NEUBERGER BERMAN

NB Private Equity Partners Limited

30 September 2014 Quarterly Report

For the nine month period ended 30 September 2014
QUARTERLY REPORT

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COMPANY OVERVIEW

The Company's objective is to produce attractive returns by investing in the private equity asset class through direct-yielding investments, equity co-investments and fund investments, while managing investment risk through diversification across asset class, vintage year, geography, industry and sponsor.

Company

NB Private Equity Partners Limited ("NBPE" or the "Company")

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

Investment Manager

NB Alternatives Advisers LLC ("Investment Manager" or the "Manager")

- 27 years of private equity investing experience
- Investment Committee with an aggregate of over 210 years of professional experience
- Approximately 70 investment professionals
- Approximately 130 administrative and finance professionals
- Offices in New York, London, Dallas and Hong Kong

Key Statistics	At 30 September 2014	At 31 December 2013
Net Asset Value of the Class A Shares	$675.6m	$625.1m
Equity Co-investments	$250.2m	$160.8m
Direct-Yielding Investments	$308.5m	$185.2m
Fund Investments	$261.9m	$291.7m
Total Private Equity Fair Value	$820.6m	$637.7m
Private Equity Investment Level	121%	102%
Cash and Cash Equivalents	$26.4m	$63.7m
Credit Facility Outstanding	$80.0m	-
Net Asset Value per Ordinary Share	$13.84	$12.81
Net Asset Value per Ordinary Share including Cumulative Dividends	$14.70	$13.22
ZDP Shares	£46.4m	£44.0m
Net Asset Value per ZDP Share	140.62p	133.40p
Dividends per Share:		
Dividends paid this period	$0.45	$0.41
Cumulative dividends since inception	$0.86	$0.41

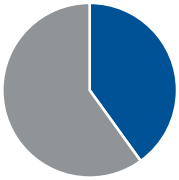
Note: Numbers may not sum due to rounding.

KEY PERFORMANCE HIGHLIGHTS FOR THE NINE MONTH PERIOD

For the nine month period ended 30 September 2014
QUARTERLY REPORT

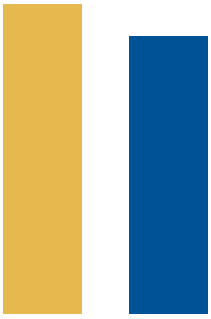
Performance

11.6% NAV per Share total return
22.1% Share price increase
27.0% Share price total return



Portfolio at 30 September 2014

68% of Fair Value in Equity Co-investments/Direct Yielding Investments
32% of Fair Value in Funds



Cash Flows during the first nine months of 2014

$221.1 million funded to Investments[1]
$134.8 million of distributions from Investments

$200.3[2]
Million Invested

New Direct Investment Activity during the first nine months of 2014

13 Equity Co-investments
20 Direct Yielding Investments

1. *Includes follow-on investments and contributions to fund investments.*
2. *Invested amounts in new direct investments only. Excludes follow-on investments.*

COMPANY DIVIDEND POLICY

Long-term dividends

During 2014, NBPE paid dividends of $0.45 per Share. Since inception, NBPE has paid cumulative dividends of $0.86 per Share.

$0.45
Dividends paid during 2014

$0.86
Cumulative dividends since inception

Direct yielding income

As of 30 September 2014, on a run rate basis the direct yielding portfolio generated cash income of $26.7 million or approximately $0.55 per Share. Based on dividends paid during 2014, this corresponds to approximately 122% dividend coverage from the cash yield on the Company's direct yielding portfolio.

3.9%
Annualized Dividend Yield on Share Price[1]

3.3%
Annualized Dividend Yield on NAV at 30 September 2014

Share Buy Back Programme

NBPE retains the ability to repurchase shares through its Share Buy Back Programme which was launched in 2010. Shares bought back under the Programme will be cancelled. There were no share repurchases during the first nine months of 2014. The Board of Directors has approved an extension of the Share Buy Back Programme until 31 March 2015. The documentation for such extension is currently in progress.

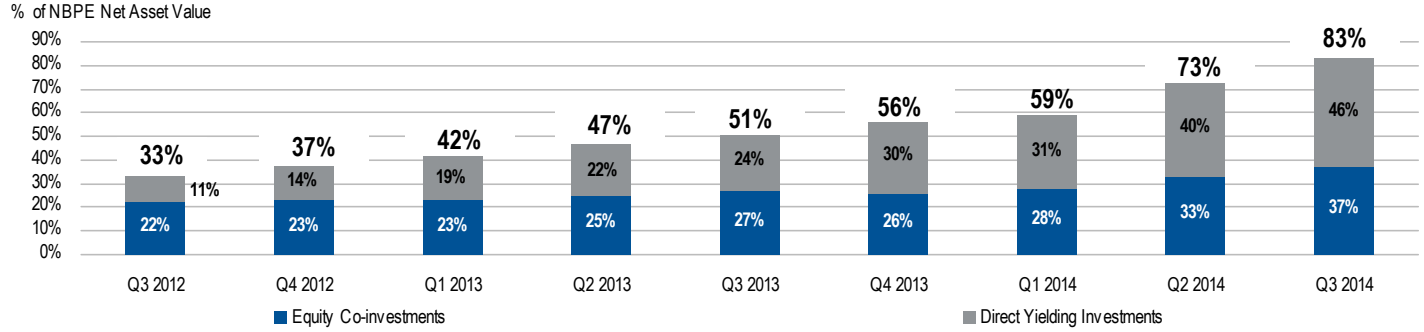
1. *Based on the Euronext closing share price of $11.42 on 30 September 2014.*

Focus on equity co-investments and direct yielding investments

NB Alternatives Advisers seeks high quality private equity investments for NBPE that have the potential to deliver strong investment returns on a risk-adjusted basis, while maintaining appropriate levels of diversification across geographies, industries, vintage years and sponsors.

New investments are predominantly equity co-investments and direct yielding investments. Within this direct portfolio, across cycles, the Manager targets average allocations of 60% of private equity fair value to equity co-investments and 40% of private equity fair value to direct yielding investments. At any point in time allocations in the portfolio may vary from this target due to the relative attractiveness of the available opportunity sets. The Manager may also make other types of investments, as appropriate.

Direct Investments by Quarter



Equity co-investments are made alongside premier private equity sponsors in their core areas of expertise, focused primarily on buyout and growth equity transactions in the small and middle market globally. Transaction types typically include traditional buyouts, take-private transactions, corporate carve-outs as well as sponsor-to-sponsor transactions. The Manager seeks investments with differentiating characteristics such as strategic, minority investments that have clear exit paths and the potential for shorter holding periods rather than large, syndicated transactions.

Direct yielding investments typically consist of private debt instruments which generate strong cash yields and may offer additional upside through PIK and / or equity. The Manager targets debt investments such as junior financings including mezzanine investments, which consist of notes and equity, second-lien debt and secured term loans in traditional corporate sectors. The Manager also targets healthcare credit investments, which consist of loans to companies in the healthcare sector, royalty backed notes, preferred stock and warrants.

NB Private Equity Partners leverages the full resources of NB Alternatives' integrated private equity platform for superior deal flow, due diligence and execution capabilities

Continued focus on direct investments has meaningfully refocused the portfolio in line with our strategy

- Direct investment exposure of 83% of NAV at 30 September 2014, up from 56% of NAV as of 31 December 2013
- 33 direct investments completed during the first nine months of 2014
- $146.9 million of new and follow-on direct yielding investments during the first nine months of 2014
- $68.2 million of new and follow-on equity co-investments during the first nine months of 2014
- Only $6.0 million of capital calls from fund investments during the first nine months of 2014

46% of net asset value in direct yielding investments with a total estimated yield to maturity of 11.1% and a cash yield of 9.4%

- Direct yielding investments producing run-rate cash income of $26.7 million, covering 122% of the 2014 annual dividend[1]

Significant liquidity from the direct investments during the first nine months of 2014

- Distributions of $23.8 million from equity co-investments as a result of sales, and $48.9 million from direct yielding investments, as a result of sales, principal and interest payments, including:
  - $17.5 million of principal and interest payments from direct yielding investments
  - $31.4 million of distributions as a result of exits from four direct yielding investments
  - $15.3 million of distributions as a result of full realizations and $8.6 million as a result of partial realizations from equity co-investments

Fund investment portfolio continues to mature and return cash to NBPE

- Total distributions of $62.0 million from fund investments during the first nine months of 2014

Note: Numbers may not sum due to rounding.
1. Based on $0.45 per Share paid during 2014.

POST-REPORTING PERIOD UPDATE

The following events occurred post the 30 September 2014 reporting period. The Board is not aware of any other significant events or transactions (other than as set out herein) that have occurred between 30 September 2014 and the publication date of this report which would have a material impact on the financial position of the Company

Direct yielding investment activity

- During October, NBPE invested $12.4 million to two follow-ons and one new direct yielding investment
  - New investment in Vestcom, a leading provider of outsourced information and media solutions to food and drug retailers
- NBPE received $5.9 million from direct yielding investments, comprised of proceeds from the exit of a term loan in a specialty pharmaceuticals company and interest proceeds
- Run rate cash income is $27.2 million, representing 124% dividend coverage

New direct co-investment activity

- During October, NBPE funded $11.0 million to three new equity co-investments
  - Softbank Mortgage, a company based in Japan that provides primarily fixed rate mortgages to borrowers
  - Berlin Packaging, a leading supplier of rigid packaging materials and related value-added services
  - Inflection Energy, a dry gas exploration company in the Marcellus Shale

Fund distributions and agreed sale of Fund Interests

- During October, NBPE received $7.9 million of distributions from fund investments
- NBPE signed agreements to sell its interest in two fund investments; one fund was agreed to be sold through a deferred structure with 50% of the proceeds expected at the close and the remaining proceeds expected in 12 months
- The transactions represent a favourable exit and remove approximately $7.7 million of unfunded commitments

NAV per Share performance and credit facility drawdown post 30 September 2014

- The 30 September 2014 Quarterly NAV per Share represents a 1.9% increase over the 30 September 2014 estimated NAV per Share
- The 31 October 2014 NAV per Share represents a 0.2% decrease over the 30 September 2014 NAV per Share

	30 September 2014 (Estimated NAV)	30 September 2014 (Quarterly Report)	31 October 2014 (Monthly NAV)
Unaudited NAV per share	$13.58	$13.84	$13.81
Unaudited Total Return NAV per share	$14.44	$14.70	$14.67

- As of 31 October 2014, $90 million was drawn on the Company's credit facility

Note: as of 11 November 2014. Numbers may not sum due to rounding.

NINE MONTHS OVERVIEW

$140.1 million invested in direct yielding investments[1]

Made directly by NBPE and through the NB Alternatives Healthcare Credit Investment Program

ABG

- Global brand development and trademark licensing business with a diverse portfolio of iconic customer brands
- Second lien term loan with a 9% annual cash interest coupon (L+8.0%, 1% L Floor and 1.0% OID)
- NB Thesis:
  - Contracts structured to provide guaranteed minimum royalties
  - High margin / low capex
  - Diversified portfolio of brands

ConVerge-One

- Leading independent provider of communication solutions, managed services and third party technology
- Second lien term loan with a 9% annual cash interest coupon (L+8.0%, 1% L Floor and 1.0% OID)
- NB Thesis:
  - Strong free cash flow and reasonable leverage
  - Strong market position with value added services
  - High maintenance and managed services revenue with strong renewal rates

evoqua WATER TECHNOLOGIES

- Leading provider of technology, equipment and services for water treatment in highly specified industrial and municipal applications
- Second lien term loan with an 8.5% annual cash interest coupon (L+7.5%, 1% L Floor and 0.5% OID)
- NB Thesis:
  - Significant revenue visibility
  - Diversified revenue stream with high quality customer base
  - Reasonable net leverage and significant liquidity

FLEXERA SOFTWARE

- Provider of application usage management software allowing publishers and buyers to track, monitor and manage application usage of software programs
- Second lien term loan with an 8% annual cash interest coupon (L+7.0%, 1% L Floor and 0.5% OID)
- NB Thesis:
  - Attractive business model and recurring revenue
  - High market share and strong value proposition
  - Diverse blue chip customer base

GALCO INDUSTRIAL ELECTRONICS

- Galco is a wholesale distributor of electrical components to industrial and commercial end markets
- Senior subordinated notes with 12% cash and PIK yield (10.75% cash, 1.25% PIK, 1.5% OID). Investment also includes an equity positon
- NB Thesis:
  - Strong cash flow profile and attractive historical growth
  - End market and customer diversity
  - High value add distributor with operational efficiency

Healthcare Credit: Second Lien Term Loan (Biotherapeutics A)

- Second lien term loan in a biotherapeutics company that develops and commercializes innovative therapies for critically ill patients in the hospital and outpatient setting
- Contractual cash interest rate of 8.75% (L+7.75%, 1% L Floor, 1% OID)
- NB Thesis:
  - Adequate headroom between the product cost and reimbursement amounts
  - Low risk of generic substitution
  - Two FDA approved facilities

1. Excludes $6.8 million of follow-on investments.

NINE MONTHS OVERVIEW

$140.1 million invested in direct yielding investments[1]

Made directly by NBPE and through the NB Alternatives Healthcare Credit Investment Program

Healthcare Credit: Sr. Secured Term Loan & Convertible Notes (Biotherapeutics B)

- Biopharmaceutical company focused on the treatment of rare diseases
- Senior secured term loan (L+10% cash, 1% L Floor, 1% OID) and convertible notes with a 4.5% cash coupon, equity & warrants
- NB Thesis:
  - Strong R&D pipeline of early stage drugs
  - Substantial collateral value relative to debt principal
  - Securities include convertible notes, equity & warrants, offering potential upside through financing structure

Healthcare Credit: Convertible Notes (Specialty Pharmaceuticals)

- Specialty pharmaceuticals company that focuses on obesity and sexual health
- Contractual fixed cash interest rate of 4.5%
- NB Thesis:
  - Attractive entry price
  - Numerous patent protections on two key products
  - Strong downside protection through strong asset base

Healthcare Credit: Senior Secured Term Loan (Specialty PCP and Pediatric Pharmaceuticals)

- Specialty pharmaceutical company focused on branded and generic pharmaceuticals in the primary care physician ("PCP") and pediatric specialties
- Senior secured notes with 8% fixed rate cash interest coupon
- NB Thesis:
  - Diversified operating business
  - Significant upside potential
  - Line of sight on promising assets for acquisition

Healthcare Credit: Second Lien (Contract Research Organization)

- Contract research organization focused on specialized services for pharmaceutical trials
- Second lien with a cash interest rate of 9.3% (L+8.25%, 1% L Floor, 1% OID)
- NB Thesis:
  - Deep relationships with pharmaceutical and CRO companies; high retention rate of clinical trials
  - Business model with strong EBITDA margins, high cash flow and low capex
  - Attractive industry dynamics / overall R&D spend

Healthcare Credit: Senior Secured Term Loan (Medical Diagnostics)

- Medical diagnostics company that sells in-vitro diagnostic test devices for consumer and professional point-of-care use
- Senior secured notes with fixed rate 10.5% cash coupon
- NB Thesis:
  - Large and growing market
  - Technology protected by 44 owned/licensed patents
  - Attractive returns with limited downside risk

Healthcare Credit: Senior Secured Term Loan (Specialty Pharmaceutical Company)

- Specialty pharmaceuticals company that currently sells two products in the arthritis, pain and inflammatory disease space
- Senior secured term loan with a cash interest rate of 9.0% (L+8.0%, 1% L Floor)
- NB Thesis:
  - Tuck-in acquisition opportunities
  - Attractive financial profile with strong organic growth
  - Downside protection

1. Excludes $6.8 million of follow-on investments.

NINE MONTHS OVERVIEW

$140.1 million invested in direct yielding investments[1]

Made directly by NBPE and through the NB Alternatives Healthcare Credit Investment Program

- Leading provider of automotive performance air filters and air intake systems
- Second Lien (L+8.625%, 1% Floor, 2.25% OID)
- NB Thesis:
  - Number one market share in high performance air filters
  - Attractive cash flow and variable cost structure
  - Compelling value proposition to channel partners and consumers

