693)
Totals	**$ 8,722,528**	**$ 5,087,868**	**$ 260,318,559**	**$ 740,575,297**	**$1,014,704,252**

(1) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorised in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Condensed Schedules of Private Equity Investments.

The following table summarises the changes in the fair value of the Group's Level 3 private equity investments for the six month period ended 30 June 2019.

(dollars in thousands) For the Period Ended 30 June 2019	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2018	$ 20,971	$ 78,278	$ 21,343	$ 20,218	$ 119,509	$ 260,319
Purchases of investments and/or contributions to investments	-	431	-	614	-	1,045
Realised gain (loss) on investments	-	1,174	-	-	10,915	12,089
Changes in unrealised gain (loss) of investments still held at the reporting date	103	7,394	287	(108)	(3,083)	4,593
Changes in unrealised gain (loss) of investments sold during the period	-	(105)	-	-	(502)	(607)
Distributions from investments	-	(1,931)	(2,023)	-	(39,649)	(43,603)
Transfers into level 3	-	22,584	-	-	-	22,584
Transfers out of level 3	-	(66)	-	-	(1,341)	(1,407)
Balance, 30 June 2019	**$ 21,074**	**$ 107,759**	**$ 19,607**	**$ 20,724**	**$ 85,849**	**$ 255,013**

Investments were transferred into Level 3 as management's fair value estimate included significant unobservable inputs. Investments were transferred out of Level 3 into Investments Measured at Net Asset Value.

The following table summarises changes in the fair value of the Company's Level 3 private equity investments for the year ended 31 December 2018.

(dollars in thousands) For the Year Ended 31 December 2018	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2017	$ -	$ 21,288	$ 108	$ 27,301	$ 103,305	$ 152,002
Purchases ofinvestments and/or contributions to investments	-	27,569	372	3,555	20,900	52,396
Realised gain (loss) on investments	-	11,789	147	(1,185)	9,372	20,123
Changes in unrealised gain (loss) of investments still held at the reporting date	726	6,320	3,221	(5,138)	394	5,523
Changes in unrealised gain (loss) of investments sold during the period	-	(11,524)	(107)	29	4,521	(7,081)
Distributions from investments	-	(17,496)	(147)	(4,344)	(41,300)	(63,287)
Transfers into level 3	20,245	42,996	17,749	-	22,317	103,307
Transfers out of level 3	-	(2,664)	-	-	-	(2,664)
Balance, 31 December 2018	**$ 20,971**	**$ 78,278**	**$ 21,343**	**$ 20,218**	**$ 119,509**	**$ 260,319**

Investments were transferred into Level 3 as management's fair value estimate included significant unobservable inputs. Investments were transferred out of Level 3 into Investments Measured at Net Asset Value.

The following table summarises the valuation methodologies and inputs used for private equity investments categorised in Level 3 as of 30 June 2019.

(dollars in thousands) Private Equity Investments	Fair Value 30 June 2019	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments					
Large-cap buyout	$ 21,074	Third Party Valuation	LTM EBITDA	10.5x	Increase
Mid-cap buy out	107,759	Escrow Value	Escrow	N/A	Increase
		Third Party Valuation	LTM EBITDA	7.6x -14.8x (11.3x)	Increase
		Market Approach	$ per Acre	$737	Increase
Special situations	19,607	Third Party Valuation	LTM EBITDA	2.8x -9.9x (6.8x)	Increase
		Third Party Valuation	LTM Revenue	4.6x	Increase
Growth / venture	20,724	Recent transaction value	N/A	N/A	Increase
		Third Party Valuation	LTM EBITDA	1.5x -16.7x (13.1x)	Increase
Income investments	85,849	Market comparable companies	LTM EBITDA	7.3x -14.2x (10.0x)	Increase
Total	$ 255,013				

(1) LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortisation.
(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.

The following table summarises the valuation methodologies and inputs used for private equity investments categorised in Level 3 as of 31 December 2018.

(dollars in thousands) Private Equity Investments	Fair Value 31 December 2018	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments					
Large-cap buyout	$ 20,971	Third Party Valuation	LTM EBITDA	10.5x	Increase
Mid-cap buy out	78,278	Escrow Value	Escrow	N/A	Increase
		Expected sales proceeds	N/A	N/A	Increase
		Third Party Valuation	LTM EBITDA	8.4x-14.2x (11.2x)	Increase
		Market Approach	$ per Acre	$737	Increase
Special situations	21,343	Third Party Valuation	LTM EBITDA	7.7x-10.0x (8.5x)	Increase
		Third Party Valuation	LTM Revenue	2.6x	Increase
Growth / venture	20,218	Recent transaction value	N/A	N/A	Increase
		Third Party Valuation	LTM EBITDA	1.5x-16.2x (11.3x)	Increase
Income investments	119,509	Market comparable companies	LTM EBITDA	7.3x-13.9x (10.7x)	Increase
Total	$ 260,319				

(1) LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortisation.
(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 2018, there have been no changes in valuation methodologies within Level 2 and Level 3 that have had a material impact on the valuation of private equity investments.

Generally, fund investments have a defined term and no right to withdraw. In the case of fund investments, fund lives are typically ten years; however, a series of extensions often mean the lives can extend significantly beyond this. It should be noted that the life of a fund is based on the time it takes the General Partner to exit the final position in that fund, but the bulk of realisations typically occur considerably before the final exit, with only a small tail existing beyond the standard life of ten years. In the case of direct equity investments and income investments, the Investment Manager does not control the timing of exits but at the time of investment, typically expects investment durations to be meaningfully shorter than fund investments. Therefore, although some fund and direct investments may take 10-15 years to reach final realisation, the Investment Manager expects the majority of the Group's invested capital in the current portfolio to be returned in much shorter timeframes.

Note 4 – Credit Facility

On 7 June 2016, a subsidiary of the Company entered into an agreement with JP Morgan to provide for a revised senior secured revolving credit facility (the "Credit Facility"). The Credit Facility's availability is up to $150.0 million (including a $25.0 million accordion) and expires on 7 June 2021. The outstanding balance of the Credit Facility was $15.0 million at 30 June 2019 and $40.0 million at 31 December 2018.

The Credit Facility is guaranteed by the Company as well as all of the Company's subsidiaries and secured by substantially all of the assets of the Company and its subsidiaries.

Under the Credit Facility, the Group is required to meet certain portfolio concentration tests, a maximum over-commitment test, and certain loan-to-value ratios. In addition, the Credit Facility limits 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 ZDP Shares (see note 5) are compliant with the Credit Facility agreements. At 30 June 2019, the Group met all requirements under the Credit Facility.

Under the Credit Facility, the interest rate is calculated as LIBOR plus 3.75% per annum and the Group is required to pay a commitment fee calculated as 1.25% per annum on the daily balance of the unused facility amount.

