NEUBERGER | BERMAN

NB PRIVATE EQUITY PARTNERS:

OPPORTUNITIES FOR INCOME AND CAPITAL APPRECIATION THROUGH PRIVATE EQUITY

PETER VON LEHE, NEUBERGER BERMAN

NEUBERGER | BERMAN

ABOUT NEUBERGER BERMAN & NB PRIVATE EQUITY PARTNERS ("NBPE")

NEUBERGER BERMAN: OVERVIEW

Research-driven, high conviction

2,155 NUMBER OF EMPLOYEES WORLDWIDE

100% EMPLOYEE OWNED[1]

94% OF CLIENTS' ASSETS MANAGED BY LEAD PORTFOLIO MANAGERS WHO HAVE 20+ YRS INDUSTRY EXPERIENCE

32 OFFICES

18 COUNTRIES

~$3BN INVESTED BY NB EMPLOYEES AND THEIR FAMILIES IN NB STRATEGIES./ACCOUNTS[1]

$251BN TOTAL ASSETS UNDER MANAGEMENT

25+ YRS PORTFOLIO MANAGERS AVERAGE INDUSTRY EXPERIENCE

1,649 RESEARCH MEETINGS WITH COMPANY MANAGEMENT TEAMS AT OUR OFFICES IN 2014

BEST PLACE TO WORK IN MONEY MANAGEMENT (2013, 2014) Among organizations with over 1,000 employees by *Pensions & Investments*

1. *Employee ownership includes current and former employees, directors, consultants and their permitted transferees. Employee assets include current and former employees and their family members.*

All information is as of June 30, 2015, except as otherwise noted. Firm data reflects the collective data for the various subsidiaries of Neuberger Berman Group LLC.

NEUBERGER BERMAN PRIVATE EQUITY PLATFORM

Integrated private equity platform provides robust deal flow and enhanced due diligence insights

PRIVATE EQUITY PLATFORM

Over $30 billion of commitments managed[1]

FUND INVESTMENTS		DIRECT INVESTMENTS		
Primary	Secondary	Co-Investments	Private Debt	Specialty Strategies