- Portfolio of short term loans to small businesses in the US originated through a direct lending platform
- NB Thesis:
  - Attractive return profile and opportunity to participate in growing disintermediated bank lending market

- Lifecycle management, endpoint security, IT service management, and mobility management software for IT departments
- Second lien term loan with an 8.25% annual cash interest coupon (L+7.25%, 1% L Floor, 1% OID)
- NB Thesis:
  - Strong visibility on recurring revenue and free cash flow
  - Attractive industry dynamics
  - Diverse blue chip customer base

- Leading provider of environmental consulting services, specializing in industrial air quality issues
- PIK toggle notes (10% cash, 3% PIK)
- NB Thesis:
  - High recurring revenue and business is typically sole-sourced, resulting in high profitability
  - Leading pure play air quality consulting firm with strong brand awareness
  - Attractive market with strong macro and regulatory growth drivers

- Provider of high-performance insoles and related shoe components to large branded footwear companies
- Senior subordinate notes with 11.8% cash yield (11.75% cash, 1.5% OID) and equity
- NB Thesis:
  - Leading provider of a high value product
  - Low leverage and significant equity cushion
  - Attractive financial profile and strong growth

1. Excludes $6.8 million of follow-on investments.

NINE MONTHS OVERVIEW

$60.2 million invested in equity co-investments[1]

Made directly by NBPE and through the NB Alternatives Co-investment Program

- DM Healthcare is the largest private healthcare operator in the Middle East
- NB Thesis:
  - Leading provider in the region across multi-geography and multi-vertical operations
  - Significant growth opportunities
  - Attractive valuation

- Technology company using innovative software, automation and robotics to re-engineer the process of genetic testing
- NB Thesis:
  - Significant base of insured patients and large growth opportunity
  - Proprietary software and platform
  - Experienced management team

- Leading building materials company in Latin America that manufactures, distributes and commercializes tiles, faucets, paints, plasters and other building materials
- NB Thesis:
  - Strong brand recognition and significant player in the space
  - Fragmented industry poised for consolidation
  - Access to emerging Latin America market
  - Vertically integrated company

- Leading provider of technology, equipment and services for water treatment in highly specified industrial and municipal applications
- NB Thesis:
  - Attractive industry dynamics
  - Leader in the North American water industry
  - Significant opportunity to optimise the business

- Supplier of aluminium automotive components to OEM's and Tier 1 suppliers
- NB Thesis:
  - Earnings visibility
  - Positive industry dynamics
  - Strong free cash flow generation
  - Attractive "mid-life" characteristics

- Distributor and manufacturer of prescription protective eyewear products
- NB Thesis:
  - Attractive diverse business model and high free cash flow driven by EBITDA and limited capital expenditures
  - Strong acquisition opportunities with several potential add-on targets identified
  - High quality management team with long tenure of working together

1. Excludes $8.0 million of follow-on investments.

NINE MONTHS OVERVIEW

$60.2 million invested in equity co-investments[1]

Made directly by NBPE and through the NB Alternatives Co-investment Program

KIK CUSTOM PRODUCTS

- Largest privately-held manufacturer of both national and private label consumer products
- NB Thesis:
  - Discounted entry valuation
  - Attractive "mid-life" characteristics
  - Significant expected synergies

MBI Energy Services

- Diversified provider of energy services including fluid management and well intervention services
- NB Thesis:
  - Attractive valuation with substantial asset value
  - High cash flow characteristics; capex related to growth
  - Highly aligned management team

Oil and Gas Exploration Company

- North American exploration and production energy company
- NB Thesis:
  - Attractive acreage position with expansion opportunities
  - Strong management team and financial sponsor

Patheon
Performance the World Over®

- Leading provider of outsourced formulation development and commercial manufacturing services to the global pharmaceutical and biotechnology industries
- NB Thesis:
  - Favourable industry growth trends
  - Recurring revenue model and sticky customer base
  - Industry consolidation opportunity

Stratus Technologies

- Stratus provides fault tolerant high availability technology solutions which prevent downtime of mission-critical applications where downtime results in loss of revenue
- NB Thesis:
  - Longstanding blue chip customer base and high revenue visibility through recurring revenue
  - Large installed base of servers and software
  - Strong free cash flow, minimal capital expenditures and flexible capital structure to pursue strategic acquisitions

the warranty group

- Full-service underwriter and administrator of extended warranties for the automotive and consumer products industries
- NB Thesis:
  - Embedded earnings growth and revenue visibility with attractive cash flow characteristics
  - Stable financial results
  - Actionable value creation levers including yield optimization and cost savings opportunities

Technology Company (Encryption App)

- Application that provides encryption of text, picture, audio and video messages
- NB Thesis:
  - Strong encryption technology
  - Increasing need for data security and data encryption
  - Fast growing user base and monthly messages sent

1. Excludes $8.0 million of follow-on investments.

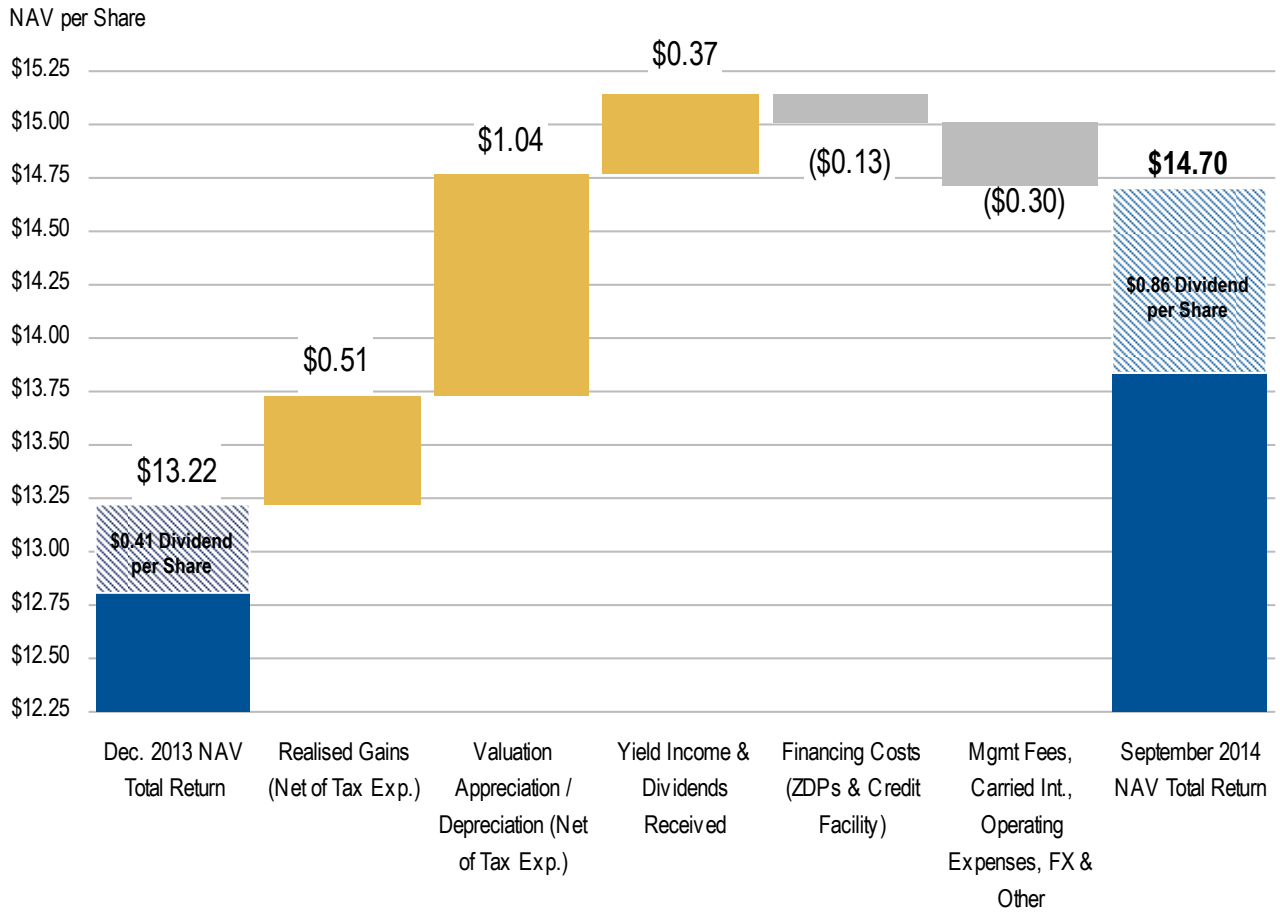
NINE MONTHS OVERVIEW

INVESTMENT RESULTS

During the first nine months of 2014, including the Company's semi-annual dividends, the NAV per Share total return was 11.6%. Including the impact of the dividend payment, NBPE's NAV per Share increased 8.0%, driven by realized gains in the underlying investment portfolio and offset by financing costs, including ZDP and credit facility expenses, as well as management fees, carried interest, operating and other expenses and FX. Excluding investment cash flows, NBPE's private equity fair value appreciated by 15.2%, net of underlying fees and expenses.

Key changes to NBPE's NAV per Share:

- $25.0 million of realised gains, or $0.51 per Share, net of tax expense
- $50.6 million of unrealised gains, or $1.04 per Share, net of tax expense
- $17.9 million of yield income and dividends, or $0.37 per Share
- $21.0 million of operating expenses and other expenses, or $0.43 per Share
- $22.0 million of dividends paid, or $0.45 per Share



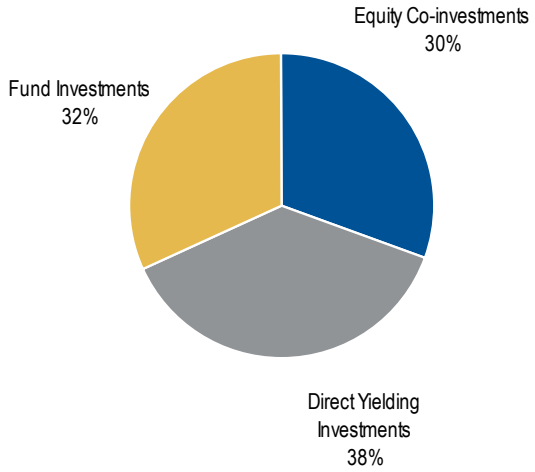
Note: Numbers may not sum due to rounding.

PORTFOLIO OVERVIEW

NBPE's portfolio is comprised of three investment types: direct-yielding investments, which consist of corporate private debt and healthcare credit investments, equity co-investments and fund investments. Equity co-investments and direct-yielding investments are a majority of the portfolio and represent approximately 68% of private equity fair value. NBPE's fund portfolio consists of 39 fund investments, many of which are past their investment periods, giving the portfolio exposure to a mature group of underlying companies and securities. As cash distribution activity from NBPE's fund portfolio continues, the Manager intends to use these proceeds to fund new direct investments.

	Investments	Private Equity Fair Value	Adjusted Unfunded Commitments[1]	Adjusted Total Exposure[1]
Equity Co-investments	53	$250.2m	$68.0m	$318.2m
Direct-Yielding Investments	37	$308.5m	$28.9m	$337.4m
Fund Investments	39	$261.9m	$16.4m	$278.3m
Total Private Equity Investments	**129**	**$820.6m**	**$113.3m**	**$933.9m**

Portfolio Diversification by Fair Value



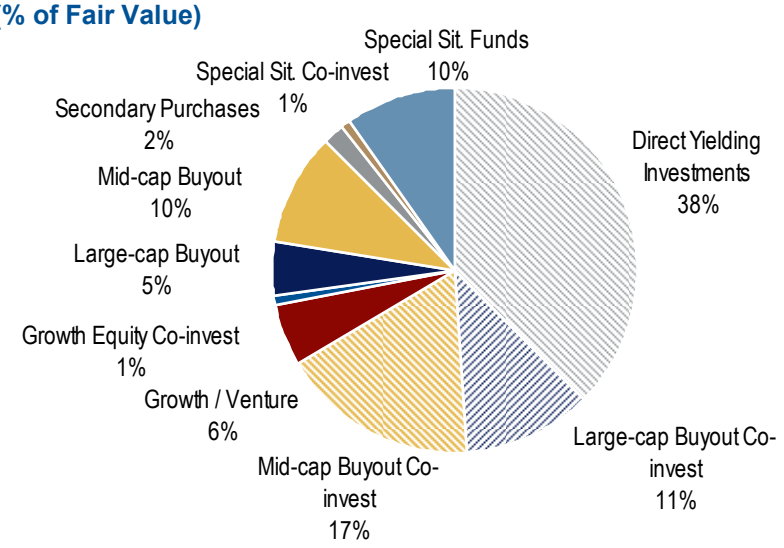
Note: Numbers may not sum due to rounding.

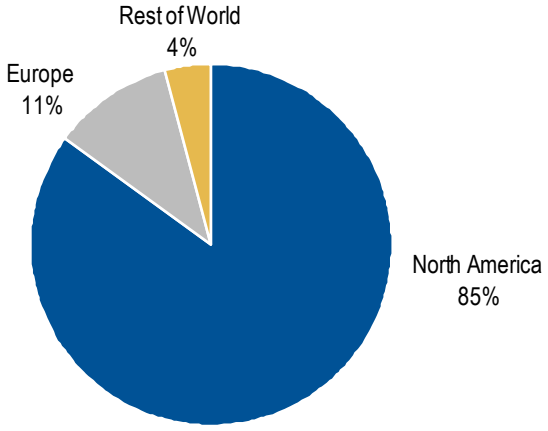
1. Please refer to page 30 for more information on unfunded commitments to funds past their investment period. Actual unfunded commitments and total exposure is $162.4 million and $983.0 million. Actual unfunded commitments is comprised of $74.3 million, $28.9 million and $59.2 million to equity co-investments, direct yielding investments and fund investments, respectively. Actual total exposure is $324.5 million, $337.4 million and $321.1 million to equity co-investments, direct yielding investments and fund investments, respectively.

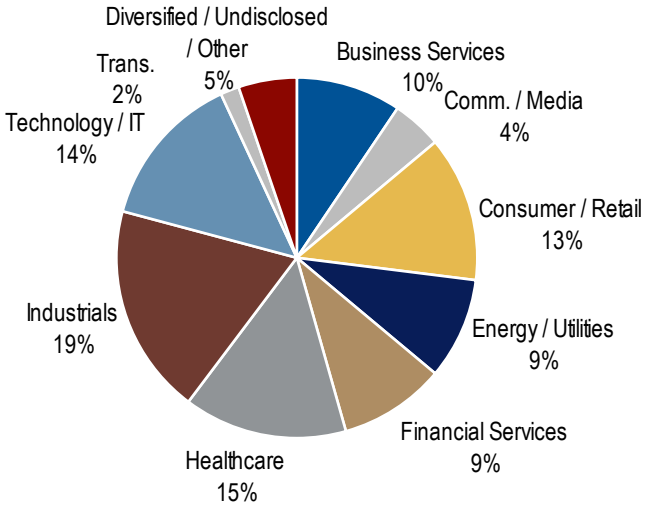
PORTFOLIO DIVERSIFICATION

PORTFOLIO ANALYSIS

Diversified private equity assets and industry exposure with a tactical over allocation to North America (% of Fair Value)







Note: Numbers may not sum due to rounding.

Portfolio Diversification

NBPE adapts its asset allocation over time to tactically allocate the portfolio to what the Manager believes are the most attractive opportunities. NBPE's current allocation is weighted to direct-yielding investments and equity co-investments and these investments represent the majority of private equity fair value. Fund investments represent 32% of private equity fair value and the Investment Manager expects the fund portfolio to become a smaller portion of NBPE's private equity fair value as capital is re-deployed into direct investments.

NBPE's portfolio is tactically over allocated to North America. The Investment Manager believes the overall health in this market relative to other geographies offers attractive investment opportunities. Within NBPE's European exposure, many companies have significant scale and share within their markets or revenue bases from multiple countries. Approximately 5% of NBPE's portfolio is invested in other parts of the world, primarily Asia and Latin America.