For the six month period ended 30 June 2019, the Group incurred and expensed $1,246,920 in interest, $542,187 for undrawn commitment fees and $1,186,806 for minimum utilisation fees. For the six month period ended 30 June 2018, the Group incurred and expensed $1,158,735 in interest and $523,696 for undrawn commitment fees and $1,121,081 for minimum utilisation fees. As of 30 June 2019 and 31 December 2018, unamortised capitalised debt issuance costs (included in Other assets on the Consolidated Balance Sheets) were $878,320 and $1,102,861, respectively. For the six month period ended 30 June 2019 and the year ended 31 December 2018, capitalised amounts are being amortised on a straight-line basis over the term of the Credit Facility. Such amortisation amounted to $224,541 and $224,541 for the six month periods ended 30 June 2019 and 2018, respectively.

Note 5 – Zero Dividend Preference Shares ("ZDP Shares")

As of 30 June 2019, there were 50,000,000 2022 ZDP Shares (the "2022 ZDP Shares") outstanding which were issued at a Gross Redemption Yield of 4.00%. Existing holders of ZDP Shares at the time of issuance were given the offer to rollover their shares to the 2022 ZDP Share series (the "Rollover Offer"). Under the Rollover Offer, eligible holders of ZDP Shares converted (by way of re-designation) some or all of their holdings of existing ZDP Shares into 2022 ZDP Shares. The rollover was completed at a rollover value of 165.14 pence, and a portion of the previously existing ZDP Shares were converted (by way of re-designation) into 1.6514 2022 ZDP Shares. Approximately 85% of the 2022 ZDP Shares were issued through the Rollover Offer. Approximately 15% of the 2022 ZDP

Shares were issued pursuant to the Initial Placing and Offer for Subscription at a price per 2022 ZDP Share of 100 pence. The holders of the 2022 ZDP Shares will have a final capital entitlement of 126.74 pence on the repayment date of 30 September 2022.

On 30 May 2018, the Company issued 50,000,000 additional ZDP Shares (the "2024 ZDP Shares") at a Gross Redemption Yield of 4.25%. The 2024 ZDP Shares were issued pursuant to the Initial Placing and Offer for Subscription at a price per 2024 ZDP Share of 100 pence. The holders of the 2024 ZDP Shares will have a final capital entitlement of 130.63 pence on the repayment date of 30 October 2024. As of 30 June 2019, there were 50,000,000 2024 ZDP Shares outstanding.

The 2022 ZDP Shares and 2024 ZDP Shares rank prior to the Class A and Class 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, which approximates fair value, for the six month period ended 30 June 2019 and the year ended 31 December 2018.

ZDP Shares	Pounds Sterling	U.S. Dollars
Liability, 31 December 2017	£ 52,604,909	$ 71,085,013
Issuance of 2024 ZDP Shares	50,000,000	66,430,000
Net change in accrued interest on 2022 ZDP Shares	2,102,537	2,824,368
Net change in accrued interest on 2024 ZDP Shares	1,240,025	1,620,544
Currency conversion	-	(7,025,227)
Liability, 31 December 2018	£ 105,947,471	$134,934,698
Net change in accrued interest on 2022 ZDP Shares	1,073,590	1,380,180
Net change in accrued interest on 2024 ZDP Shares	1,067,740	1,372,659
Currency conversion	-	(122,921)
Liability, 30 June 2019	£ 108,088,801	$137,564,616

The total liability related to the 2022 ZDP Shares was £55,781,036 (equivalent of $70,992,523) and £54,707,446 (equivalent of $69,675,402) as of 30 June 2019 and 31 December 2018, respectively. The total liability balance related to the 2024 ZDP Shares was £52,307,765 (equivalent of $66,572,093) and £51,240,025 (equivalent of $65,259,296) as of 30 June 2019 and 31 December 2018, respectively.

As of 30 June 2019, the 2022 ZDP Shares and the 2024 ZDP Shares were the only outstanding ZDP Share classes.

Capitalised offering costs are being amortised using the effective interest rate method. The unamortised balance of capitalised offering costs of the 2022 and 2024 ZDP Shares at 30 June 2019 was $1,757,122 and the unamortised balance of capitalised offering costs of the 2022 and 2024 ZDP Shares at 31 December 2018 was $1,969,368.

Note 6 – Forward Foreign Exchange Contracts

The Group utlises rolling forward foreign currency contracts to economically hedge, in part, the risk associated with the sterling contractual liability for the issued ZDP Shares (see note 5). The aforementioned forward foreign currency contracts are currently held with JP Morgan.

On 31 May 2017, the Group entered into a forward foreign currency contract with JP Morgan associated with the 2022 ZDP Shares which states that the Group would purchase £30,000,000 on 31 May 2018 for $38,874,000 (the "2018 foreign currency contract"). On 31 May 2018, the Group incurred a realised gain on the settlement of the 2018 foreign currency contract of $1,072,449.

In anticipation of the settlement on 31 May 2018 of the 2018 foreign currency contract, on 25 May 2018, the Group entered into a new forward foreign currency contract with JP Morgan (the "2019 foreign currency contract A"). The 2019 foreign currency contract A states that the Group will purchase £30,000,000 on 31 May 2019 for $40,705,500. On 31 May 2019, the Group incurred a realised loss on the settlement of the 2019 foreign currency contract A of $2,669,225.

Following the issuance of the 2024 ZDP Shares, on 31 May 2018, the Group entered into a new forward foreign currency contract with JP Morgan (the "2019 foreign currency contract B"). The 2019 foreign currency contract B states that the Group will purchase £40,000,000 on 31 May 2019 for $54,108,000. On 31 May 2019, the Group incurred a realised loss on the settlement of the 2019 foreign currency contract B of $3,405,275.

In anticipation of the settlement on 31 May 2019 of the 2019 foreign currency contracts A and B, on 22 May 2019, the Group entered into a new forward foreign currency contract with JP Morgan (the "2019 foreign currency contract C"). The 2019 foreign currency contract C states that the Group will purchase £70,000,000 on 30 August 2019 for $89,145,000.

The below table summarises the realised and unrealised positions of each forward foreign currency contract in effect during the reporting periods.