DEAL FLOW & INFORMATION SHARING

1. As of August 31, 2015. Includes commitments still in the process of documentation.

NEUBERGER BERMAN

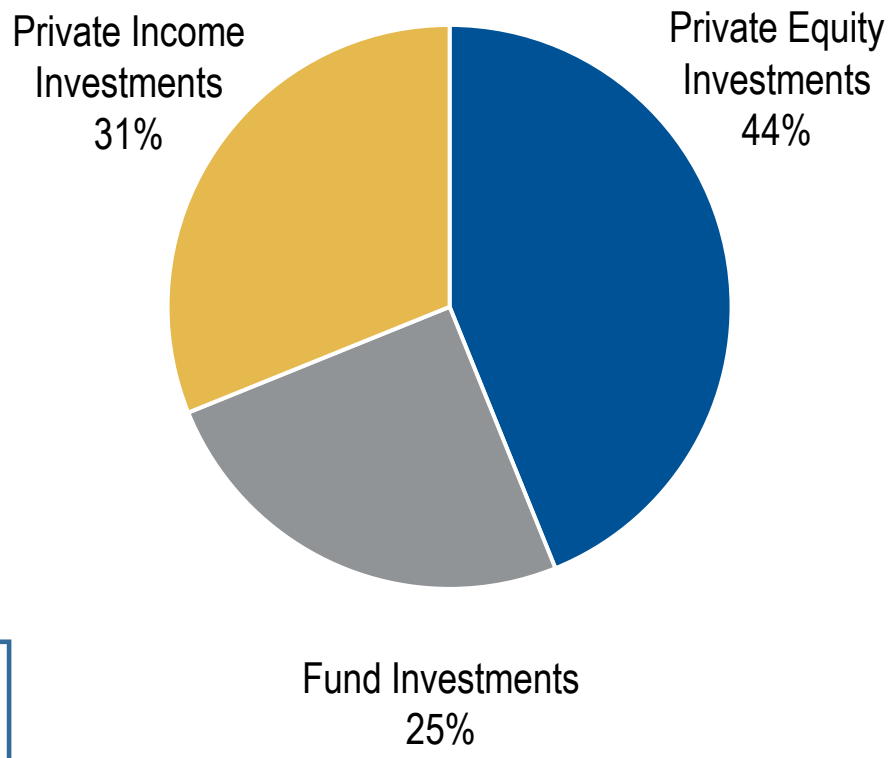
NB PRIVATE EQUITY PARTNERS

NBPE invests in the debt and equity of private equity backed companies

KEY HIGHLIGHTS

- **Listing Date:** 2007
- **Market Capitalisation:** $551.9m
- **Net Asset Value (NAV):** $705.8m
- **NAV per Share:** $14.46
- **Current share price:** $11.37
- **Dividend Yield on Share Price:** 4.4%
- Clients have option to receive dividend in sterling

INVESTMENT TYPE *(by fair value)*



NBPE has demonstrated a history of consistent strong investment performance

Note: NBPE data as of 31 August 2015. Market data as of 22 September 2015. Numbers may not sum due to rounding.

NEUBERGER | BERMAN

PRIVATE EQUITY AND INCOME

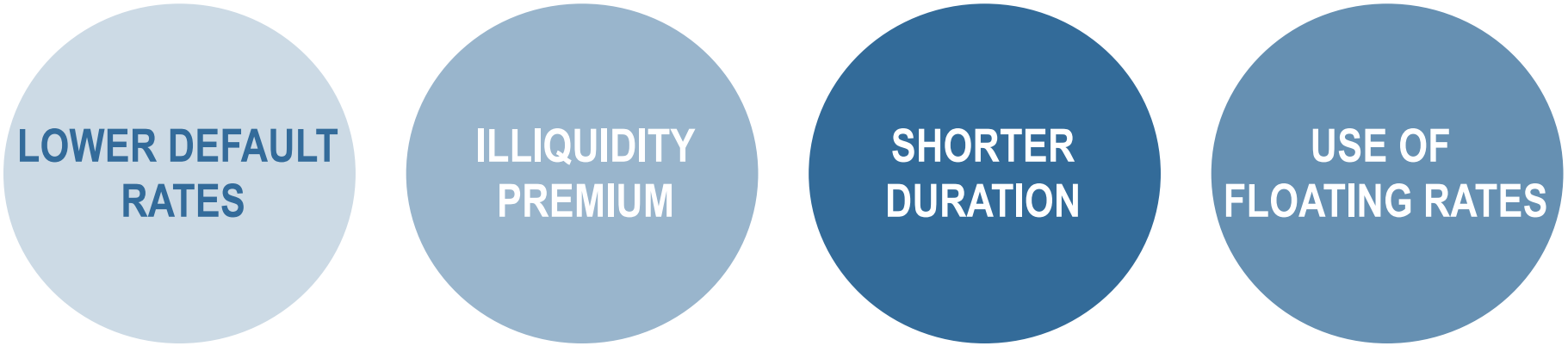
PRIVATE EQUITY AND INCOME

Why invest in private equity-backed companies for income and capital appreciation?

ADVANTAGES OF PRIVATE EQUITY

- ☑ **Less efficient market for acquiring businesses**
- ☑ **Sourcing and information advantages through relationships and extensive due diligence**
- ☑ **Control investor that can add value and fundamentally improve a company**

WHY DEBT OF PRIVATE-EQUITY BACKED FIRMS?