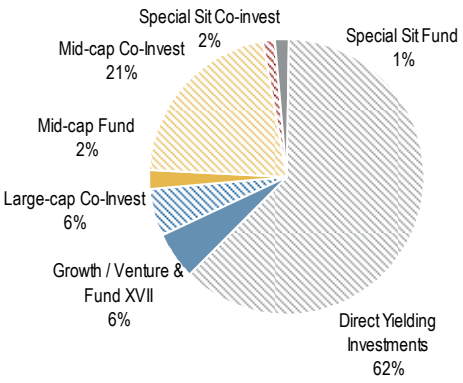
NBPE's portfolio is broadly diversified across industries. The Investment Manager does not set specific industry targets, because the Manager believes this could lead to selecting sub-optimal investments to meet a target. Instead the Manager looks for companies with strong business characteristics in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

PORTFOLIO ANALYSIS

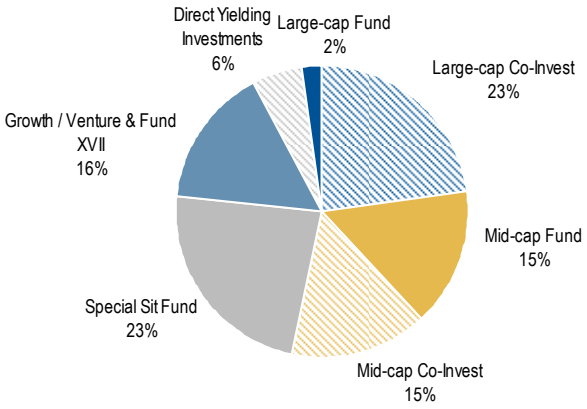
Recent capital deployment is primarily concentrated in direct / co-investments (% of Fair Value)

The pie charts below represent the percentage of the current private equity fair value by investment type made during the time periods shown. Year of investment is calculated at the portfolio company level and is defined as the date of capital deployment into a particular underlying investment. This differs from the vintage year as vintage year shows when a fund was formed rather than when the capital was deployed.

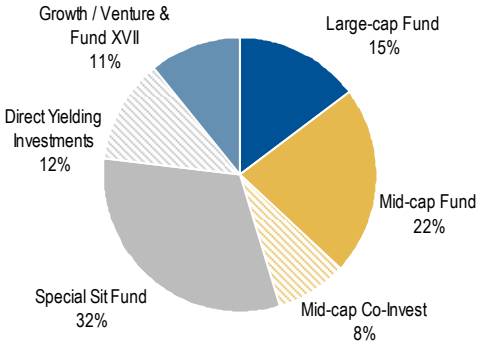
2012 - YTD 2014 (56% of Fair Value)



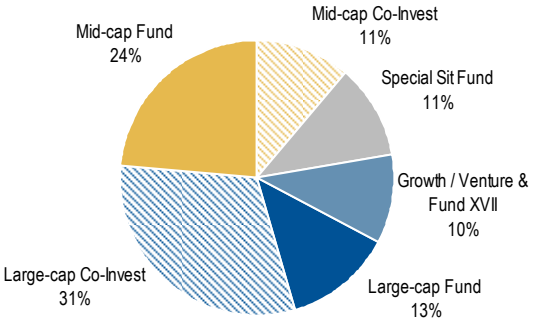
2010 & 2011 (16% of Fair Value)



2008 & 2009 (14% of Fair Value)



2007 & Earlier (14% of Fair Value)



Note: Numbers may not sum due to rounding. Based on private equity fair value as of 30 September 2014.

PORTFOLIO ANALYSIS

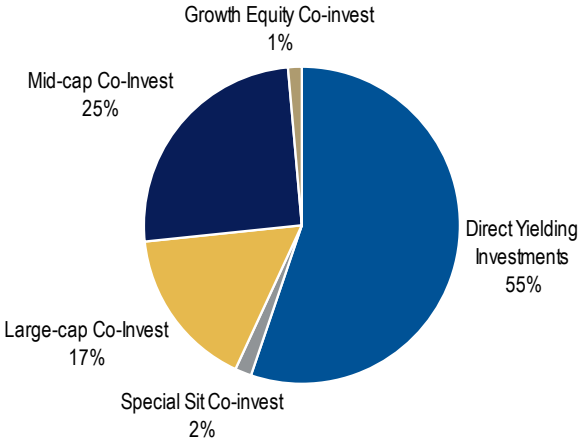
Equity co-investment and direct-yielding investments portfolio diversification

As of 30 September 2014, the private equity fair value of the direct investment portfolio, consisting of equity co-investments and direct yielding investments, was $558.7 million. Approximately $250.2 and $308.5 million was held in equity co-investments and direct yielding investments, respectively. Within the direct investment portfolio, over 55% of the fair value is invested in direct yielding investments and 25% is invested in mid-cap buyout equity co-investments. The industry diversification is broad, allocated to what the Manager believes are attractive investment opportunities in business services, industrials, technology / IT, healthcare and others.

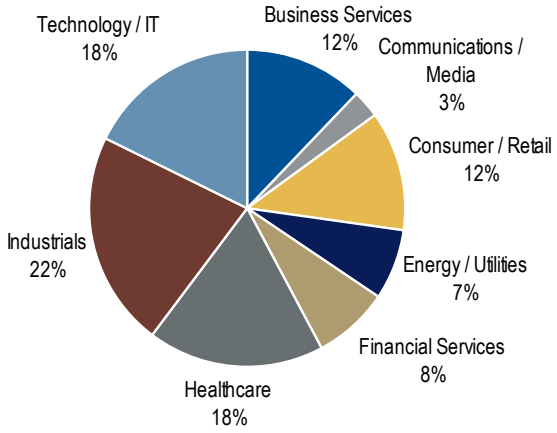
Approximately 84% of the direct investment fair value is in investments made since the beginning of 2011, which demonstrates the young age of the portfolio. The Manager continues to be selective in making new investments and believes NBPE has built an attractive portfolio of direct private equity investments.

The direct investment portfolio is allocated primarily to North America. The Manager's current expectation is that this allocation will continue, with investments made in other geographies on an opportunistic basis.

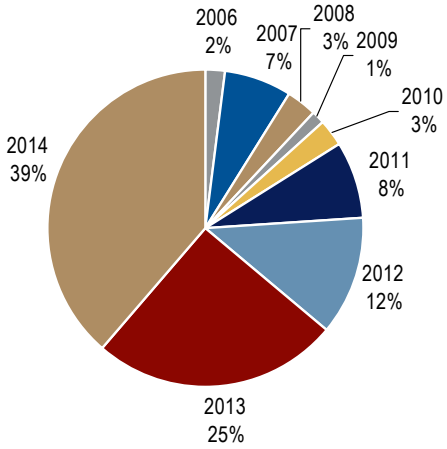
Fair Value by Asset Class



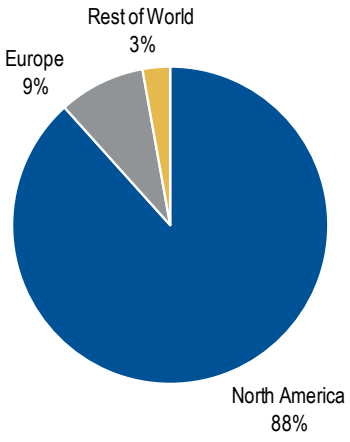
Fair Value by Industry



Fair Value by Year of Investment (Incl. Follow-ons)



Fair Value by Geography



TWENTY LARGEST INVESTMENTS

PORTFOLIO ANALYSIS

The top 20 companies below represent 51% of NAV and $342 million of private equity fair value

Investment / Description	Status	Year of Investment	Investment Type / Asset Class	Equity Sponsor
Archroma Specialty chemicals provider	Private	2013	**Direct-Yielding** Senior Secured Debt	SK Capital Partners
Authentic Brands Group Brand development and trademark licensing	Private	2014	**Direct-Yielding** 2nd Lien Debt	Leonard Green Partners
Blue Coat Systems Business application optimization	Private	2012 / 2013	**Equity Co-investment & Direct-Yielding**	Thoma Bravo
Biotherapeutics Company A Therapies for critically ill patients	Private	2014	**Direct-Yielding** 2nd Lien Debt	Madison Dearborn
ConvergeOne Provider of communication solutions	Private	2014	**Direct-Yielding** 2nd Lien Debt	Clearlake Capital
Deltek, Inc. Enterprise software and solutions	Private	2012	**Equity Co-investment & Direct-Yielding**	Thoma Bravo
Evans Network of Companies Intermodal freight business services	Private	2012	**Direct-Yielding** Mezzanine	AEA
Evoqua Water treatment technology services	Private	2014	**Equity Co-investment & Direct-Yielding**	AEA
Firth Rixson Supplier of rings, forgings and metal	Private	2007-2009	**Equity Co-investment & Direct-Yielding**	Oak Hill
Heartland Dental Dental administrative services	Private	2012	**Direct-Yielding** 2nd Lien Debt	N/A
K&N Engineering Manufacturer of air intake systems	Private	2014	**Direct-Yielding** 2nd Lien Debt	Gryphon Partners
KIK Custom Products Manufacturer of consumer products	Private	2013	**Equity Co-investment & Direct-Yielding**	CI Capital Partners
LANDesk IT service management software	Private	2014	**Direct-Yielding** 2nd Lien Debt	Thoma Bravo
Oil & Gas Company E&P company focused on the United States	Private	2014	**Equity Co-investment** Mid-cap Buyout	N/A
Ortholite Provider of high-performance insoles	Private	2014	**Direct-Yielding** Senior Sub. Notes	Blue Point Capital Partners
Patheon Manufacturing services for prescription drugs	Private	2014	**Equity Co-investment** Mid-cap Buyout	JLL Partners
Specialty Pharmaceutical Company Specialty PCP and Pediatric Pharmaceuticals	Private	2014	**Direct-Yielding** Senior Secured Debt	N/A
Sabre Holdings Technology solutions for global travel	Public	2007	**Equity Co-investment** Large-cap Buyout	TPG / Silver Lake
The RAC UK motor and breakdown assistance services	Private	2011	**Equity Co-investment** Large-cap Buyout	Carlyle
The Warranty Group Underwriter of extended warranties	Private	2014	**Equity Co-investment** Large-cap Buyout	TPG

PORTFOLIO ANALYSIS

53 Equity co-investments with $250.2 million of fair value, broadly diversified across industries

Equity Co-investments ($ in millions)	Principal Geography	Vintage Year	Description	Fair Value
Mid-cap Buyout, Special Situations and Growth Equity				
American Dental Partners, Inc.	U.S.	2012	Dental practice management services	-
Aster / DM Healthcare	Middle East / India	2014	Healthcare operator of hospitals, clinics and pharmacies	-
Blue Coat Systems	U.S.	2012	Business application optimization & security	-
Boa Vista	Brazil	2012	Second largest credit bureau in Brazil	-
Compass Auto Group	U.S.	2014	Aluminium automotive components supplier	-
CoAdvantage	U.S.	2013	Leading professional employer organization	-
Corona Industrials	South America	2014	Building materials company	-
Counsyl	U.S.	2014	Genetic testing and services using innovative software	-
Deltek (Equity)	U.S.	2012	Enterprise software and information solutions	-
Evoqua Equity	U.S.	2014	Water treatment technology, equipment and services	-
Fairmount Minerals	U.S.	2010	Producer of high purity sand / sand based proppants	-
Firth Rixson Equity	Global	2007	Supplier of rings, forgings and specialist metal	-
Formation Energy	U.S.	2013	Oil & gas shale formations including the Bakken and Eagle Ford	-
Gabriel Brothers	U.S.	2012	Discount retailer	-
GazTransport & Technigaz	Global	2008	Containment systems for liquefied natural gas carriers	-
Group Ark Insurance	Global	2007	Global specialty insurance and re-insurance	-
Hilsinger	U.S. / U.K. / Australia	2014	Supplier of eye wear and eye care accessories	-
Into University Partnerships	U.K./U.S.	2013	Collegiate recruitment, placement and education	-
KIK Custom Products (Equity)	U.S.	2014	Manufacturer of consumer products	-
Kyobo Life Insurance Co.	Asia	2007	Life insurance in Korea	-
MBI Energy	U.S.	2014	Oil field services company in Bakken region of North Dakota	-
Oil & Gas Company	U.S.	2014	E&P company in the U.S.	-
Oticas Carol	Brazil	2013	2nd largest eyewear retailer in Brazil	-
Patheon	U.S.	2014	Manufacturing services for prescription drugs	-
Pepcom	Germany	2011	Germany's 5th largest cable operator	-
Press Ganey Associates	U.S.	2008	Measurement & performance solutions for healthcare	-
RevSpring	U.S.	2012	Outsourced provider of accounts receivable	-
Saguaro	Canada	2013	E&P pursuing unconventional light oil/liquids-rich gas properties	-
Salient Federal Solutions	U.S.	2010	Technology and engineering services for government	-
Seventh Generation	U.S.	2008	Maker of environmentally responsible household products	-
Shelf Drilling	Global	2013	Shallow water offshore drilling contractor	-
Stratus Technologies	U.S.	2014	Techology solutions that prevent downtime of critical applications	-
Swissport	Europe	2011	Ground handling services for airlines	-
Taylor Precision Products	U.S.	2012	Consumer & foodservice measurement products	-
Technology Company (Encryption App)	U.S.	2014	Encryption app for text, audio, picture and video messaging	-
The SI Organization	U.S.	2010	High-end systems engineering to US Intelligence Industry	-
The Warranty Group	Global	2014	Underwriter & administrator of extended warranties	-
TPF Genco	U.S.	2006	Five natural gas-fired power plants	-
Total Mid-cap, Special Situations and Growth Equity				**$158.9**
Large-cap Buyout				
Acteon	Europe	2012	Products & services to offshore energy sector	-
Avaya	Global	2007	Communications systems provider	-
Black Knight Financial Services	U.S.	2013	Mortgage servicing technology and appraisal / origination services	-
Brickman Group	U.S.	2013	Commercial landscape and turf maintenance	-
Capsugel	Global	2011	Hard capsules and drug delivery systems	-
CommScope	Global	2011	Communications infrastructure solutions	-
Energy Future Holdings (TXU)	U.S.	2007	Texas based energy company	-
First Data	Global	2007	Electronic commerce and payments	-
Freescale Semiconductor	Global	2006	Semiconductors manufacturer	-
Gardner Denver, Inc.	U.S.	2013	Maker of industrial equipment	-
J.Crew Group	U.S.	2011	Specialty retailer	-
RAC	U.K.	2011	UK motor related and breakdown assistance services	-
Sabre	Global	2007	Technology solutions for global travel industry	-
Syniverse Technologies	Global	2011	Global telecommunications technology solutions	-
Univar	Global	2010	Commodity and specialty chemicals distributor	-
Total Large-cap Buyout				**$91.3**
Total Equity Co-investments				**$250.2**

NBPE's equity co-investments are primarily mid-cap and large-cap buyout investments, diversified across vintage years, geographies and industries. The Manager believes these companies are poised for value creation and are an attractive component of NBPE's private equity portfolio. Many companies benefit from highly experienced and capable management teams and sponsor groups, which the Manager thinks is critical to the investment thesis and outcome.

In addition, the Manager believes many of these companies benefit from strong industry growth or secular trends and have the opportunity to appreciate in value from operational enhancements, growth of product offerings or expanding into new markets. The Manager thinks these characteristics distinguish NBPE's investment portfolio.

No individual company within NBPE's equity co-investment portfolio accounts for more than 4.5% of NBPE's net asset value.

Note: Numbers may not sum due to rounding.

PORTFOLIO ANALYSIS

37 direct-yielding investments in corporate private debt and healthcare credits with a total fair value of $308.5 million

On a run rate basis, the investments in the direct-yielding portfolio generate cash and PIK income of $29.2 million. The corporate private debt portfolio is broadly diversified across sectors including business services, industrials and technology. The Manager believes securities within this portfolio benefit from strong customer bases, diversified revenue sources and favourable industry dynamics. Many of the debt securities are cash-pay at strong yields from a risk-return perspective. The weighted average cash yield on NBPE's corporate private debt investments is 9.3%.[1] The weighted average total leverage and senior leverage is 5.5x and 3.7x, respectively.[2] Approximately 75% of value within corporate private debt investments is invested in floating rate debt.[3] The healthcare credit investments consist of royalty backed notes and senior secured loans with a weighted average cash yield of 10.1%.[1] No individual company within the direct yielding portfolio represents more than 3.5% of NBPE's net asset value.