Forward Foreign Currency Contracts	2019 Foreign Currency Contract A	2019 Foreign Currency Contract B	2019 Foreign Currency Contract C	2018 Foreign Currency Contract	Total
Contract appreciation (depreciation), 31 December 2017	$ -	$ -	$ -	$ 1,656,011	$ 1,656,011
Unrealised gain (loss)	$ (2,306,460)	$ (2,911,233)	$ -	$ (1,656,011)	$ (6,873,704)
Realised gain (loss)	-	-	-	1,072,449	1,072,449
Cash paid (received) at settlement	-	-	-	(1,072,449)	(1,072,449)
Contract appreciation (depreciation), 31 December 2018	$ (2,306,460)	$ (2,911,233)	$ -	$ -	$ (5,217,693)
Unrealised gain (loss)	$ 2,306,460	$ 2,911,233	$ 21,456	$ -	$ 5,239,149
Realised gain (loss)	(2,669,225)	(3,405,275)	-	-	(6,074,500)
Cash paid (received) at settlement	2,669,225	3,405,275	-	-	6,074,500
Contract appreciation (depreciation), 30 June 2019	$ -	$ -	$ 21,456	$ -	$ 21,456

Note 7 – Income Taxes

The Group 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 ("U.S."). The Group has recorded the following amounts related to such taxes:

		30 June 2019		30 June 2018
Current tax expense	$	58,401	$	178,654
Deferred tax expense (benefit)		-		113,497
Total tax expense (benefit)	**$**	**58,401**	**$**	**292,151**

		30 June 2019		31 December 2018
Gross deferred tax assets	$	4,559,387	$	4,559,387
Valuation allowance		(2,358,837)		(2,358,837)
Net deferred tax assets		2,200,550		2,200,550
Gross deferred tax liabilities		(2,996,238)		(2,996,238)
Net deferred tax assets (liabilities)	**$**	**(795,688)**	**$**	**(795,688)**

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

The Group has no gross unrecognised tax benefits. The Group is subject to examination by tax regulators under the three-year statute of limitations.

Note 8 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the six month periods ended 30 June 2019 and 2018 are as follows:

	For the Six Month Periods Ended 30 June			
		2019		2018
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$	65,767,992	$	40,457,274
Divided by weighted average shares outstanding for Class A Shares and Class B Shares of the controlling interest		48,131,008		48,800,564
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	**$**	**1.37**	**$**	**0.83**

Note 9 – Share Capital, Including Treasury Stock

Class A Shareholders have the right to vote on all resolutions proposed at general meetings of the Company, including resolutions relating to the appointment, election, re-election and removal of directors. The Company's Class B Shares, which were issued at the time of the initial public offering to a Guernsey charitable trust, whose trustee is First Directors Limited ("Trustee"), usually carry no voting rights at general meetings of the Company. However, in the event the level of ownership of Class A Shares by U.S. residents (excluding any Class A Shares held in treasury) exceeds 35% on any date determined by the directors (based on an analysis of share ownership information available to the Company), the Class B Shares will carry voting rights in relation to "Director Resolutions" (as such term is defined in the Company's articles of incorporation). In this event, Class B Shares will automatically carry such voting rights to dilute the voting power of the Class A Shareholders with respect to Director Resolutions to the extent necessary to reduce the percentage of votes exercisable by U.S. residents in relation to the Director Resolutions to not more than 35%. Each Class A Share and Class B Share participates equally in profits and losses. There have been no changes to the legal form or nature of the Class A Shares nor to the reporting currency of the Company's consolidated financial statements (which will remain in U.S. dollars) as a result of the Main Market quote being in Sterling as well as U.S. dollars.

The following table summarises the Company's shares at 30 June 2019 and 31 December 2018.

	30 June 2019	31 December 2018
Class A Shares outstanding	47,035,268	48,790,564
Class B Shares outstanding	10,000	10,000
	47,045,268	48,800,564
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

The Company currently has shareholder authority to repurchase shares in the market, the aggregate value of which may be up to 14.99% of the Class A Shares in issue (excluding Class A Shares held in treasury) at the time the authority is granted; such authority will expire on the date which is 15 months from the date of passing of this resolution or, if earlier, at the end of the Annual General Meeting ("AGM") of the Company to be held on 23 September 2019. The maximum price which may be paid for a Class A 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 Shares on the relevant exchange (being the Main Market).

During 2019 the Company has purchased and cancelled 1,755,296 shares of its Class A stock (3.6% of the issued and outstanding shares) pursuant to general authority granted by shareholders of the Company on and the share buy-back agreement with Jefferies International Limited.

Note 10 – Management of the Group and Other Related Party Transactions

Management and Administration

The Group is managed by the Investment Manager for a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the NAV of the private equity and opportunistic investments. For purposes of this computation, the NAV is reduced by the NAV of any investment for which the Investment Manager is separately compensated for investment management services. The Investment Manager is not entitled to a management fee on: (i) the value of any fund investments held by the Company in NB Funds in respect of which the Investment Manager or an affiliate receives a fee or other remuneration; or

(ii) the value of any holdings in cash and short-term investments (the definition of which shall be determined in good faith by the Investment Manager, and shall include holdings in money market funds (whether managed by the Investment Manager, an affiliate of the Investment Manager or a third party manager)). For the six month periods ended 30 June 2019 and 2018, the management fee expenses were $7,585,791 and $6,911,245, respectively, and are included in Investment management and services on the Consolidated Statement of Operations and Changes in Net Assets.

The Group pays to Estera International Fund Managers (Guernsey) Limited ("Estera"), an affiliate of the Trustee, a fee for providing certain administrative functions relating to certain corporate services and Guernsey regulatory matters affecting the Group. Fees for these services are paid as invoiced by Estera. The Group paid Estera $76,573 and $249,708 for the six month periods ended 30 June 2019 and 2018 respectively, for such services which are included in Administration and professional fees on the Consolidated Statements of Operations and Changes in Net Assets.

As disclosed in the notice of AGM of the board of directors, held on 5 November 2018, the board of directors passed a resolution which stated that effective 1 October 2018, the directors' fees were to be denominated and paid in Sterling and would be based on each director's position on the board as follows: Chairman is to receive £70,000 annually (£17,500 quarterly), Audit Chairman is to receive £60,000 annually (£15,000 quarterly), and Non-executive directors are each to receive £50,000 annually (£12,500 quarterly).

For the six month periods ended 30 June 2019 and 2018, the Group paid the independent directors a total of $155,451 and $97,500, respectively. On 21 March 2019, the Company appointed two additional independent, Non-executive directors. The total fees paid to the new directors during the six month period ended 30 June 2019 were $36,180. In addition, the independent directors at the time also received a one-time fee of $7,500 each for the additional work in issuing the 2024 ZDP Shares during the six months period ended 30 June 2018.