Sponsored leverage loans have typically had historically lower default rates

Barriers to entry in junior debt markets create an attractive illiquidity premium

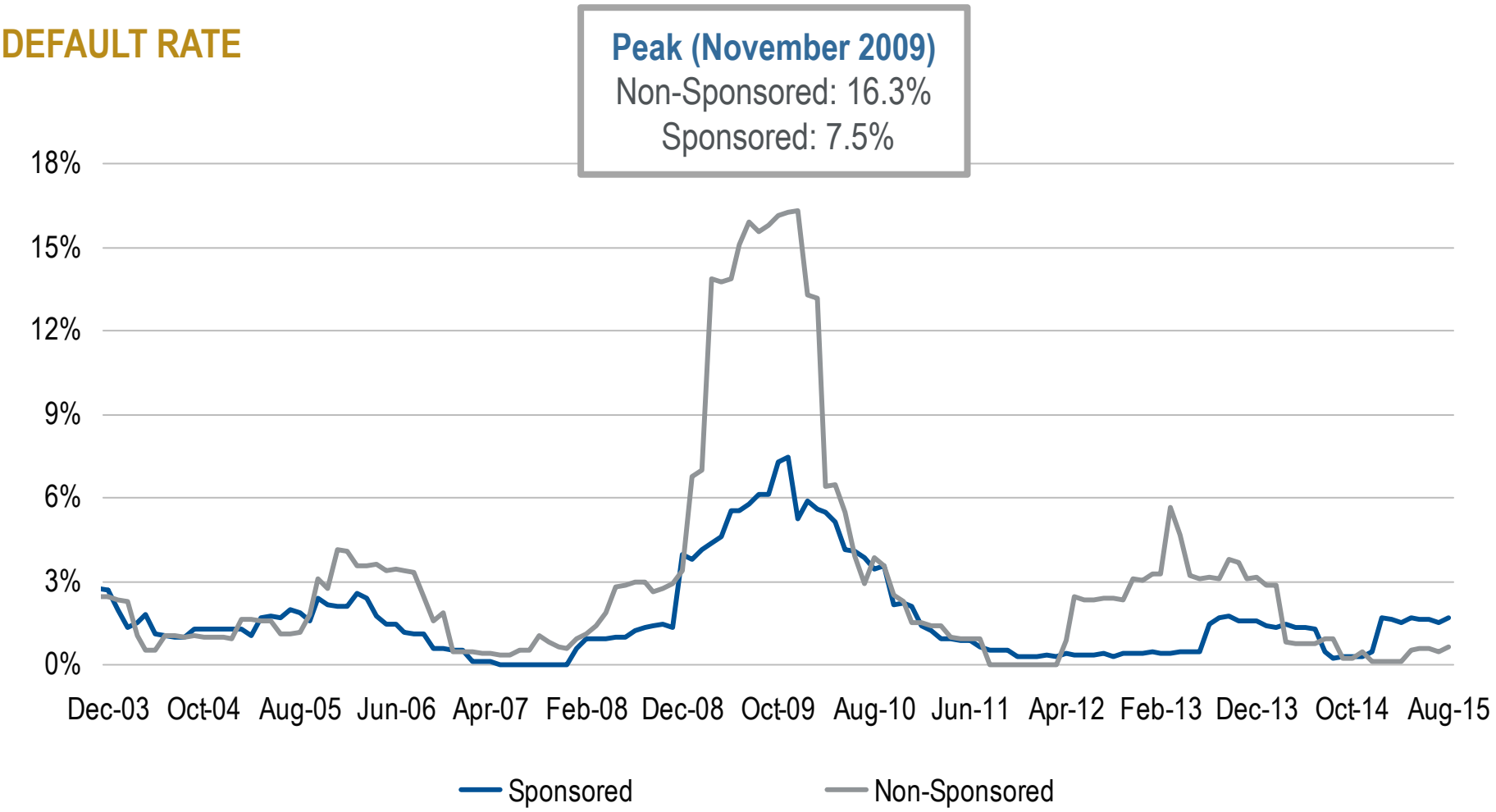
Private equity firms generally motivated to exit prior to maturity (via refinancing or company sale)

Private debt often offers floating rates, reducing interest rate risk

Source: NB Alternatives analysis.