Direct-Yielding Investment Portfolio[1,4]

INVESTMENT NAME	SECURITY DETAILS	INVESTMENT DATE	FAIR VALUE[1]	CASH + PIK COUPON	CASH YIELD	PIK YIELD	EST. YIELD TO MATURITY
Corporate Private Debt Investments							
Trinity Consultants	PIK Toggle Notes (10% Cash, 3% PIK)	Aug-14	-	13.0%	10.0%	3.0%	-
Authentic Brands - Secondary	Second Lien (L+8.0%, 1% L Floor)	Jul-14	-	9.0%	9.0%	-	-
K&N Engineering	Second Lien (L+8.625%, 1% L Floor, 2.25% OID)	Jul-14	-	9.6%	9.6%	-	-
Heartland Dental - 2014 Secondary	Second Lien (L+8.5% Cash, 1.25% L Floor, 2.75% Premium)	Jul-14	-	9.8%	9.8%	-	-
Converge One	Second Lien (L+8.0%, 1% L Floor, 1.0% OID)	Jun-14	-	9.0%	9.0%	-	-
Authentic Brands	Second Lien (L+8.0%, 1% L Floor, 1.0% OID)	Jun-14	-	9.0%	9.0%	-	-
Galco Industrial Electronics	Sr. Sub Notes (10.75% Cash, 1.25% PIK, 1.5% OID) & Equity	May-14	-	12.0%	10.8%	1.3%	-
Ortholite	Sr. Sub Notes (11.75% Cash, 1.5% OID) & Equity	Apr-14	-	11.8%	11.8%	-	-
Portfolio of small business loans	Portfolio of Small Business Loans	Apr-14	-	N/A	N/A	N/A	N/A
Flexera	Second Lien (L+7.0%, 1% L Floor, 0.5% OID)	Apr-14	-	8.0%	8.0%	-	-
LANDesk	Second Lien (L+7.25%, 1% L Floor, 1% OID)	Mar-14	-	8.3%	8.3%	-	-
Evoqua	Second Lien (L+7.5%, 1% L Floor, 0.5% OID)	Jan-14	-	8.5%	8.5%	-	-
Taylor Precision Products	Sr. Sub Notes (13% Cash, 1.5% OID)	Nov-13	-	13.0%	13.0%	-	-
P2 Energy Solutions	Second Lien (L+8.00% Cash, 1.0% L Floor, 1% OID)	Nov-13	-	9.0%	9.0%	-	-
Archroma	Sr. Secured Term Loan (L+8.25%, 1.25% L Floor, 2% OID)	Oct-13	-	9.5%	9.5%	-	-
Blue Coat	Second Lien (L+8.5% Cash, 1% L Floor, 1% OID)	Jul-13	-	9.5%	9.5%	-	-
KIK Custom Products	Second Lien (L+8.25% Cash, 1.25% L Floor, 2% OID)	May-13	-	9.5%	9.5%	-	-
Heartland Dental	Second Lien (L+8.5% Cash, 1.25% L Floor, 1.5% OID)	Jan-13	-	9.8%	9.8%	-	-
Firth Rixson 2012 PIK Notes	Sr. Unsecured PIK (19% PIK, 3.0% OID)	Dec-12	-	19.0%	-	19.0%	-
Deltek	Second Lien (L+8.75% Cash, 1.25% L Floor, 1-1.5% OID)	Oct-12	-	10.0%	10.0%	-	-
Evans Network of Companies	Sr. Sub Notes (12% Cash, 2% PIK, 2% OID) & Equity	Jun-12	-	14.0%	12.0%	2.0%	-
Firth Rixson 2011 PIK Notes	Sr. Unsecured PIK (18% PIK)	Nov-11	-	18.0%	-	18.0%	-
Firth Rixson Mezzanine	Second Lien (L+11%: 4.5%/6.5% Cash/PIK @99.0) & Equity	May-08	-	11.3%	4.8%	6.5%	-
Total Corporate Private Debt Investments			**$253.4**	**10.3%**	**9.3%**	**1.0%**	**11.3%**
Healthcare Credit Investments							
Term Loan (Biotherapeutics B)	Senior Secured Loan (First Lien, L+10.0% cash, 1% L Floor, 1% OID)	Jun-14	-	11.0%	11.0%	-	-
Convertible Notes (Biotherapeutics B)	Convertible Notes (4.5% Cash), Equity & Warrants	Jun-14	-	4.5%	4.5%	-	-
Convertible Notes (Specialty Pharmaceuticals)	Convertible Notes (4.5% Cash)	Apr-14	-	4.5%	4.5%	-	-
Term Loan (Contract Research Organization)	Second Lien (L+8.25%, 1% L Floor, 1% OID)	Apr-14	-	9.3%	9.3%	-	-
Specialty Pharmaceutical Company (Public)	Senior Secured Term Loan (L+8.0%, 1% L Floor)	Sep-14	-	9.0%	9.0%	-	-
Term Loan (Biotherapeutics A)	Second Lien (L+7.75%, 1% L Floor, 1% OID)	Feb-14	-	8.8%	8.8%	-	-
Term Loan (Specialty PCP and Pediatric Pharmaceuticals)	Senior Secured Loan (First Lien, 8% cash 0.75% fee)	Feb-14	-	8.0%	8.0%	-	-
Term Loan (Medical Diagnostics)	Senior Secured Loan (10.5% Cash)	Jan-14	-	10.5%	10.5%	-	-
Term Loan (Specialty Drug Pharmaceuticals)	Senior Secured Loan (First Lien, 11% Cash, 1% Fee)	Nov-13	-	11.0%	11.0%	-	-
Term Loan (Skin Products Company)	Senior Secured Loan (First Lien, 10.5% Cash, 1.5% Fee)	Jul-13	-	10.5%	10.5%	-	-
Term Loan (Genetic Testing)	Senior Secured Loan (First Lien, 10% Cash, 1% Fee)	Jun-13	-	10.0%	10.0%	-	-
Term Loan (Cardiac Device)	Senior Secured Loan (First Lien, 13.5% Cash, 1.5% OID, 1% Fee)	Feb-13	-	13.5%	13.5%	-	-
Royalty Notes (Internal Medication)	Royalty Backed Note	Jan-13	-	11.0%	11.0%	-	-
Term Loan (PCR)	Escrow Value	Aug-12	-	-	-	-	-
Royalty Notes (Medication Delivery)	Preferred Stock	Feb-12	-	-	-	-	-
Royalty Notes (Hormone Therapy)	Royalty Backed Note	Apr-11	-	17.0%	17.0%	-	-
Total Healthcare Credit Investments			**$55.1**	**10.1%**	**10.1%**	**-**	**10.7%**
Total Direct Yielding Portfolio			**$308.5**	**10.3%**	**9.4%**	**0.9%**	**11.1%**

1.The mezzanine debt investments include equity investments completed as part of the mezzanine transaction. The fair value includes the value of these equity investments, but the cash, PIK and current yields and internal rates of return (IRR) are calculated based on only the debt investments. Yield calculations are based on the debt portion of the investment only and the principal amount of the debt.
2. Based on the net leverage that is senior to the security held by NBPE.
3. Based on the fair value of the debt only and excludes the fair value of equity investments and warrants.
4. Includes a portfolio of small business loans ($4.2m of fair value) at an interest rate at least at the rate stated above but not included in the yield calculation.

Mature funds portfolio with a significant proportion of fair value in mid-cap buyout and special situations funds

($ in millions) Fund Investments	Principal Geography	Vintage Year	Fair Value	Unfunded Commitment[1]	Total Exposure
Catalyst Fund III	Canada	2009	$13.2	$4.4	$17.6
Centerbridge Credit Partners	U.S.	2008	1.7	-	1.7
CVI Global Value Fund	Global	2006	6.0	0.8	6.8
OCM Opportunities Fund VIIb	U.S.	2008	5.9	3.0	8.9
Oaktree Opportunities Fund VIII	U.S.	2009	7.6	-	7.6
Platinum Equity Capital Partners II	U.S.	2007	12.3	3.5	15.8
Prospect Harbor Credit Partners	U.S.	2007	0.4	-	0.4
Sankaty Credit Opportunities III	U.S.	2007	11.0	-	11.0
Strategic Value Special Situations Fund	Global	2010	0.3	0.0	0.4
Strategic Value Global Opportunities Fund I-A	Global	2010	0.5	0.1	0.6
Sun Capital Partners V	U.S.	2007	8.0	1.5	9.5
Wayzata Opportunities Fund II	U.S.	2007	6.5	4.0	10.5
Wayzata Opportunities Fund II (Secondary)	U.S.	2011	3.3	1.5	4.8
Total Special Situations Funds			**$76.7**	**$18.8**	**$95.5**
Mid-cap Buyout					
American Capital Equity II	U.S.	2007	2.9	1.2	4.1
Aquiline Financial Services Fund	U.S.	2005	4.3	-	4.3
ArcLight Energy Partners Fund IV	U.S.	2007	4.6	4.6	9.2
Avista Capital Partners	U.S.	2006	10.4	0.7	11.1
Clessidra Capital Partners	Europe	2004	1.1	0.2	1.3
Corsair III Financial Services Capital Partners	Global	2007	6.7	1.1	7.8
Highstar Capital II	U.S.	2004	2.8	0.1	2.9
Investitori Associati III	Europe	2000	0.3	0.4	0.7
Lightyear Fund II	U.S.	2006	3.6	1.4	5.0
OCM Principal Opportunities Fund IV	U.S.	2006	9.9	2.0	11.9
Trident IV	U.S.	2007	3.0	0.5	3.5
Total Mid-cap Buyout Funds			**$49.8**	**$12.1**	**$61.9**
Large-cap Buyout					
Carlyle Europe Partners II	Europe	2003	3.0	0.7	3.7
Doughty Hanson & Co IV	Europe	2003	2.1	0.1	2.3
First Reserve Fund XI	U.S.	2006	14.3	-	14.3
J.C. Flowers II	Global	2006	3.0	0.3	3.3
Total Large-cap Buyout Funds			**$22.4**	**$1.1**	**$23.5**
Growth Equity					
Bertram Growth Capital I	U.S.	2007	8.7	1.3	10.0
Bertram Growth Capital II	U.S.	2010	6.3	4.2	10.5
DBAG Expansion Capital Fund	Europe	2012	0.6	4.4	5.0
NG Capital Partners	Peru	2010	6.8	0.3	7.1
Summit Partners Europe Private Equity Fund	Europe	2010	3.0	2.0	5.0
Total Growth Equity Funds			**$25.4**	**$12.1**	**$37.5**
Fund of Funds Investments					
NB Crossroads Fund XVII	U.S.	2002-06	23.7	2.1	25.8
NB Crossroads Fund XVIII Large-cap Buyout	Global	2005-10	11.3	2.2	13.5
NB Crossroads Fund XVIII Mid-cap Buyout	Global	2005-10	29.3	7.1	36.4
NB Crossroads Fund XVIII Special Situations	Global	2005-10	6.5	0.9	7.4
NB Crossroads Fund XVIII Venture Capital	U.S.	2005-10	10.5	1.7	12.2
NB Fund of Funds Secondary 2009	Global	2009-10	6.3	1.1	7.3
Total Fund of Funds			**$87.6**	**$15.0**	**$102.7**
Total Fund Investments			**$261.9**	**$59.2**	**$321.1**

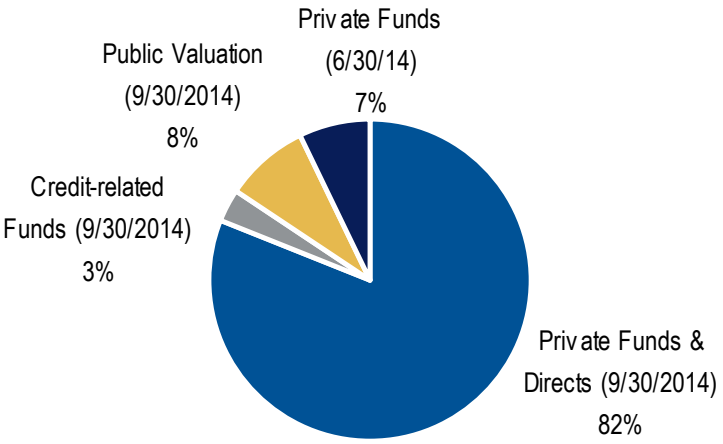
Note: Numbers may not sum due to rounding.

1. *$28.9 million of unfunded commitments are to funds past their investment period. Please refer to page 30 for more information on unfunded commitments to funds past their investment period.*

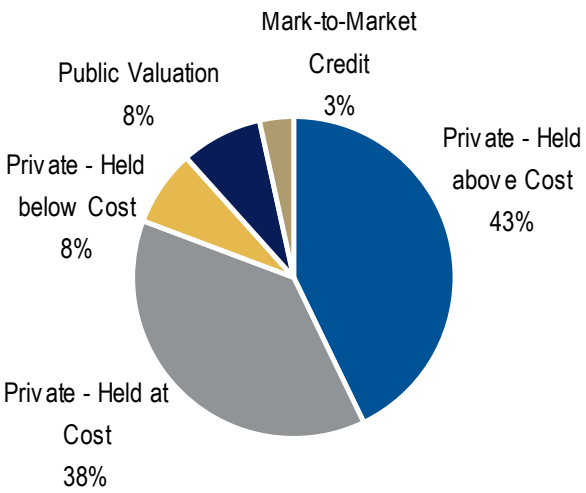
PORTFOLIO VALUATION[1]

PORTFOLIO ANALYSIS

By Date of Information & Valuation Type (% of Fair Value)[1]



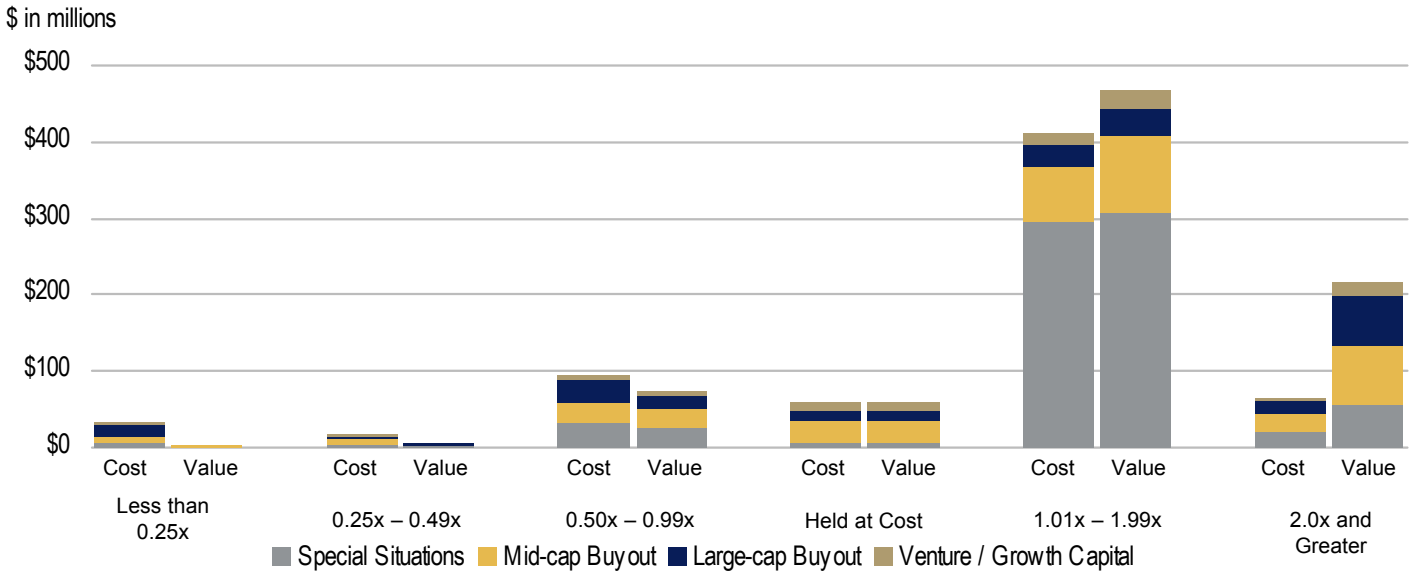
Valuation Method (% of Fair Value)