Expenses related to the Investment Manager are included in Investment management and services on the Consolidated Statements of Operations and Changes in Net Assets. Administration and professional fees include fees for directors, independent third party accounting and administrative services, audit, tax, and assurance services, 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 30 June 2019 and 31 December 2018, the noncontrolling interest of $1,124,287 and $1,049,874 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 30 June 2019 and 31 December 2018.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2017	**$ 851,486,342**	**$ 1,003,228**	**$ 852,489,570**
Net increase (decrease) in net assets resulting from operations	46,599,167	46,646	46,645,813
Dividend payment	(25,864,299)	-	(25,864,299)
Net assets balance, 31 December 2018	**$ 872,221,210**	**$ 1,049,874**	**$ 873,271,084**
Net increase (decrease) in net assets resulting from operations	65,767,992	74,413	65,842,405
Dividend payment	(13,625,715)	-	(13,625,715)
Cost of stock repurchased and cancelled (1,755,296 shares)	(24,691,305)	-	(24,691,305)
Net assets balance, 30 June 2019	**$ 899,672,182**	**$ 1,124,287**	**$ 900,796,469**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5% of the Group's consolidated net increase in net assets resulting from operations, adjusted by withdrawals, distributions and capital contributions, for a fiscal year in the event that the Group's internal rate of return for such period, based on the NAV, exceeds 7.5%. For the purposes of this computation, the value of any private equity fund investment in NB Funds in respect of which the Investment Manager or an affiliate receives a fee or other remuneration shall be excluded from the calculation of the incentive allocation payable to the Special Limited Partner. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the changes in net assets calculations for future periods. Such loss amounts are reduced proportionately to give effect to the distributions to the general partner of the partnership subsidiary during the performance period. Carried interest is also accrued and paid on any economic gain that the Group realises on treasury stock transactions (see note 9). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. As of 30 June 2019 and 31 December 2018, carried interest of $5,728,298 and $0 was accrued, respectively.

Private Equity Investments with the Investment Manager's Platform

The Group holds limited partner interests in private equity fund investments and direct investment programs that are managed by subsidiaries of NBG ("NB-Affiliated Investments"). NB-Affiliated Investments will not result in any duplicative NBG investment management fees and carry charged to the Group. Below is a summary of the Group's positions in NB-Affiliated Investments.

NB-Affiliated Investments (dollars in millions)	Fair Value	Committed	Funded	Unfunded
2019				
NB-Affiliated Programs				
NB Alternatives Direct Co-investment Programs	$ 196.1	$ 275.0	$ 207.2	$ 67.8
NB Renaissance Programs	20.5	40.0	17.4	22.6
Marquee Brands	27.8	30.0	23.2	6.8
NB Healthcare Credit Investment Program	6.4	50.0	45.9	4.1
NB Credit Opportunities Program	14.7	50.0	16.9	33.1
NB Specialty Finance Program	1.3	50.0	1.5	48.5
Total investments in NB-Affiliated Programs	$ 266.8	$ 495.0	$ 312.1	$ 182.9
NB-Affiliated Funds				
NB Fund of Funds Secondary 2009	$ 1.0	$ 10.4	$ 9.9	$ 0.5
NB Crossroads Fund XVIII	14.2	75.0	63.1	11.9
Total investments in NB-Affiliated Funds	$ 15.2	$ 85.4	$ 73.0	$ 12.4
Total NB-Affiliated Investments	**$ 282.0**	**$ 580.4**	**$ 385.1**	**$ 195.3**
2018				
NB-Affiliated Programs				
NB Alternatives Direct Co-investment Programs	$ 190.5	$ 275.0	$ 199.5	$ 75.5
NB Renaissance Programs	19.9	40.0	18.7	21.3
Marquee Brands	19.9	30.0	16.2	13.8
NB Healthcare Credit Investment Program	6.7	50.0	45.8	4.2
NB Credit Opportunities Program	11.1	50.0	12.7	37.3
NB Specialty Finance Program	1.3	50.0	1.5	48.5
Total investments in NB-Affiliated Programs	$ 249.4	$ 495.0	$ 294.4	$ 200.6
NB-Affiliated Funds				
NB Fund of Funds Secondary 2009	$ 0.9	$ 10.4	$ 10.1	$ 0.3
NB Crossroads Fund XVIII	16.0	75.0	63.1	11.9
Total investments in NB-Affiliated Funds	$ 16.9	$ 85.4	$ 73.2	$ 12.2
Total NB-Affiliated Investments	**$ 266.3**	**$ 580.4**	**$ 367.6**	**$ 212.8**

Note 11 – Risks and Contingencies

Market Risk

The Group'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 private equity investments). The Group's private equity 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 fund investments of the Group each holds 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 Group in publicly traded and privately held securities. The fund investments of the Group 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 Group'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 a counterparty to perform according to the terms of a contract. The Group 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 Group 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 Group to a higher than normal amount of credit risk.

The cash and other liquid securities held can subject the Group 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 Group's cash and cash equivalents in U.S. Treasuries or other highly liquid securities.

Liquidity Risk

Liquidity risk is the risk that the Group 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 (see note 4) to meet expected liquidity requirements for investment funding and operating expenses.

Contingencies

In the normal course of business, the Group enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Group’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Group that have not yet occurred. The Investment Manager expects the risk of loss to be remote and does not expect these to have a material adverse effect on the consolidated financial statements of the Group.

Note 12 – Financial Highlights

The following ratios with respect to the Class A Shares and Class B Shares have been computed for the six month period ended 30 June 2019 and the year ended 31 December 2018:

Per share operating performance (based on average shares outstanding during the year)		For the Six Month Period Ended 30 June 2019		For the Year Ended 31 December 2018
Beginning net asset value	$	17.87	$	17.45
Net increase in net assets resulting from operations:				
Net investment income (loss)		(0.30)		(0.20)
Net realised and unrealised gain (loss)		1.65		1.15
Dividend payment		(0.28)		(0.53)
Accretion from stock repurchased and cancelled		0.18		-
Ending net asset value	**$**	**19.12**	**$**	**17.87**

Total return (based on change in net asset value per share)	For the Six Month Period Ended 30 June 2019	For the Year Ended 31 December 2018
Total return before carried interest	9.23%	5.44%
Carried interest	(0.67%)	-
Total return after carried interest	**8.56%**	**5.44%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	For the Six Month Period Ended (Annualised) 30 June 2019	For the Year Ended 31 December 2018
Net investment income (loss)	(2.01%)	(1.15%)
Expense ratios:		
Expenses before interest and carried interest	2.62%	2.45%
Interest expense	0.91%	0.72%
Carried interest	1.31%	-
Expense ratios total	**4.84%**	**3.17%**

Net investment income (loss) is interest income earned net of expenses, including management fees and other expenses consistent with the presentation within the Consolidated Statements of Operations and Changes in Net Assets. Expenses do not include the expenses of the underlying private equity investment partnerships. The total return after carried interest ratio presented has not been annualised for the six month period ended 30 June 2019.

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

Note 13 – Subsequent Events

As of the date of this report, the Group has completed additional borrowings totaling $45.0 million and has made principal payments totaling $15.0 million on the Credit Facility. As of the date of this report, the outstanding Credit Facility loan balance is $45.0 million.

On 17 July 2019, the board of directors of the Group declared a dividend payment to be paid at an amount of $0.29 per each Ordinary Share payable on 30 August 2019 with a dividend record date of 26 July 2019.

In anticipation of the settlement on 30 August 2019 of the 2019 foreign currency contract C, on 21 August 2019, the Group entered into a new forward foreign currency contract with JP Morgan (the “2019 foreign currency contract D"). The 2019 foreign currency contract D states that the Group will purchase £55,000,000 on 27 December 2019 for $66,967,450.

On 30 August 2019, the Group incurred a realised loss on the settlement of the 2019 foreign currency contract C of $4,288,900.

The Investment Manager and the board of directors have evaluated events through 20 September 2019, the date the consolidated financial statements were available to be issued, and has determined that there were no other subsequent events that required adjustment to, or disclosure in, the consolidated financial statements.

Board of Directors

Directors Biographies

Talmai Morgan (Chairman) / Appointed 22 June 2007; Retiring at Annual General Meeting ("AGM") effective 23 September 2019

Talmai Morgan, a resident of Guernsey, qualified as a barrister in 1976. He holds a MA in Economics and Law from Cambridge University. He moved to Guernsey in 1988 where he worked for Barings and then for the Bank of Bermuda. From 1999 to 2004, he was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. He was also particularly involved in the activities of the Financial Action Task Force and the Offshore Group of Banking Supervisors.

Since leaving financial regulation, Mr Morgan has been the non-executive chairman or a non-executive director of 14 publicly-listed investment companies. He is presently Chairman of NBPE, Sherborne Investors (Guernsey) B Limited and Sherborne Investors (Guernsey) C Limited.

John Falla (Chairman of the Audit Committee, Independent Director) / Appointed 21 December 2015

John Falla, a resident of Guernsey, is an Associate of the Institute of Chartered Accountants in England and Wales. He has a degree in Property Valuation and Management from City University London and is a Fellow of the Chartered Institute for Securities and Investment, holding their diploma. He qualified as a Chartered Accountant with Ernst and Young in London, before transferring to their Corporate Finance Department, specialising in the valuation of unquoted shares and securities, including private equity holdings. On his return to Guernsey in 1996 he worked for an International Bank before joining The International Stock Exchange (formerly Channel Islands Stock Exchange) in 1998 on its launch as a member of the Market Authority. In 2000 he joined the Edmond de Rothschild Group. Although based in Guernsey he provided corporate finance advice to international clients including open and closed-ended funds, and institutions with significant property interests. He was also a director of a number of Edmond de Rothschild operating and investment entities. He has been a non-executive director of London listed companies for a number of years, and is now a full-time non-executive director and consultant.

Other public company directorships:

- SQN Asset Finance Income Fund Limited
- Hadrian's Wall Secured Investments Limited
- CIP Merchant Capital Limited
- Marble Point Loan Financing Limited

Trudi Clark (Independent Director) / Appointed 24 April 2017

Trudi Clark qualified as a Chartered Accountant with Robson Rhodes in Birmingham, after graduating in Business Studies. Moving to Guernsey in 1987, she joined KPMG where she was responsible for an audit portfolio including some of the major financial institutions in Guernsey. After 10 years in public practice, she was recruited by the Bank of Bermuda as Head of European Internal Audit, later moving into corporate banking. In 1995 she joined Schroders in the Channel Islands as CFO. She was promoted in 2000 to Banking Director and Managing Director in 2003. From 2006 to 2009, Ms Clark established a family office, specialising in alternative investments. From 2009 to 2018, she returned to public practice specialising in corporate restructuring services. Ms Clark has several Non-Executive Director appointments for companies both listed and non-listed investing in property, private equity and other assets. Other public company directorships: BMO Commercial PropertyTrust Limited, River and Mercantile UK MicroCap Investment Company Limited, Alcentra European Floating Rate Income Fund and The Schiehallion Fund Limited.

Directors Biographies (continued)

William Maltby (Independent Director) / Appointed 21 March 2019; to be appointed Chairman effective from AGM on 23 September 2019

William Maltby was vice chairman of Investment Banking at Deutsche Bank where he worked for more than 25 years. He spent a further six years as a Senior Adviser to the Investment Banking Division of Deutsche Bank. He was a corporate financier specialising in financial sponsors and leveraged finance, and was head of Deutsche Bank's European Financial Sponsor Coverage and Leveraged Finance businesses. He joined Morgan Grenfell in 1984 which was acquired by Deutsche Bank in 1989.

He was chairman of Mithras Investment Trust Plc, a private equity fund of funds investment trust listed on the London Stock Exchange from 2012 to 2018, when it completed a successful realisation strategy.

He is also chairman of Ekins Guinness LLP. He qualified as a Chartered Accountant with Peat Marwick and has a law degree from the University of Cambridge.

Wilken von Hodenberg (Independent Director) / Appointed 21 March 2019

Wilken von Hodenberg is a businessperson with 34 years of experience in private equity, investment banking and senior management. He has been at the head of five difference entities and until recently occupied the position of Chairman of German Private Equity & Venture Capital Association.

He is a member of the Supervisory Board for Deutsche Beteiligungs AG since 2013. He is also a Non-Executive Director of Sloman Neptun AG, Schloss Vaux AG and Wepa SE.

From 2000-2013 he was CEO of Deutsche Beteiligungs AG. He also served as a Managing Director of Merrill Lynch in Frankfurt (1998-2000). Prior to this he was Managing Director at Baring Brother GmbH (1993-1997). From 1990-1992 he was CFO of Tengelmann Group, a major German retailing group. He started his career at JPMorgan in New York and Frankfurt (1983-1989).

Wilken is a lawyer in Hamburg and holds a Law degree from the University of Hamburg.

Peter von Lehe (Director) / Appointed 22 June 2007

Peter von Lehe is the Head of Investment Solutions and Strategy and is a Managing Director of Neuberger Berman. He is also a member of the Athyrium, Co-Investment, Private Investment Portfolios, Marquee Brands and Renaissance Investment Committees. Mr. von Lehe sits on the Limited Partner Advisory Boards of a number of investment relationships globally on behalf of Neuberger Berman funds. Previously, Mr. von Lehe was a Managing Director and Deputy Head of the Private Equity Fund of Funds unit of Swiss Reinsurance Company. At Swiss Re, Mr. von Lehe was responsible for investment analysis and product structuring and worked in both New York and Zurich. Before that, he was an attorney with the law firm of Willkie Farr & Gallagher LLP in New York focusing on corporate finance and private equity transactions. He began his career as a financial analyst for a utility company, where he was responsible for econometric modeling. Mr. von Lehe received a B.S. with Honors in Economics from the University of Iowa and a J.D. with High Distinction, from the University of Iowa College of Law. He is a member of the New York Bar.

Peter von Lehe has no other public company directorships. Peter von Lehe is on the board of NB Reinsurance Limited.