The NAV per Share of $13.84 was $0.26 higher than previously reported in the September Monthly NAV estimate, principally due to the receipt of additional valuation information after 9 October 2014, the publication date of the September Monthly NAV estimate.[2] As of 30 September 2014, approximately 8% of fair value was held in public securities. The top five public stock exposures are listed below as a percentage of fair value:

- Sabre Holdings Corporation (NASDAQ: SABR): 3.3% of fair value
- Freescale Semiconductor (NYSE: FSL): 0.7% of fair value
- Commscope (NASDAQ: COMM): 0.6% of fair value
- InRetail Peru Corp. (BVL: INR): 0.3% of fair value
- Enable Midstream Partners (NYSE: ENBL): 0.2% of fair value

Underlying Company Performance by Asset Class and Multiple of Invested Capital Range

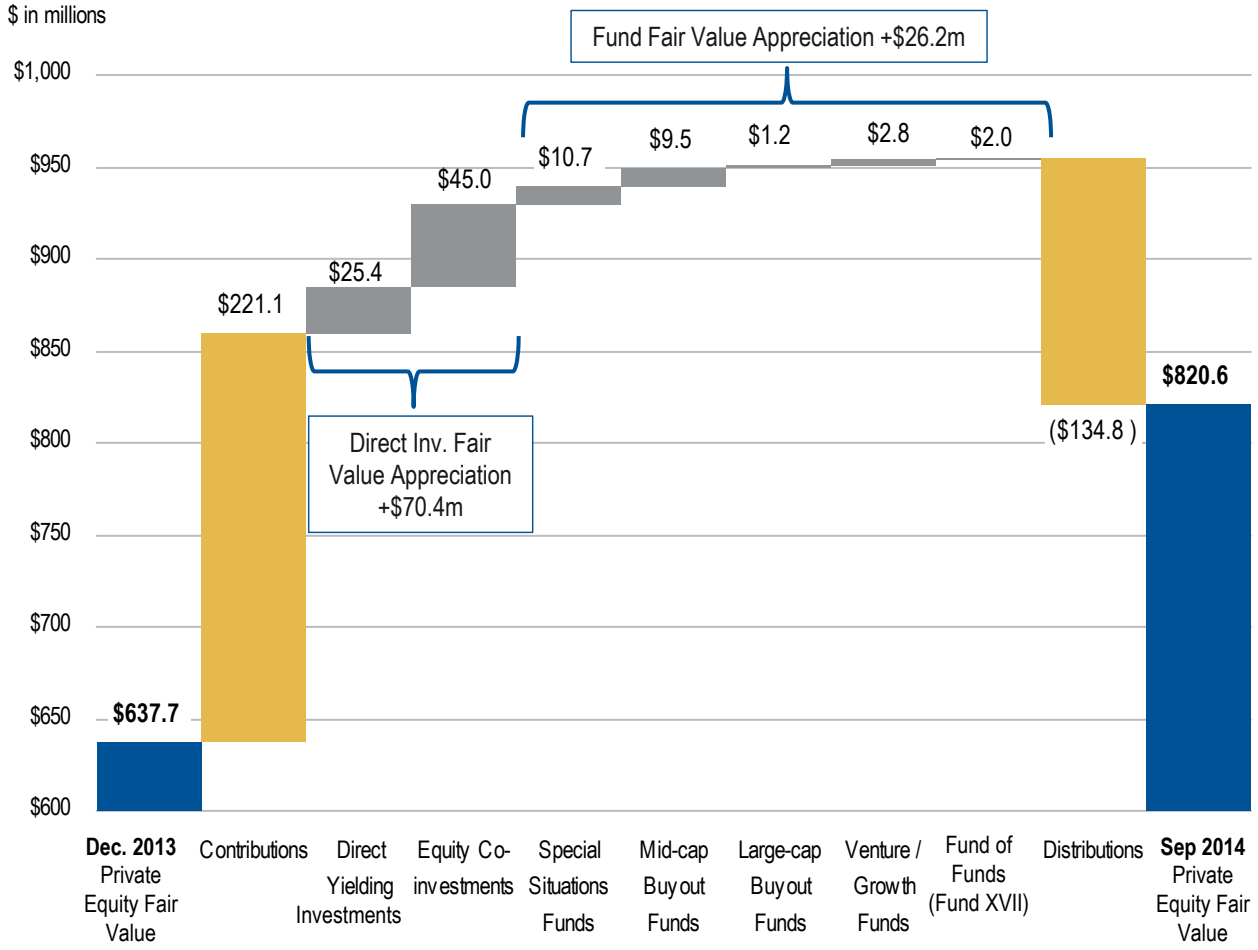


1. Please refer to page 39 for a detailed description of the valuation policy. While some information is as of 30 June 2014, the Manager's analysis and historical experience lead the Manager to believe that this approximates fair value at 30 September 2014.
2. As reported in the monthly NAV estimate the percent of private equity fair value was held: 38% in Private Funds & Directs, 4% in Credit-related Funds and 9% in publics as of 30 September 2014, 2% in Private Funds & Directs as of 31 August 2014, and 47% in Private Funds & Directs as of 30 June 2014.

PERFORMANCE OVERVIEW

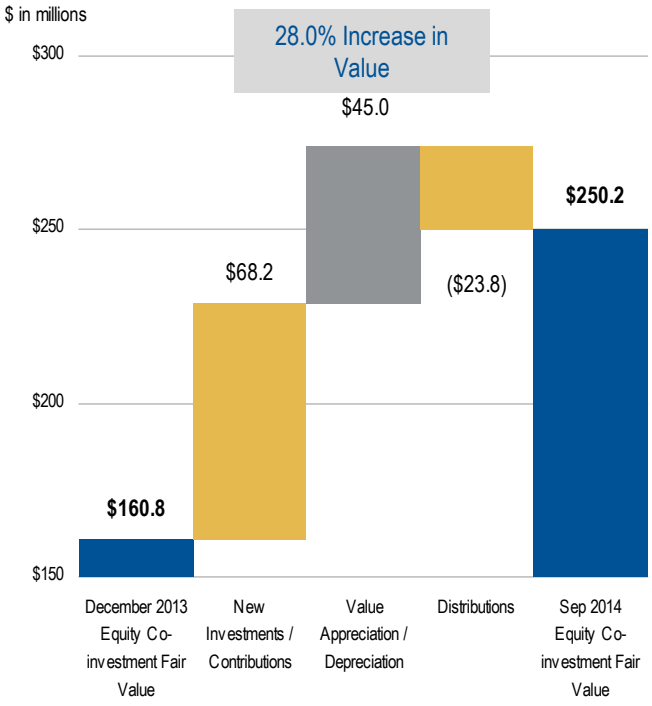
During the first nine months of 2014, the private equity fair value appreciated in value across asset classes and investment types, with the largest gains in value coming from equity co-investments and direct yielding investments. Special situations funds continue to generate liquidity and distributed $22.1 million to NBPE during the first nine months of 2014. NBPE also received approximately $39.2 million of distributions consisting of cash interest, principal repayment and equity proceeds from corporate debt investments. Excluding investment cash flows, during the first nine months of 2014, appreciation in NBPE's private equity fair value was 15.2%, driven by:

- 28.0% increase in the value of the equity co-investment portfolio fair value
- 13.7% increase in the value of the direct yielding investment portfolio fair value
- 9.0% increase in the value of the fund portfolio fair value



Note: Direct-yielding investment appreciation includes equity investments completed as part of the mezzanine transaction. Direct Yielding appreciation includes both fair value appreciation as a result of accrued cash interest as well as accrued non-cash (PIK) yield. The Company's investment performance related to the commitment to NB Crossroads Fund XVIII is presented within each respective fund asset class. Numbers may not sum due to rounding.

$68.2 million of new and follow-on equity co-investment activity and a 28.0% increase in value during the first nine months of 2014



Equity Co-investment portfolio

During the first nine months of 2014, NBPE participated in 13 new equity co-investments in the industrials, technology, energy, consumer products and healthcare industries.

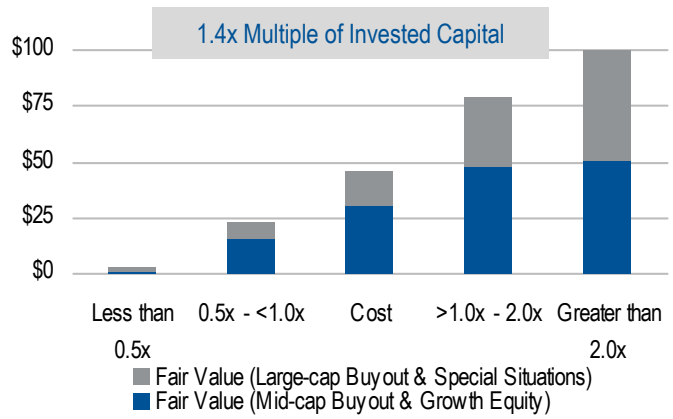
The portfolio appreciated in value by $45.0 million during the first nine months of 2014, due mainly to write-ups of several equity co-investments, offset by declines in certain other investments. The top five investments appreciated by $28.3 million and represented approximately 68% of the overall increase in the portfolio. Strong performance was driven by the write-up of a 2014 vintage co-investment, a 2007 vintage co-investment based on an announced sale transaction and the IPO of a 2007 large-cap equity co-investment which occurred in April 2014.

NBPE received approximately $23.8 million in distributions during the first nine months of 2014 which included proceeds from the sale of one 2013 vintage co-investment, proceeds as a result of partial realizations in six companies and proceeds from the expiration of insurance industry loss warranties.

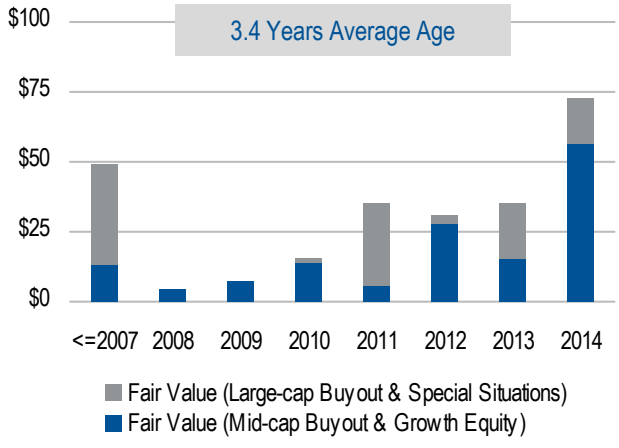
The investment multiple range by fair value shows the dispersion of value within the equity co-investment portfolio. The majority of the private equity fair value is currently held above cost and only approximately 10% of private equity fair value was held below cost.

The average age of the equity co-investments was 3.4 years and approximately 76% of the fair value was due to investments made in 2010 or after.

Investment Multiple Range by Fair Value



Vintage Year by Fair Value

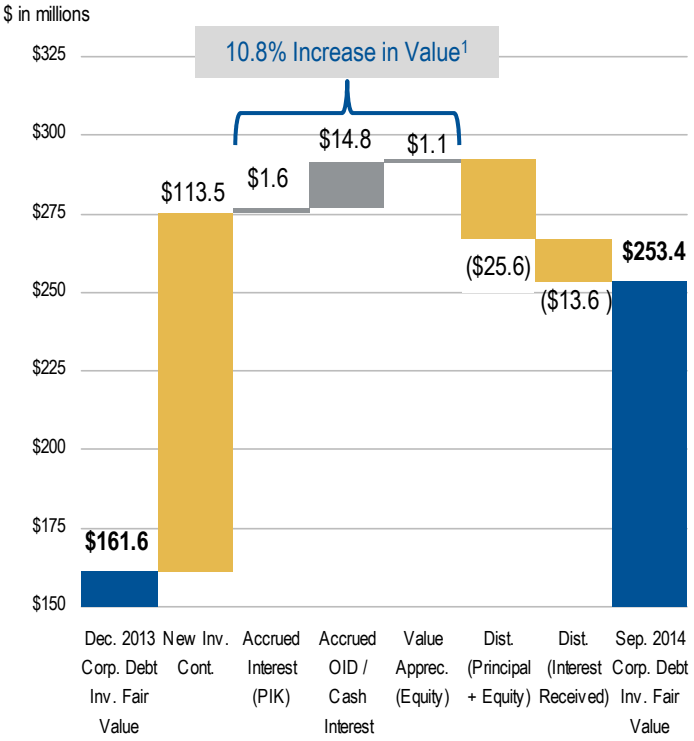


Note: Numbers may not sum due to rounding.

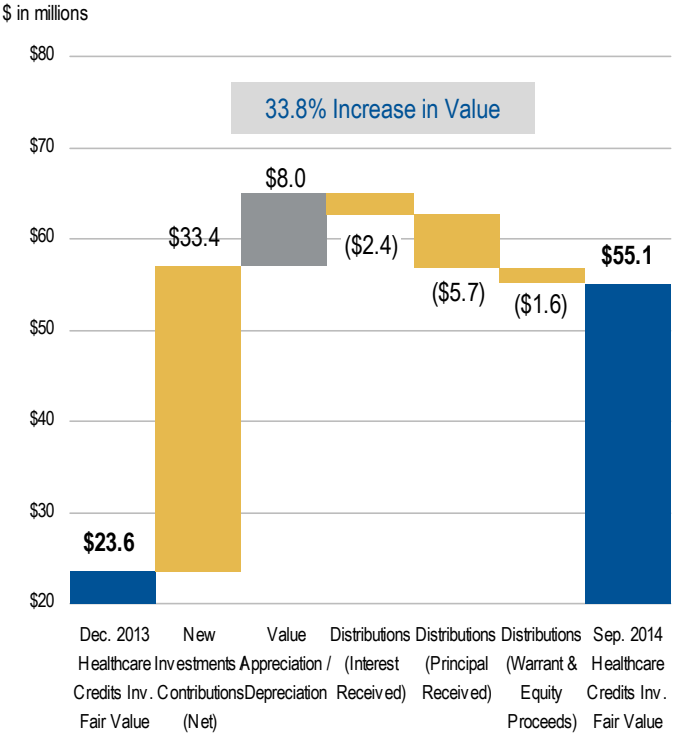
PERFORMANCE ANALYSIS

10.8% and 33.8% increase in the value of corporate private debt and healthcare credit investments, respectively. Run-rate cash income was $26.7 million as of 30 September 2014

Corporate Private Debt[1]



Healthcare Credit Investments



Corporate Private Debt Investment Portfolio

During the first nine months of 2014, NBPE funded approximately $113.5 million to 12 corporate private debt investments, including two secondary purchases. NBPE also received approximately $39.2 million of distributions consisting of cash interest, principal repayment and equity proceeds. NBPE received principal and equity proceeds from the sale of a 2013 corporate debt investment and principal proceeds from the refinancing of another 2013 corporate debt investment.

The portfolio includes 21 corporate private debt investments, consisting of mezzanine investments, term loans and 2nd-lien debt

- 10.3% cash & PIK yield / 9.3% cash yield
- $22.0 million of run-rate cash income
- 11.3% weighted average estimated yield to maturity
- 5.5x weighted average total leverage
- 3.7x weighted average senior leverage[2]
- 75% of value invested in floating rate debt[3]

Healthcare Credit Investment Portfolio

During the first nine months of 2014, NBPE participated in eight healthcare credit investments. The eight investments were in senior secured term loans, second lien debt, convertible notes, equity and warrants. In the first nine months of 2014, the portfolio increased in value by $8.0 million, driven by write-ups in two healthcare credit investments.