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($ in millions)

Direct Equity Investments	Principal Geography	Investment Date	Description	Fair Value
Material Handling Systems	U.S./Europe	Apr-17	E-commerce infrastructure and automation company	37.4
Engineering Ingegneria Informatica	Italy	May-16	Italian IT firm	34.5
USI	U.S.	Jun-17	Insurance brokerage and consulting services	28.0
Marquee Brands	Global	Dec-14	Portfolio of consumer branded IP assets, licensed to third parties	27.8
Staples	U.S.	Sep-17	Provider of office supplies through a business to business platform and retail	27.7
Business Services Company*	U.S.	Oct-17	Business services company	27.6
Agiliti	U.S.	Jan-19	Healthcare technology management and services	24.0
ProAmpac	U.S.	Nov-16	Leading global flexible packaging company	23.5
Telxius	Europe	Oct-17	Telecommunications infrastructure including fibre-optic cables and telecom towers	20.9
Qpark	Europe	Oct-17	European parking services provider	19.7
LGC	Europe	Mar-16	Life sciences measurement and testing company	18.7
GFL	Canada	Jul-18	Waste management services company	18.6
Omega Environmental Technologies	U.S.	Feb-17	Leading distributor and assembler of climate control components	18.5
Bomgar	U.S.	Jun-18	Cyber security and secure access solutions	17.9
Italian Mid-Market Buyout Portfolio	Europe	Jun-18	Portfolio of Italian mid-market buyout companies	16.8
Final Site	U.S.	Nov-16	Learning management platform for schools	16.7
Excelitas	U.S.	Nov-17	Sensing, optics and illumination technology	16.4
Branded Cities Network	U.S.	Nov-17	North American advertising media company	16.1
Accedian	U.S.	Apr-17	Network technology company	15.3
Fortress	Vietnam	Jun-17	Leading hospital provider in Vietnam	15.1
Hivory	France	Dec-18	Telecom tower company in France	14.8
Petsmart	U.S.	Jun-15	Pet supplies retailer	13.7
Medplast	U.S.	Jun-18	Medical device manufacturer	13.3
SolarWinds	U.S.	Feb-16	Provider of enterprise-class IT and infrastructure management software	13.3
Leaseplan	Europe	Apr-16	Fleet management company	12.9
Groupo Cortefiel	Europe	Oct-17	Spanish apparel retailer	12.3
Hilsinger	U.S. / U.K. / Australia	May-14	Supplier of eye wear and eye care accessories	11.9
Saguaro	Canada	Jul-13	E&P company pursuing unconventional light oil/liquids-rich gas properties	10.9
Branded Toy Company*	U.S.	Jul-17	Specialty toy company	10.6
Gardner Denver, Inc.	U.S.	Jul-13	Maker of industrial equipment	10.2
Digital River (Equity)	U.S.	Feb-15	Digital eCommerce, payments and marketing solutions	10.1
West Marine	U.S.	Sep-17	Specialty retailer of boating supplies	9.8
Solace Systems	U.S./Cananda	Apr-16	Enterprise messaging solutions	9.7
CH Guenther	U.S.	May-18	Supplier of baking mixes, snacks and meals and other value-added food produc	9.1
Ellucian	Global	Sep-15	Developer of higher education ERP software	8.8
Uniasselvi	Brazil	Jun-18	Post secondary education company	8.8
Hydro	U.S.	Dec-18	Largest European manufacturer of hydraulic components	8.7
Bylight	U.S.	Jun-17	Provider of IT and technology infrastructure cyber solutions	8.6
Vertiv	U.S.	Nov-16	Provider of data center infrastructure	8.6
Lasko Products	U.S.	Nov-16	Manufacturer of portable fans and ceramic heaters	8.6
Verifone	Global	Aug-18	Electronic payment technology	8.4
Holley	U.S.	Oct-18	Automotive performance company	8.4
Brightview	U.S.	Dec-13	Commercial landscape and turf maintenance	8.2
Genetic Testing Company - Equity*	U.S.	Jun-13	Genetic testing company	8.0

Note: Numbers may not sum due to rounding.
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($ in millions)

Direct Equity Investments	Principal Geography	Investment Date	Description	Fair Value
Renaissance Learning	U.S.	Jun-18	K-12 educational software & learning solutions	7.9
Compliance Solutions Strategies	U.S.	Apr-17	Provider of compliance solutions to the financial services sector	7.7
Avantor	U.S.	Feb-18	Provider of materials for life sciences and technology industries	7.7
ZPG	U.K.	Jul-18	Digital property data and software company	7.6
MHS	U.S.	Mar-17	Provider of repair, maintenance and fleet management services	7.1
Extraction Oil & Gas	U.S.	May-14	E&P company in the U.S.	7.1
Evoqua Equity	U.S.	Jan-14	Water treatment technology, equipment and services	6.6
CSC Service Works	U.S.	Mar-15	Provider of outsourced services to laundry & air vending markets	6.6
Milani	U.S.	Jun-18	Cosmetics and beauty products	6.1
Wind River Environmental	U.S.	Apr-17	Waste management services provider	6.1
Hub	Global	Mar-19	Leading global insruance brokerage	5.9
Uber	Global	Jul-18	Undisclosed consumer technology company	5.8
Looking Glass	U.S.	Feb-15	Cyber security technology company	5.7
Plaskolite	U.S.	Dec-18	Largest manufacturer of thermoplastic sheets in North America	5.7
Boa Vista	Brazil	Nov-12	Second largest credit bureau in Brazil	5.5
Concord Bio	India	Jun-16	Active pharmaceutical ingredients manufacturer	5.4
Healthcare Company - In-home Devices	U.S.	Jun-18	Provider of pump medications and in-home intravenous infusion	5.3
Nextlevel	U.S.	Aug-18	Designer and supplier of fashion-basic apparel	5.2
GC Services	U.S.	Jan-16	Provider of call center management and collection agency services	5.1
Snagajob	U.S.	Jun-16	Job search and human capital management provider	4.9
American Dental Partners, Inc.	U.S.	Feb-12	Dental practice management services	4.6
Clearent	U.S.	Jun-18	Credit card payment processing	4.6
SafeFleet	U.S.	May-18	Safety and productivity solutoins for fleet vehicles	4.5
Edelman	U.S.	Aug-18	Independent financial planning firm	4.5
Perspecta	U.S.	Nov-10	High-end systems engineering to US Intelligence Industry	4.4
Healthcare Services Company	NA	Feb-18	Healthcare services company	4.3
First Data	Global	Sep-07	Electronic commerce and payments	4.3
Inflection Energy	U.S.	Oct-14	Dry gas exploration company in the Marcellus Shale	4.0
Connector Company*	U.S.	Oct-15	Producer of embedded solid-state connectors	4.0
Mills Fleet Farms	U.S.	Feb-16	Value-based retailer with 35 stores in the Midwest US	3.9
Centro	U.S.	Jun-15	Provider of digital advertising management solutions	3.8
CrownRock Minerals	U.S.	Jun-18	Minerals acquisition platform	3.5
BK China	U.S.	Aug-18	Franchise of over 800 Burger King locations in mainland China	3.4
Stratus Technologies	U.S.	Apr-14	Technology solutions that prevent downtime of critical applications	3.2
BackOffice	U.S.	Dec-17	Data management solutions provider	3.0
Syniverse Technologies	Global	Feb-11	Global telecommunications technology solutions	2.5
Husky Injection Molding	U.S.	Sep-18	Designs and manufacturers injection molding eqiupment	2.6
Into University Partnerships	U.K./U.S.	Apr-13	Collegiate recruitment, placement and education	2.0
Kyobo Life Insurance Co.	S. Korea	Dec-07	Life insurance in Korea	2.0
RiverBed	U.S.	Feb-15	Provider of application performance infrastructure	1.9
Galco Industrials Equity	U.S.	May-14	Wholesale distributor of electrical components	1.6
Aster / DM Healthcare	Middle East / India	Jun-14	Operator of hospitals, clinics and pharmacies	1.6
Corona Industrials	South America	Jun-14	Building materials company	1.5
Acteon	Europe	Dec-12	Products & services to offshore energy sector	1.4