NBPE received approximately $9.8 million in distributions consisting of cash interest, principal repayments and warrant proceeds during the first nine months of 2014. During the first nine months of 2014, two healthcare credit investments were sold.

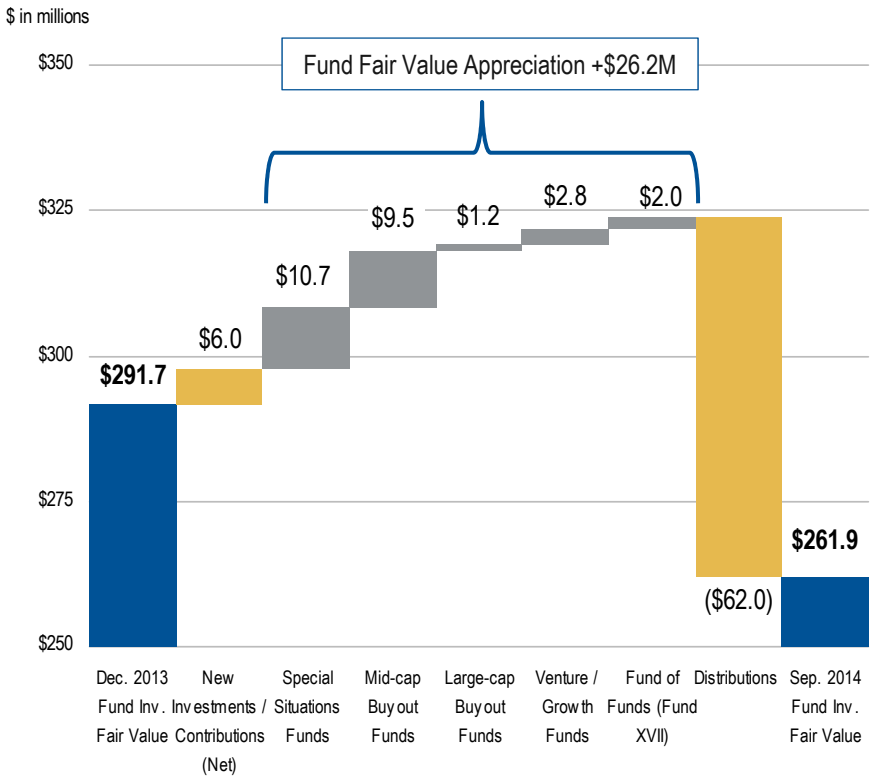
This portfolio includes 13 healthcare credits and three royalty backed notes

- 10.1% cash yield
- $4.7 million of run-rate cash income
- 10.7% weighted average estimated yield to maturity

Note: Numbers may not sum due to rounding.
1. The mezzanine debt investments include equity investments completed as part of the mezzanine transaction.
2. Based on the net leverage that is senior to the security held by NBPE.
3. Based on the fair value of the debt only and excludes the fair value of equity investments and warrants.

PERFORMANCE ANALYSIS

9.0% appreciation in value of the fund investment portfolio



Fund Portfolio Investment Performance

The largest valuation gains were in the special situations and mid-cap buyout asset classes. Five of the top ten fund value drivers, measured in terms of dollar appreciation, were special situations funds. The Manager believes this appreciation reflects the strength of the progression of many of the underlying companies. Within the buyout portfolios, the Manager believes companies are benefiting from the healthy economic environment, strong governance and resulting robust operating performance.

During the first nine months of 2014, NBPE received $62.0 million of distributions from fund investments, including approximately $24.6 million from mid-cap buyout funds, of which $7.5 million was from a single mid-cap buyout fund as a result of the sales of two underlying companies. In addition, NBPE received $22.1 million from special situations funds.

Excluding investment cash flow activity, during the first nine months of 2014, the top ten fund value drivers had a combined fair value appreciation of $20.6 million, or 14.7%. The top ten negative drivers had a combined depreciation in fair value of $1.8 million, or down 3.9%. The remaining 19 funds had a combined fair value appreciation of $7.4 million, or 7.0%.

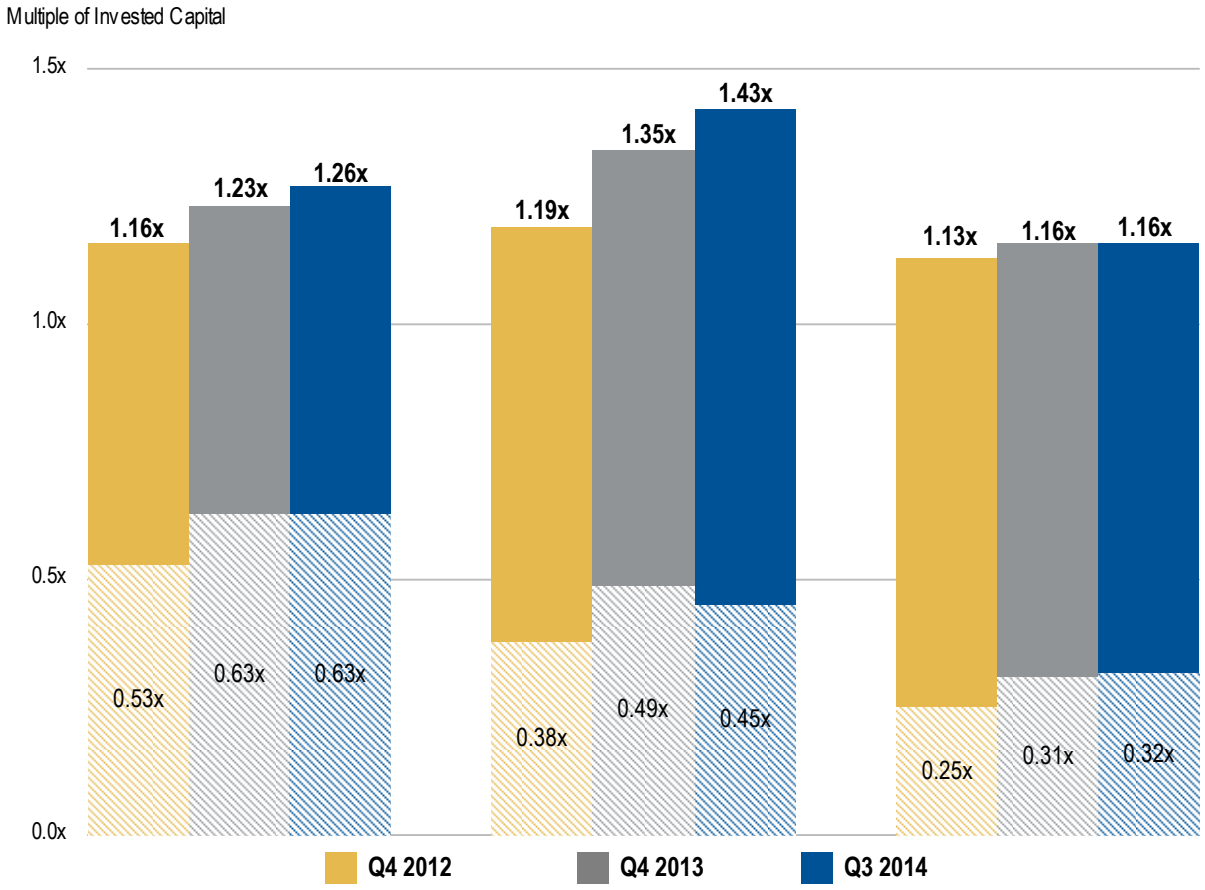
Note: Numbers may not sum due to rounding.

PERFORMANCE SINCE INCEPTION[1]

PERFORMANCE ANALYSIS

The Manager believes NBPE has generated strong performance since inception and a significant amount of invested capital has been returned to the Company through distributions from its portfolio of private equity investments

Since inception, including realized investments and based on the multiple of total value to paid-in capital ("TVPI"), NBPE's total portfolio has generated at a 1.26x gross TVPI multiple. During the first nine months of 2014, the portfolio increased in value; however, valuation increases across the portfolio were offset by the funding of new investments, which were held at cost. NBPE has received cash distributions from its portfolio of private equity investments of approximately $706.4 million across the portfolio. The equity co-investments are held at a 1.43x gross TVPI multiple and NBPE has received total distributions of $116.9 million, or 45% of paid-in capital, through sales, recapitalizations and dividends. As of 30 September 2014, the direct yielding investments were held at a 1.16x gross TVPI multiple and NBPE has received total distributions of $117.7 million, or 32% of paid-in capital, through sales, cash interest and principal repayments.



	Total Portfolio	Equity Co-investments	Direct Yielding Investments
Fair Value at 30 September 2014	$820.6m	$250.2m	$308.5m
Cash Distributions received since Inception	$706.4m	$116.9m	$117.7m

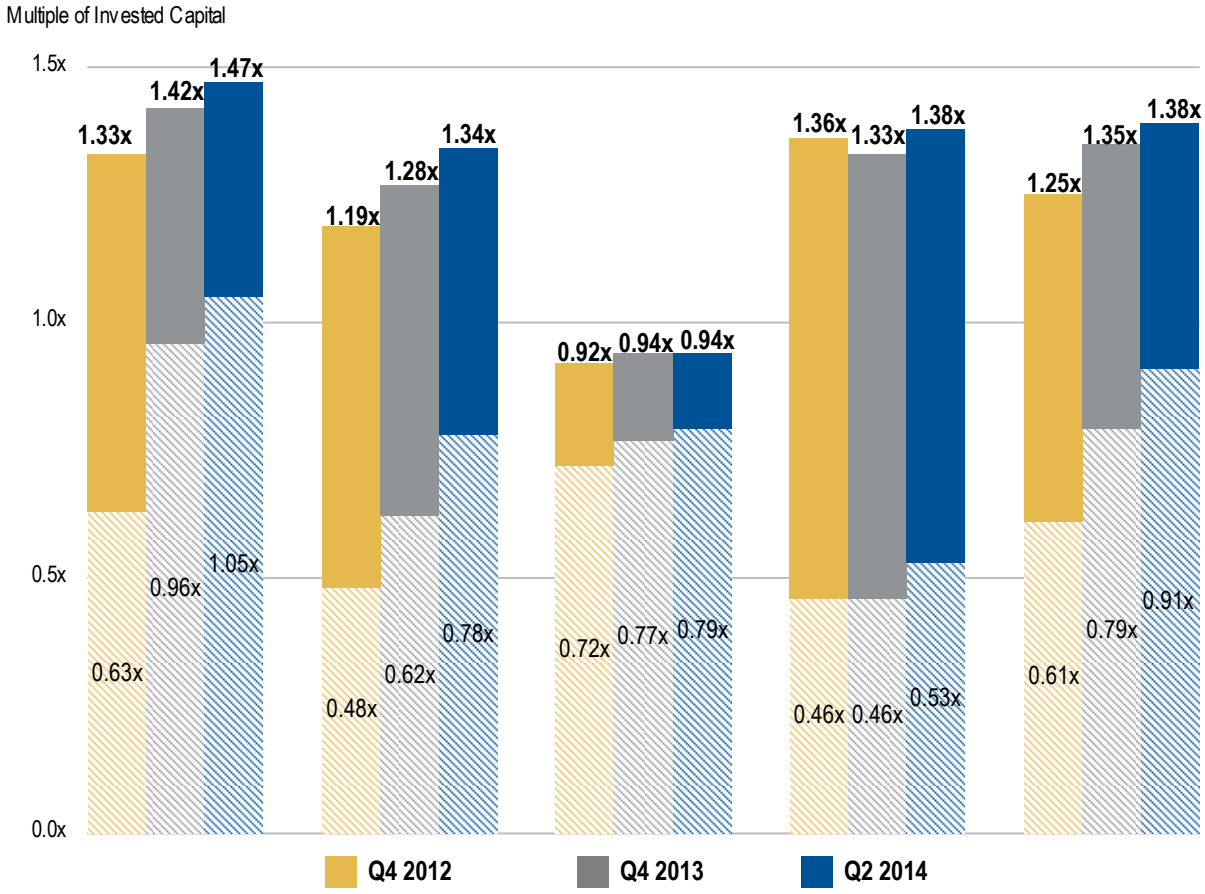
1. Dashed bars represent distributed to paid-in capital. Total distributions exclude Strategic Asset Sale proceeds of $100.5 million. Numbers may not sum due to rounding.

PERFORMANCE SINCE INCEPTION[1]

PERFORMANCE ANALYSIS

Mid-cap buyout and special situations funds continue to generate gains

Mid-cap buyout funds, the largest asset class by fair value within the fund portfolio, have generated a gross TVPI multiple of 1.34x and NBPE has received approximately $119.4 million in distributions, or 78% of paid-in capital. Special situations funds, the second largest asset class within the fund portfolio, have generated a gross TVPI multiple of 1.47x. NBPE has received cash distributions of approximately $210.0 million, or 105% of paid-in capital, driven by the monetization of credit positions by underlying managers as well as redemption proceeds realized from the full redemption of two special situations funds in 2012 and 2013. The Manager expects cash distribution activity to continue over the coming quarters within this asset class. The Manager believes the remaining fund asset classes, including large-cap buyout, venture / growth capital and NB Crossroads Fund XVII, while smaller parts of the overall portfolio, will continue to drive value and provide cash distributions.



	Special Sit Funds	Mid-cap Buyout Funds	Large-cap Buyout Funds	Venture / Growth Funds	NB Crossroads Fund XVII
Fair Value at 30 September 2014	$83.2m	$85.3m	$33.7m	$35.9m	$23.7m
Cash Distributions since Inception	$210.0m	$119.4m	$74.8m	$22.3m	$45.3m

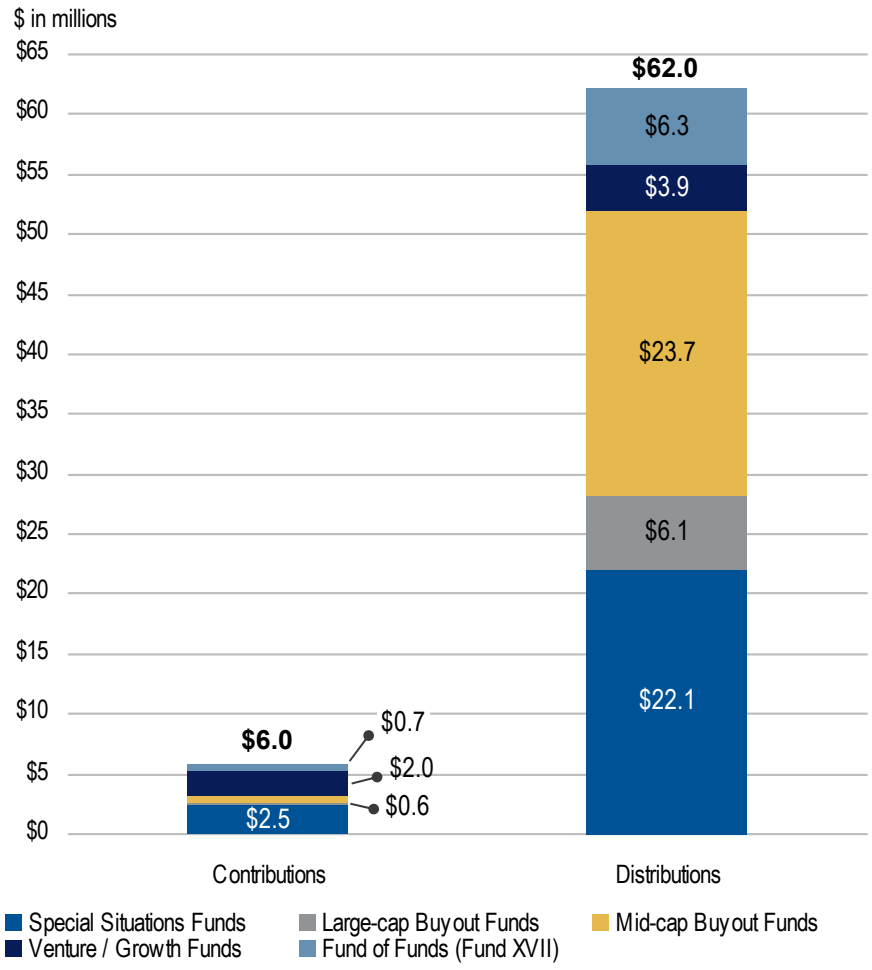
1. Dashed bars represent distributed to paid in capital. Total distributions exclude Strategic Asset Sale proceeds of $100.5 million. NBPE's performance related to the commitment to NB Crossroads Fund XVIII is presented within each respective fund asset class. Numbers may not sum due to rounding.

PERFORMANCE ANALYSIS

Liquidity events and IPO activity during the first nine months of 2014

- Within NBPE's portfolio, 183 companies completed liquidity events, leading to $134.8 million of distributions to NBPE
- 41 companies in NBPE's portfolio, representing $38.2 million of unrealized value, completed IPOs during the first nine months of 2014, which may lead to distributions to NBPE. The IPOs below represent the top five companies by value that completed an IPO during the first nine months of 2014.
  - Sabre Holdings Corporation (NASDAQ: SABR) – NBPE (co-investment), NB Crossroads Fund XVII, and NB Crossroads Fund XVIII
  - Callidus Capital, Inc. (TSE: CBL) – NBPE (Catalyst III)
  - Enable Midstream Partners LP (NYSE: ENBL) – NBPE (Arclight IV)
  - Ryerson Holding Corporation (NYSE: RYI) - NBPE (Platinum II) and NB Crossroads Fund XVIII
  - CHC Group Ltd. (NYSE: HELI) – NBPE (First Reserve XI)

Fund capital call activity continues to slow while distribution activity from NBPE's mature funds remains strong



The Fund portfolio's capital call activity has decreased as the portfolio matures. During the quarter, special situations funds experienced the most capital call activity. NBPE also funded $2.0 million to Venture / Growth funds during the first nine months of 2014.

NBPE received $22.1 million in distributions from special situations funds during the first nine months of 2014. NBPE also received $29.7 million from buyout funds as managers focus on harvesting portfolio companies and returning cash.

During the first nine months of 2014, the largest fund distributions were received from NB Crossroads Fund XVII, Lightyear Capital Fund II, Sankaty Credit Opp. III, Wayzata Opp. Fund II, and NB Crossroads Fund XVIII.

The Manager expects distribution activity in the fund portfolio to continue over the next several quarters as underlying managers focus on liquidity.

Note: Numbers may not sum due to rounding.

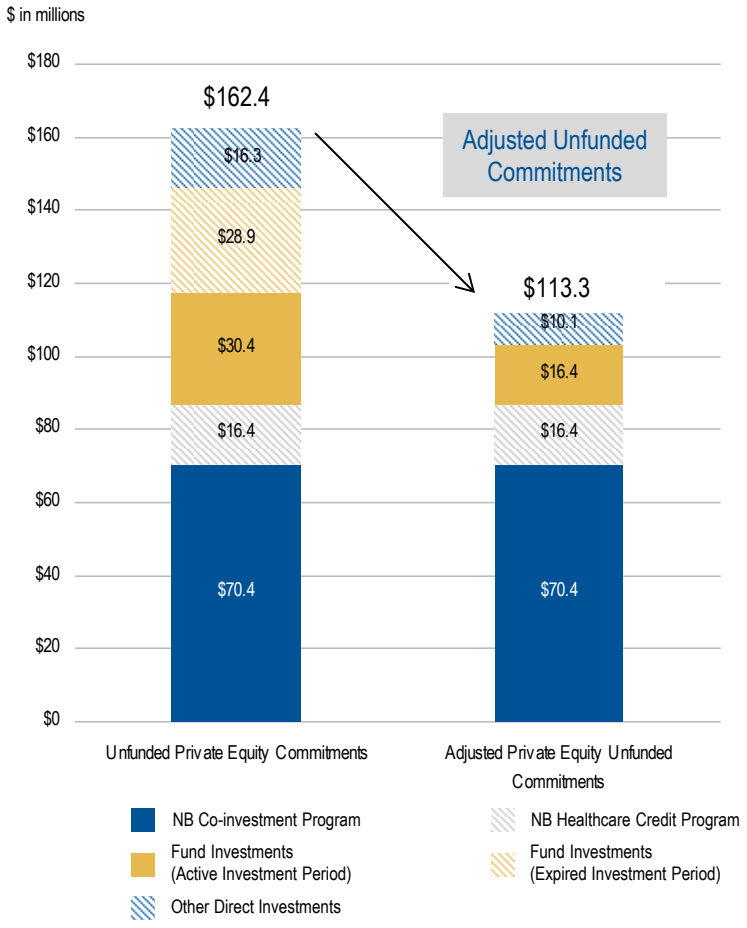
UNFUNDED COMMITMENTS

Favorable capital position for new investments

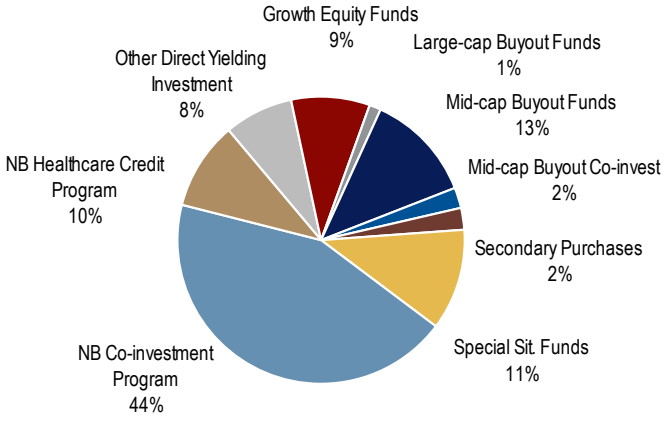
As of 30 September 2014, NBPE's unfunded commitments were approximately $162.4 million. Approximately $70.4 million and $16.4 million were unfunded commitments to the NB Alternatives Co-investment and Healthcare Credit Programs, respectively. Approximately $14.0 million of unfunded commitments were to fund of funds managed by NB Alternatives and $45.2 million of unfunded commitments were to third party direct funds. Within the fund portfolio, $28.9 million of the unfunded commitments are to funds past their investment period. The Manager believes a portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

Unfunded commitments are primarily to the NB Alternatives Co-investment and NB Healthcare Credit Programs. The Manager expects capital to be called in future quarters to fund new direct investments. Approximately 28% of the unfunded commitments were to the fund portfolio, with large unfunded commitments to special situations and mid-cap buyout funds. However, approximately 77% and 61% of unfunded commitments to these asset classes, respectively, were to funds past their investment period. Approximately 8% of the unfunded commitments were to growth equity funds; capital deployment by underlying managers within this asset class is typically prolonged.

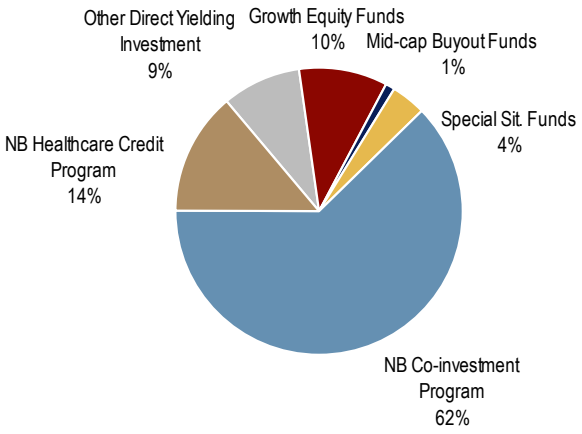
The Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted lower by removing unfunded commitments past their investment period, unfunded commitments to fund of funds managed by NB Alternatives and the unfunded commitment to one investment in the direct yielding category where we do not expect net capital drawn to exceed ~40% of the original commitment due to daily paybacks. Following these adjustments, the unfunded commitments would be $113.3 million. On an adjusted basis this would correspond to excess capital resources of $33.1 million and a commitment coverage ratio of 129%.



Actual Unfunded Private Equity Commitments

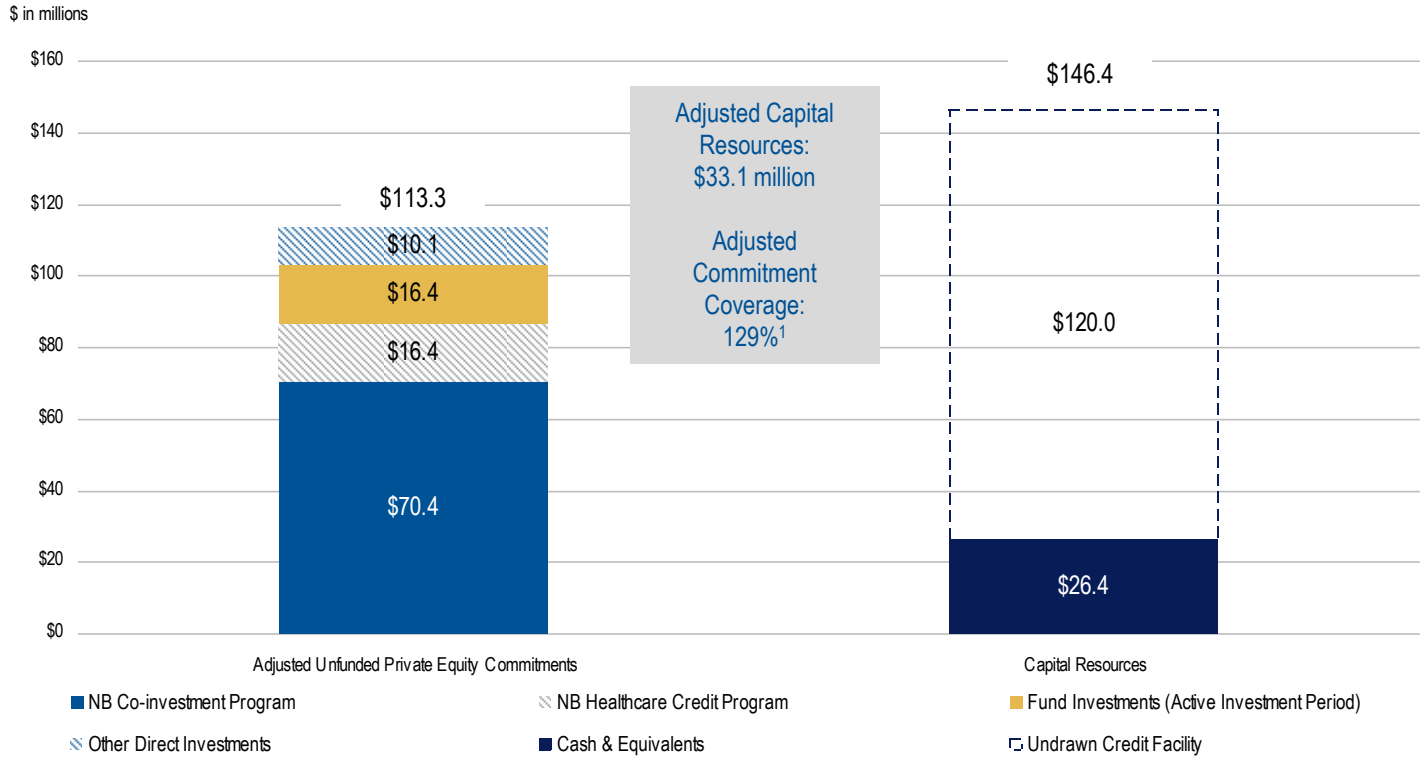


Adjusted Unfunded Private Equity Commitments



Note: Numbers may not sum due to rounding.

Adjusted capital resources of $33.1 million and $120 million of credit facility undrawn as of 30 September 2014[1]



Credit Facility

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

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

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

The key financial covenant for NBPE's credit facility is a maximum debt to value ratio of 50.0%. The debt to value ratio is calculated as total debt and current liabilities divided by Restricted NAV, with Restricted NAV defined as the fair value of all private equity investments (less any excluded value) plus cash and cash equivalents. At 30 September 2014, the debt to value ratio was 11.6%.

The two other covenants are a secured asset ratio and a commitment ratio. The secured asset ratio is not to exceed 80.0% and is defined as total debt and current liabilities divided by Secured Assets, with Secured Assets defined as the value of secured private equity investments plus cash and cash equivalents. At 30 September 2014, the secured asset ratio was 16.1%.

The commitment ratio is defined as Restricted Total Exposure divided by the aggregate of Shareholder's equity and the total amount of the credit facility, with Restricted Total Exposure defined as the value of private equity investments (less any excluded value) plus unfunded private equity commitments. If the debt to value ratio is greater than 25.0% and the commitment ratio is greater than 130.0%, then the Company becomes restricted from making new private equity investments. At 30 September 2014, the commitment ratio was 112.3%.

Note: Numbers may not sum due to rounding.
1. Actual unfunded commitments are $162.4 million, actual capital resources are $16.0 million overcommitted and the commitment coverage ratio is 90%. See page 30 for detail on the adjustments to unfunded commitments.

MARKET COMMENTARY

MARKET COMMENTARY

Towards the end of the third quarter of 2014, concerns over growth and uncertainty increased, posing a challenge for US and global equity markets. During the third quarter, the S&P 500 posted only a small gain of 0.6% while broader global markets suffered declines, as measured by the MSCI World and MSCI Emerging Markets indexes. Nevertheless, year to date the S&P 500 has increased 6.7% as investors appeared more confident in US growth. On the other hand, year to date performance in global equity markets was more challenged with gains of only 2.2% for the MSCI World Index and 0.3% for the MSCI Emerging Markets Index. The Barclays Capital US Aggregate Investment Grade Index decreased slightly during the third quarter of 2014, but year to date has seen gains of 5.6%. The increased market volatility during the third quarter of the year impacted high yield bonds as the Barclays Capital US High Yield Index declined by 1.9%; however, performance remains positive for the year with gains of approximately 3.5%.[1]

During the third quarter, the Federal Reserve continued tapering its asset purchases. As anticipated, in its meeting in September, the Federal Open Markets Committee agreed to decrease bond purchases to a pace of $15 billion per month. The continued decline in asset purchases likely signaled to investors that the Federal Reserve was perhaps moving closer to the end of its asset purchase program. While this was largely expected, the Federal Reserve continued to maintain accommodative interest rates throughout the year, particularly given the recent market volatility.

Economic activity in the US continued to show generally positive results during the third quarter of 2014, likely boosting investor confidence in US growth relative to other parts of the world. While the U.S. employment reports showed somewhat disappointing results early in the third quarter, by September, results from prior months were revised upward and job growth showed a rebound with the unemployment rate dropping below 6%. In addition, the ISM Manufacturing and Non-manufacturing indices continued to remain at expansionary levels, though both indices showed declines in September relative to prior months.[2] Even in light of some mixed macro data, US economic and business fundamentals continued to appear favourable through the first nine months of the year.

However, the generally positive economic activity in the US was contrasted by slow growth in Europe. Eurozone CPI growth registered 0.3% year over year, highlighting the disinflationary trends which continued to weigh on the region. The European Central Bank planned to combat these trends through bond purchases; however, it remains to be seen whether their actions will be able to spur growth. In addition, there was still uncertainty around the amount of purchases and whether sovereign bonds would be purchased, if warranted.[2] However, by the end of the third quarter, the Euro had depreciated over seven percent against the dollar, which should help spur exports in the region.

Private Equity Buyout Market

Private equity buyers had sufficient capital to invest, credit was readily available and many companies have demonstrated strong performance over the last few years. Companies with strong growth profiles, high free cash flow and more predictable business models insulated from broad macroeconomic trends attracted premium multiples. In addition, active competition from cash-rich strategic acquirers and private equity firms, combined with ample credit availability, kept transaction valuation multiples at elevated levels, particularly for larger transactions. Strong M&A and generally receptive IPO markets created ample selling opportunities for private equity firms seeking exits for portfolio companies. The Manager believes this strong environment was advantageous for NBPE's portfolio during the first nine months of 2014.