Note: Numbers may not sum due to rounding.
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($ in millions)

Direct Equity Investments	Principal Geography	Investment Date	Description	Fair Value
Prosper	U.S.	Apr-15	Peer-to-peer online lending marketplace for unsecured consumer credit loans	1.4
Specialty Drug Pharma. Company*	U.S.	Oct-15	Provider of product development and related services to life sciences companie	1.3
Taylor Precision Products	U.S.	Jul-12	Consumer & foodservice measurement products	1.1
Catalina - Equity	U.S.	Feb-19	Intelligence and personalized digital marketing media provider	1.0
J.Crew Group	U.S.	Mar-11	Specialty retailer	0.9
OB Hospitalist Group	U.S.	Aug-17	Hospitalist and related physician support services	0.6
Black Knight Financial Services	U.S.	Dec-13	Mortgage servicing technology and appraisal / origination services	0.6
Shelf Drilling	Global	Feb-13	Shallow water offshore drilling contractor	0.4
Univar	Global	Nov-10	Commodity and specialty chemicals distributor	0.3
Technology Company (Encryption App)*	U.S.	Aug-14	Encryption app for text, audio, picture and video messaging	0.2
Alex & Ani	U.S.	May-15	Designer jewelry company	0.1
Innovation Group	U.K.	Dec-15	Global business process outsourcing provider of insurance claims processing se	0.1
ARUHI Corporation	Japan	Oct-14	Mortgage company in Japan offering primarily fixed rate mortgages	0.0
Velocidi	U.S.	Dec-16	Marketing intelligence company	0.0
Net Other Assets, incl. Escrow / (Liabilities)				(8.4)
Total Direct Equity Investments				**$890.7**

Note: Numbers may not sum due to rounding.
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Income Investments ($ in millions)	Security Details	Investment Date	Maturity Date	Fair Value	Cash + PIK Coupon	Cash Yield	Total Est. YTM
2018							
Verscend	PIK Preferred Equity (12.25% PIK)	Aug-18	NA	22.1	12.3%	-	13.5%
NB Specialty Finance Program	Diversified	Oct-18	NA	1.7	N/A	N/A	N/A
2017							
Carestream Dental	Second Lien (L+8.0% Cash, 1% L Floor, 3% OID)	Sep-17	Sep-25	9.3	10.3%	10.6%	11.4%
OB Hospitalist	Second Lien (L+8.5% Cash, 1% L Floor, 2% OID)	Aug-17	Aug-25	3.5	10.8%	11.0%	11.7%
Dubois Chemical	Second lien (L+8.00% Cash, 1% L Floor, 1% OID)	Mar-17	Mar-25	9.0	10.3%	10.4%	11.0%
Blue Nile	First Lien (L+6.50% Cash, 1% L Floor, 3% OID)	Mar-17	Feb-23	3.0	8.8%	9.9%	13.2%
Optiv	Second Lien (L+7.25%, 1% Floor, 0.5% OID)	Feb-17	Feb-25	0.9	9.6%	9.6%	10.1%
2016							
NB Credit Opportunities Program	Diversified	Sep-16	NA	25.0	8.5%	8.4%	11.9%
ProAmpac	Second Lien (L+8.50%, 1% L Floor)	Nov-16	Oct-24	6.0	10.8%	10.8%	11.4%
2015							
Schumacher Group	Second lien (L+8.5% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	9.7	10.8%	10.9%	11.6%
Digital River Debt	Second lien (L+11.0% Cash, 1.0% L Floor, 1% OID)	Jan-15	Feb-22	1.0	13.3%	13.7%	15.5%
2014							
Central Security Group	Second lien (L+9.0% Cash, 1% L Floor, 5% OID)	Nov-14	Oct-21	6.0	11.3%	11.6%	13.0%
Galco Industrial Electronics	Sr. sub notes (10.75% Cash, 1.25% PIK, 1.5% OID)	May-14	May-21	5.6	12.0%	10.1%	11.9%
Total Income Portfolio Fair Value				**$102.7**	**10.5%**	**7.8%**	**12.2%**

Note: Numbers may not sum due to rounding.

($ in millions) Fund Investments	Asset Class	Vintage Year	Fair Value	Unfunded Commitment
Catalyst Fund III	Special Situations Funds	2011	$10.0	$0.5
NB Crossroads Fund XVIII Mid-cap Buyout	Mid-cap Buyout Funds	Fund XVIII	6.8	7.1
DBAG Expansion Capital Fund	Growth / Venture Funds	2012	4.6	0.7
15 Other Fund Investments (< $5.0m Individually)			$18.7	$14.1
Total Fund Investments			**$40.1**	**$22.4**

Note: In Q2 2019, NBPE received a distribution of $100,648 related to its investment in Thomas H. Lee Equity Fund VI, L.P. ("THL Fund VI"). The distribution was largely related to the decision of Thomas H. Lee Partners, L.P. ("THL") to sell five Fund VI portfolio companies to Thomas H. Lee Equity Fund VI (2019) L.P. ("THL 2019 Fund"). Certain entities managed by NBAA are limited partners in THL 2019 Fund, which was formed in partnership with THL for the purpose of completing the acquisition of these five portfolio companies. NBAA was one of three anchor investors that actively participated in the negotiation of price and terms on behalf of THL Fund 2019. Lazard Freres & Co. acted as financial advisor to THL Fund VI on this transaction and the general partner of THL Fund VI received a fairness opinion from Houlihan Lokey Capital, Inc. in connection with the transaction as well as the consent of the THL Fund VI limited partner advisory committee. Prior to the transaction, funds managed by NBAA, including NBPE, were limited partners in THL Fund VI, representing an estimated approximately 0.5% of THL Fund VI's aggregate capital commitments. As part of the transaction, the general partner of THL Fund VI also offered existing THL Fund VI limited partners, including NBPE, the right to reinvest a certain portion of its proceeds by making a new capital commitment to THL 2019 Fund. NBAA made the investment decision on behalf of NBPE not to reinvest in THL 2019 Fund. Following the transaction, entities managed by NBAA will represent an estimated approximately 36% of THL 2019 Fund's aggregate capital commitments.