U.S. leveraged buyout volume was $31.6 billion in the third quarter of 2014, which was down over 30% compared to the second quarter of 2014. However, the Manager believes the buyout market remains healthy and year to date activity remains strong with U.S. leveraged buyout volume totaling approximately $120.1 billion. Large-cap transactions (defined by S&P as companies with enterprise values above $500 million) continued to be the largest contributor to volume, representing over 70% of buyout volume in the first nine months of 2014.

Average purchase price multiples rose to 11.2x EBITDA, up from 8.8x EBITDA in 2013. However, the Manager believes the average purchase price multiple may return to levels, albeit elevated, more consistent with prior periods. Equity contributions as a percentage of the capital structure increased to 40.1% during the third quarter of 2014 from 35.6% in 2013.[3]

Buyouts of middle market companies, with less than $500 million in transaction value, continued to be more conservatively capitalized than large-cap transactions. Equity contributions for mid-cap buyouts during the third quarter of 2014 were 49.3%, or over 25% higher than large-cap transactions.[3] The higher equity level in the mid-cap market is in part the result of less transparent credit markets for smaller transactions as well as generally less reliance on financial leverage to create returns. The Manager believes a favourable opportunity continues to exist to invest at reasonable valuations in the small and mid-cap buyout markets, where the availability of credit is typically lower and equity contributions are higher. Given the lower absolute leverage levels employed in the small- to mid-cap market, co-investors have frequently been utilized to fund the equity portion of these transactions.

In Europe, the Netherlands, UK, and France were the most active countries by total LBO volume and the average purchase price multiple for all LBOs was 9.8x EBITDA in the first nine months of 2014.[4] While multiples remained elevated, the Manager believes the executed transactions involved stable businesses with healthy cash flows which generally demand a higher valuation.

1. *Source: CapitalIQ.*
2. *Source: Neuberger Berman Investment Strategy Group.*
3. *S&P Q3 2014 U.S. Leveraged Buyout Review.*
4. *S&P Q3 2014 European Leveraged Buyout Review.*

MARKET COMMENTARY

Debt Markets

Private equity managers continue to be very active in the credit markets, and the number of LBO transactions has increased significantly to the highest level since 2007 with 22 announced deals in Q3 2014 and 89 year to date in 2014. The average leverage for U.S. buyout transactions remains high at 5.1x in the third quarter, just inside the 5.2x recorded in the second quarter. Equity contributions for mid-cap transactions have remained north of 40% since 2008 demonstrating continued support from sponsors. Interest coverage levels also remain high, at or above 3.0x since 2012 and were 3.0x for Q3 2014. Default rates remain low, indicating that portfolio company performance remains stable and a majority of lenders expect stable to improved company performance in 2014. Despite yield pressure on more liquid credit products, the median yield in September 2014 for U.S. second lien was 9.0%, as compared to 4.8% for U.S. high yield bonds, demonstrating the yield premium investors are compensated with for more illiquid investments.

Fundraising Environment

During the first nine months of 2014, approximately $103.5 billion was raised in the U.S. buyout market, of which approximately $47.1 billion was raised by funds with a fund size under $2.5 billion.[1] Fundraising activity during 2014 appears to be on track to meet or exceed amounts raised during 2013 as a result of an active private equity fundraising market. However, the Manager believes the majority of this capital was limited to a relatively small number of traditional buyout funds with strong prior fund track records. In Europe, during the first nine months of 2014, approximately $31.3 billion was raised in the buyout market, of which approximately $16.1 billion was raised by managers with a fund size under $2.5 billion.[1]

1. *Thomson Reuters through 30 September 2014. Excludes venture, mezzanine, fund of funds, and secondary fundraising.*

CERTAIN INFORMATION & MATERIAL CONTRACTS

Certain Information

The Company is subject to The Netherlands Financial Supervision Act (Wet op het financieel toezicht, "Wft"), as a listed entity (uitgevende instelling) as defined in section 1:1 of the Wft. The Company is subject to certain ongoing requirements under the Wft, the Decree on Supervision of Conduct by Financial Enterprises (Besluit Gedragstoezicht financiële ondernemingen Wft) and the Decree on the Implementation Directive Transparency Issuing Entities (Besluit uitvoeringsrichtlijn transparantie uitgevende instellingen Wft) relating to the disclosure of certain information to investors, including the publication of the Company's financial statements.

Investment Management and Services Agreement

NBPE, NB PEP Investments LP (Incorporated) and the Investment Manager entered into an Investment Management and Services Agreement on 25 July 2007 (as amended and restated on 25 January 2008), whereby the Investment Manager, subject to the overall supervision of the Directors, was appointed as NBPE's Investment Manager.

Administration Agreement & Limited Partnership Agreement

NBPE and Heritage International Fund Managers Limited entered into an Administration Agreement on 3 July 2007 (as amended by side letter on 22 September 2009), whereby NBPE appointed Heritage International Fund Managers Limited to act as administrator and company secretary to NBPE. NBPE, as general partner, and NB PEP Associates LP (Incorporated), as special limited partner, entered into the Limited Partnership Agreement of NB PEP Investments LP (Incorporated) on 25 July 2007, as amended and restated on 16 July 2008.

Share Buy-Back Agreement

NBPE is party to a Share Buy-Back Agreement with Jefferies International Limited ("JIL") in relation to the market repurchases of Class A Shares on behalf of NBPE. The Share Buy-Back Agreement was initially entered into between NBPE and The Royal Bank of Scotland N.V. (London Branch) ("RBS N.V.") on 22 October 2010 and was subsequently amended and extended on 30 August 2011, novated on 7 November 2011 from RBS N.V. to The Royal Bank of Scotland plc ("RBS plc") in respect of repurchases of Shares made on the Specialist Fund Market only, and extended on 29 November 2011. The Share Buy-Back Agreement was then novated by RBS N.V. and RBS plc to JIL on 1 March 2012 and the Board of Directors has approved an extension of the Share Buyback Program until 31 March 2015.

Change of Control

There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid.

List of NBPE Subsidiaries

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

RISK MANAGEMENT

Risk Report

The Company is subject to a number of risk factors and include, but are not limited to, those identified on the following pages throughout the risk report. The Directors seek to appropriately manage, but not eliminate risk, through the identification and control of risks; therefore there is only a reasonable assurance against fraud, misstatements or losses to the Company. The following pages summarize some, but not all, of the risks to the Company's business, how the Company controls risks, as well as risk factors related to investing in the Company's Class A and ZDP Shares.

Control Objective	Perceived Risk	Key Controls
External Risks: Market Economic Interest rates Reputation Regulatory	• Health of financial markets • General economic conditions • Changes in interest rates • Reputational risks • Changes to regulations which impact the Company	• Ability to invest in debt and equity investments which offer the best risk / return profiles • Extensive due diligence • Majority of the direct yielding portfolio in floating rate debt • In-house and external legal counsel monitoring key regulatory developments
Strategic Risks: Meeting business plan / objectives Share price discount to NAV Managing communication	• Ability to meet key investment level targets • Building direct yielding investment portfolio to sustain dividend from the cash income • Persistent trading discount of Share price to NAV • Information flow to markets	• Quarterly board meetings to review and adjust business and investment strategy as necessary • Monitoring of the investment portfolio • Dividend policy to the benefit of Shareholders; option to repurchase Shares • Regular and timely reporting of performance
Investment Risks: Investment decisions Investment performance Exit decisions Valuation of investments Performance of the portfolio	• Finding suitable investment opportunities • Investment underwriting • Achieving investment returns and finding exit opportunities • Reported NAV / valuation of investments vs. liquidated cash value • Generating NAV outperformance relative to benchmarks	• Extensive due diligence and investment process • Reasonable assumptions used in underwriting • Seeking investments with shorter duration and clear exit paths • Robust and consistent valuation process and reported NAV updates on a monthly basis
Financial Risks: Liquidity management Credit facility ZDP Liability Foreign exchange	• Cash needs to fund investments and ongoing business operations • Maintaining appropriate debt levels and complying with financial covenants • Meeting final capital entitlement of ZDP Shares • Foreign exchange exposure	• Cash flow forecasting and return modeling to project future cash needs • Monitoring of financial ratios and covenant headroom • Forward currency contract to hedge, in part, currency exposure
Operational Risks: Key professionals IT Systems Compliance	• Attracting and retaining key business and investment professionals • Alignment of incentives • Maintaining systems and infrastructure to achieve business objectives • Regulatory compliance	• Resources of Neuberger Berman for attracting and retaining talent • Policies and procedures for all professionals of the Investment Manager and the Administrator • IT infrastructure and systems maintained by the Investment Manager and the Administrator • Significant levels of internal controls and monitoring by compliance departments within the Investment Manager and the Administrator

RISK MANAGEMENT (CONT.)

External Risks

External risks are those risks that are largely outside the Company's control but which could nevertheless impact the valuation of the Company's investments. These risks are difficult to quantify, are uncertain in nature, and the overall impact to the Company could vary depending on the degree of these external risks. For example, the operating performance of the companies within the investment portfolio are generally tied to overall economic conditions and if economic conditions worsened the financial performance of some or all of the companies within the investment portfolio could be negatively impacted. In addition, there is a significant amount of investments deployed in private corporate private debt investments and healthcare credit investments. A sustained rise in the level of interest rates could impact the value of some or all of these investments. However, the Directors believe having a meaningful amount invested in floating versus fixed rate debt helps to mitigate this risk.

The Company must comply with numerous regulations across multiple jurisdictions. Changes to regulations may require additional actions or procedures for the Company to take, which could result in additional costs to the business. For example, the Directors are monitoring the implementation of the Alternative Investment Fund Managers Directive in Europe closely and this continues to be a key regulation that could impact the Company in future quarters. The Company also relies on the resources of the Investment Manager, external counsel and the Company's Administrator to follow and track the ongoing developments in regulation.

Strategic Risks

Strategic risks are largely risks associated with the execution and achievement of planned objectives as well as meeting key business targets. To mitigate these risks, the Investment Manager closely tracks the investments within the portfolio and monitors the portfolio relative to the planned objectives. In addition, the Directors receive updates from the Investment Manager on the performance of the portfolio at each quarterly board meeting. The board meetings also serve as a time to review and discuss the business plan and investment objectives. The current key strategic risk for the Company is meeting the required investment level within its direct yielding investment portfolio so that the Company's dividend can be fully supported from the cash income this portfolio generates. In addition, the current Share price discount to NAV is a measure that is also monitored and steps are being taken by the Company to address the discount. The Directors believe the Company's dividend policy is a meaningful step toward narrowing the discount over time.

Investment Risks

Investment risks are risks that pertain to the investments within the Company's portfolio and include investment and exit decisions, underwriting of investments, investment performance and the valuation of investments. The Investment Manager's team of investment professionals seek to manage investment risk through thorough due diligence and through diversification across asset class, vintage year, geography, industry and sponsor. Investment decisions are made by the Private Investment Portfolio Investment Committee of the Investment Manager; however, each underlying fund investment has its own set of investment professionals and committees to make investment decisions into underlying portfolio companies, outcomes of which could be positive or negative. The Private Investment Portfolios Investment Committee is comprised of eight senior investment professionals with over 210 years of combined professional experience and include a range of diverse backgrounds including as fund managers, CEOs, directors of corporate boards, direct private equity investors, bankers, lawyers and accountants. Effective 1 January 2014, Joana Rocha Scaff, Managing Director, was approved and added to the NB Alternatives Private Investment Portfolio Investment Committee as a voting member. Post-investment, the Investment Manager's team of investment professionals closely monitor the investment portfolio for events or changes in performance that could justify a change in the valuation of an investment. A description of the Investment Manager's valuation policy for equity and debt investments can be found on page 39 of this report.

Financial Risks

Financial risks are risks that could impact the financing and ongoing operations of the business and include liquidity and credit facility management, meeting the final capital entitlement of the ZDP Shares in 2017 and foreign exchange risk. The Investment Manager performs analysis on the underlying portfolio by making reasonable exit assumptions on the underlying investments and forecasts the expected future cash flows from investment exits. This analysis helps the Investment Manager make a reasonable projection of the future cash and borrowing needs as well as better manage the pace of new investments in the portfolio. This analysis only provides a reasonable forecast and is relied upon only as such and actual performance could differ materially. To the extent there are any current outstanding borrowings under the credit facility, the Investment Manager closely monitors the financial ratios and covenant headroom available. The Investment Manager has entered into a forward currency contract to hedge, in part, the currency risk associated with the ZDP Shares.

Operational Risks

Operational risks pertain to the business operations of the Company. The Company's only activities are those of an investment company, and the Company itself does not have any employees. Instead, the Company relies on the investment personnel, infrastructure and resources of the Investment Manager and the Company's Administrator. For example, if the Investment Manager were unable to attract and retain the right investment and business professionals or maintain adequate IT infrastructure, the operations of the Company could be impacted. The Company does not have an internal audit or compliance function and instead relies on these functions within the Investment Manager and the Company's Administrator. Neuberger Berman is a global asset management company and has significant levels of internal controls designed to monitor and maintain compliance. In addition, Neuberger Berman has a significant set of policies and procedures for all employees, including employees of the Company's Investment Manager. Given the scale and resources available at the Investment Manager, the Board is comfortable operational risks to the Company are managed effectively.

Internal Controls

The Directors have developed a set of internal controls designed to manage, not eliminate risk, and therefore can only provide a reasonable assurance against fraud, misstatements or losses to the Company. The internal controls are based on a risk matrix that is provided on a quarterly basis by the Investment Manager to the Directors. The risk matrix outlines each of the underlying risks and risk type as well as the key controls and the responsible team for managing the risk. As risks change over time, the risk matrix is updated to effectively identify and control ongoing risks to the Company.

Risk Factors

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

The Company may experience fluctuations in its monthly NAV

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

On liquidation of the Company's assets on any given day, the reported NAV may not match the liquidated cash value of such assets

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

The Shares could continue to trade at a discount to NAV

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

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

Equity

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

Debt

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

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

FORWARD LOOKING STATEMENTS

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

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

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

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

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

About NB Alternatives

The NB Alternatives group of Neuberger Berman has 27 years of investing experience specializing in co-investments, direct-yielding investments, private equity funds and secondary investments and has built relationships with leading private equity fund managers over that time.

The Investment Manager makes all of the Company's investment decisions, and the Board of Director's of the Company have delegated to the Investment Manager the day-to-day management and operations of the Company's business. The Investment Manager's investment decisions are made by its Investment Committee (the "Investment Committee"), which currently consists of eight members with over 210 years of professional experience. The sourcing and evaluation of the Company's investments is conducted by the Investment Manager's team of over 70 investment professionals who specialize in co-investments, direct-yielding investments and fund investments. In addition, the Investment Manager's staff of approximately 130 administrative and finance professionals are responsible for the Company's administrative, financial management and reporting needs. The Investment Manager currently maintains offices in New York, London, Dallas and Hong Kong.

Effective 1 January 2014, Joana Rocha Scaff, Managing Director, was approved and added to the NB Alternatives Private Investment Portfolio Investment Committee as a voting member.

About Neuberger Berman

Neuberger Berman is a 75-year-old private, independent, employee-controlled investment manager. The firm manages equities, fixed income, private equity and hedge fund portfolios for institutions and advisors worldwide. With offices in 17 countries, Neuberger Berman's team is more than 2,000 professionals and the company was named by Pensions & Investments as a 2013 Best Place to Work in Money Management. Tenured, stable and long-term in focus, the firm fosters an investment culture of fundamental research and independent thinking. It manages $247 billion in client assets as of September 30, 2014. For more information, please visit our website at www.nb.com.

DIRECTORS, ADVISORS AND CONTACT INFORMATION

Ordinary Share Information

Trading Symbol: NBPE
Exchanges: The regulated market of Euronext Amsterdam N.V. and the Specialist Fund Market of the London Stock Exchange
Euronext Amsterdam Listing Date: 25 July 2007
Specialist Fund Market Admission: 30 September 2009
Base Currency: USD
Bloomberg: NBPE NA, NBPE LN
Reuters: NBPE.AS, NBPE.L
ISIN: GG00B1ZBD492
COMMON: 030991001
Amsterdam Security Code: 600737

ZDP Share Information

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

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John Buser
John Hallam
Christopher Sherwell
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