In Q2 2019, Bain Capital Credit ("Bain Capital Credit") sold assets held by Sankaty Credit Opportunities II, L.P. ("COPs II") and Sankaty Credit Opportunities III, L.P. ("COPs III"), as well as other Bain Capital Credit managed legacy investment vehicles, to Bain Capital COPs CV Holdings, L.P. ("Bain Continuation Fund"). Certain entities managed by NBAA are limited partners in the Bain Continuation Fund, which was formed in partnership with Bain Capital Credit for the purpose of completing the acquisition of these assets. NBAA actively participated in the negotiation of price and terms on behalf of the Bain Continuation Fund. Houlihan Lokey acted as financial advisor to COPs II and COPs III, and Bain received COPs II and COPs III limited partner advisory board consent for the transaction. Prior to the transaction, funds managed by NBAA, including NBPE, were limited partners in COPs III, representing an estimated approximately 0.7% of COPs III's aggregate capital commitments. There were no funds managed by NBAA that were limited partners in COPs II or the other Bain Capital Credit managed legacy investment vehicles. As part of the transaction, Bain Capital offered existing limited partners in COPs II and COPs III the option to rollover and maintain their ownership in their respective portfolios. NBAA made the investment decision to maintain NB vehicle's ownership interest in the COPS II portfolio through the roll option. Following the transaction, entities managed by NBAA will represent an estimated approximately 95% of the Bain Continuation Fund's aggregate capital commitments. NBPE also sold a portion of its holding on 30 September 2018.

Equity

It is expected that most of the investments in which the Fund invests will meet the criteria set forth under FASB ASC 820 Fair Value Measurement ("ASC 820") permitting the use of the practical expedient to determine the fair value of the investments. ASC 820 provides that, in valuing alternative investments that do not have quoted market prices, but calculate NAV per share or equivalent, an investor may determine fair value by using the NAV reported to the investor by the underlying investment. To the extent practice expedient is applicable to an investment, the Manager will value the Fund's investment based primarily on the value reported to the Fund by the investment or by the lead investor of a direct co-investment as of each quarter-end, as determined by the investments in accordance with its own valuation policies.

The Fund generally uses the NAV reported by the investments as a primary input in its valuation; however, adjustments to the reported NAV may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations, any restrictions or illiquidity on such interest, any potential clawbacks by the investments and the fair value of the investments' investment portfolio or other assets and liabilities. The valuation process for investments categorized in Level 3 of the fair value hierarchy is completed on a quarterly basis and is designed to subject the valuation of Level 3 investments to an appropriate level of consistency, oversight and review. The Manager has responsibility for the valuation process and the preparation of the fair value of investments reported in the financial statements. The Manager performs initial and ongoing investment monitoring and valuation assessments. In determining the fair value of investments, the Manager reviews periodic investor reports and interim and annual audited financial statements received from the investments, reviews material quarter over quarter changes in valuation, and assess the impact of macro market factors on the performance of the investments.

Debt

Debt investments made on a primary basis are generally carried at cost plus accrued interest, if any. Investments made through the secondary market are generally marked based on market quotations, to the extent available, and the manager will take into account current pricing and liquidity of the security.

For primary issuance debt investments, the Manager estimates the enterprise value of each portfolio company and compares such amount to the total amount of the company's debt as well as the level of debt senior to the Company's 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, the Manager will further consider the companies' acquisition price, credit metrics, historical and projected operational and 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 the Company is invested in and securities senior to the Company's position.

If the principal repayment of debt and any accrued interest is supported by the enterprise value analysis described above, the Manager will next consider current market conditions including pricing quotations for the same security and yields for similar investments.

For investments made on a secondary basis, to the extent market quotations for the security are available, the Manager 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 the Manager believes market yields for similar investments have changed substantially since the pricing of the security, the Manager will perform a discounted cash flow analysis, based on the expected future cash flows of the debt securities and current market rates. The Manager will also consider the maturity of the investment, compliance with covenants and ability to pay cash interest when estimating the fair value of debt investments.

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:

- future operating results;
- business prospects and the prospects of the Company's investments;
- the impact of investments the Company expects to make;
- the dependence of future success on the general economy and its impact on the industries in which the Company invests;
- the ability of the investments to achieve their objectives;
- differences between the investment objective and the investment objectives of the private equity funds in which the Company invests;
- the rate at which capital is deployed in private equity investments, co-investments and opportunistic investments;
- expected financings and investments;
- the continuation of the Investment Manager as the service provider and the continued affiliation with the Investment Manager of its key investment professionals;
- the adequacy of the Company's cash resources and working capital; and
- the timing of cash flows, if any, from the operations of the underlying private equity funds and the 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 the beliefs, assumptions and expectations of the future performance, taking into account all information currently available to the Manager. 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 the Manager or are within the Manager's control. If a change occurs, the business, financial condition, liquidity and results of operations may vary materially from those expressed in the forward-looking statements. Factors and events that could cause the 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 the prospectus relating to the Company's IPO and the Company's prospectus relating to the ZDP Shares. The foregoing is not a comprehensive list of the risks and uncertainties to which the Company is subject. Except as required by applicable law, the Manager undertakes no obligation to update or revise any forward-looking statements to reflect any change in The Manager's 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 the Company's forward-looking statements might not occur. The Manager qualifies any and all of the forward-looking statements by these cautionary factors.

Ordinary Share Information
Trading Symbol: NBPE
Exchanges: The Premium Segment of the Main Market of the London Stock Exchange
Premium Segment Trading Admission: 2 May 2017
Traded Currency: GBP; USD
Bloomberg: NBPE LN; NBPU LN
Reuters: NBPE.L; NBPU.L
ISIN: GG00B1ZBD492
COMMON: 030991001
LEI: 2138000JH93NH810FQ77

ZDP Share Information (2022 / 2024)
Trading Symbol: NBPP / NBPS
Exchanges: Specialist Fund Segment of the London Stock Exchange
Admission Date: 16 September 2016 / 30 May 2018
Base Currency: GBP / GBP
Bloomberg: NBPP: LN / NBPS: LN
Reuters: NBPEO.L / NBPSo.L
ISIN: GG00BD0FRW63 / GG00BD96PR19
SEDOL: BD0FRW6 / BD96PR1

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Trudi Clark
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William Maltby (appointed 21 March 2019)
Wilken von Hodenberg (appointed 21 March 2019)
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