SPONSORED LEVERAGED LOANS HAVE TYPICALLY HAD LOWER DEFAULT RATES

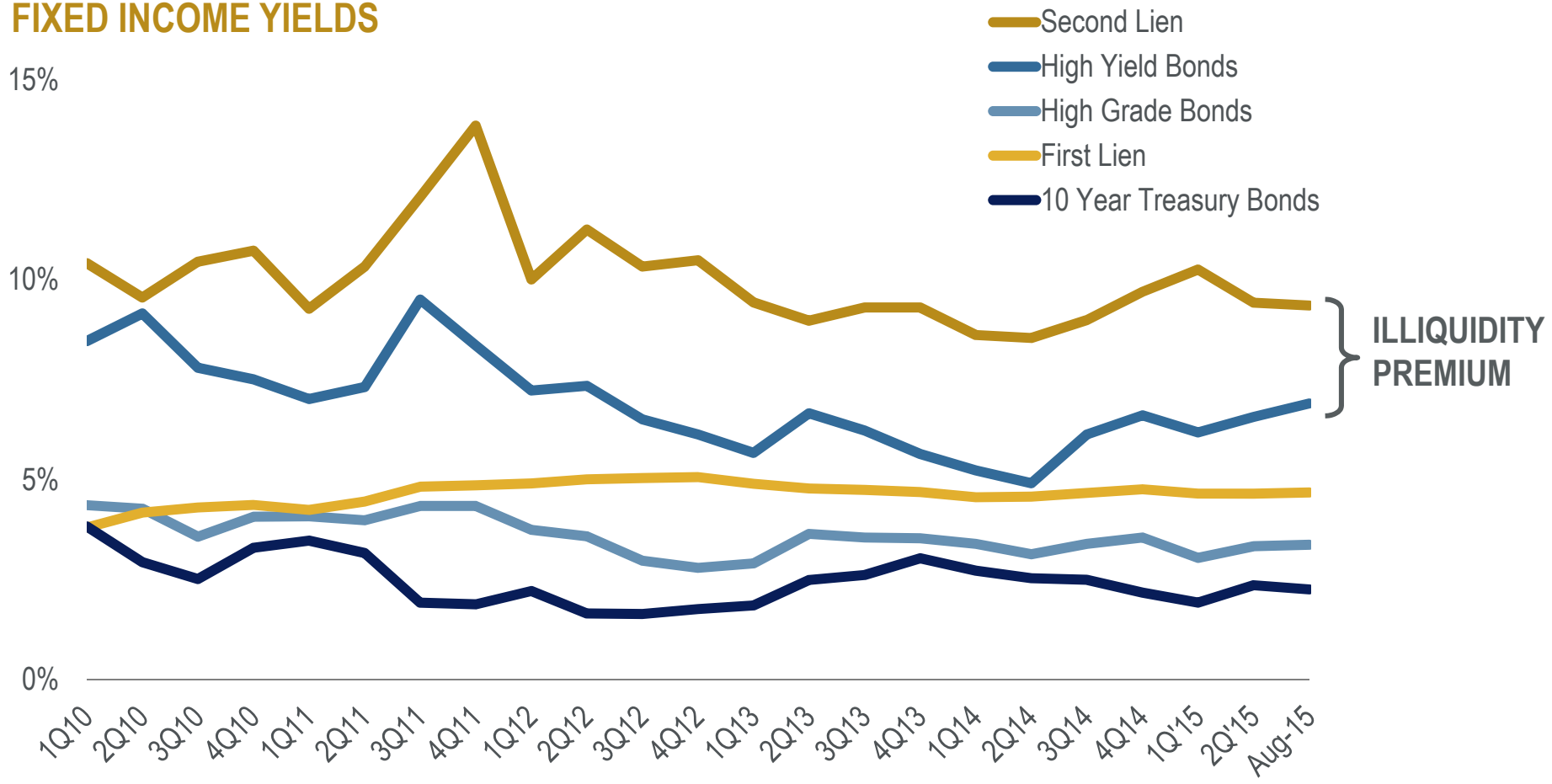
DEFAULT RATE



Note: Includes default rates for leveraged loans for all companies in the S&P LCD Index.
Source: S&P LCD as of August 2015.

ILLIQUIDITY PREMIUM REMAINS STABLE, DESPITE VOLATILITY IN LIQUID MARKETS

FIXED INCOME YIELDS

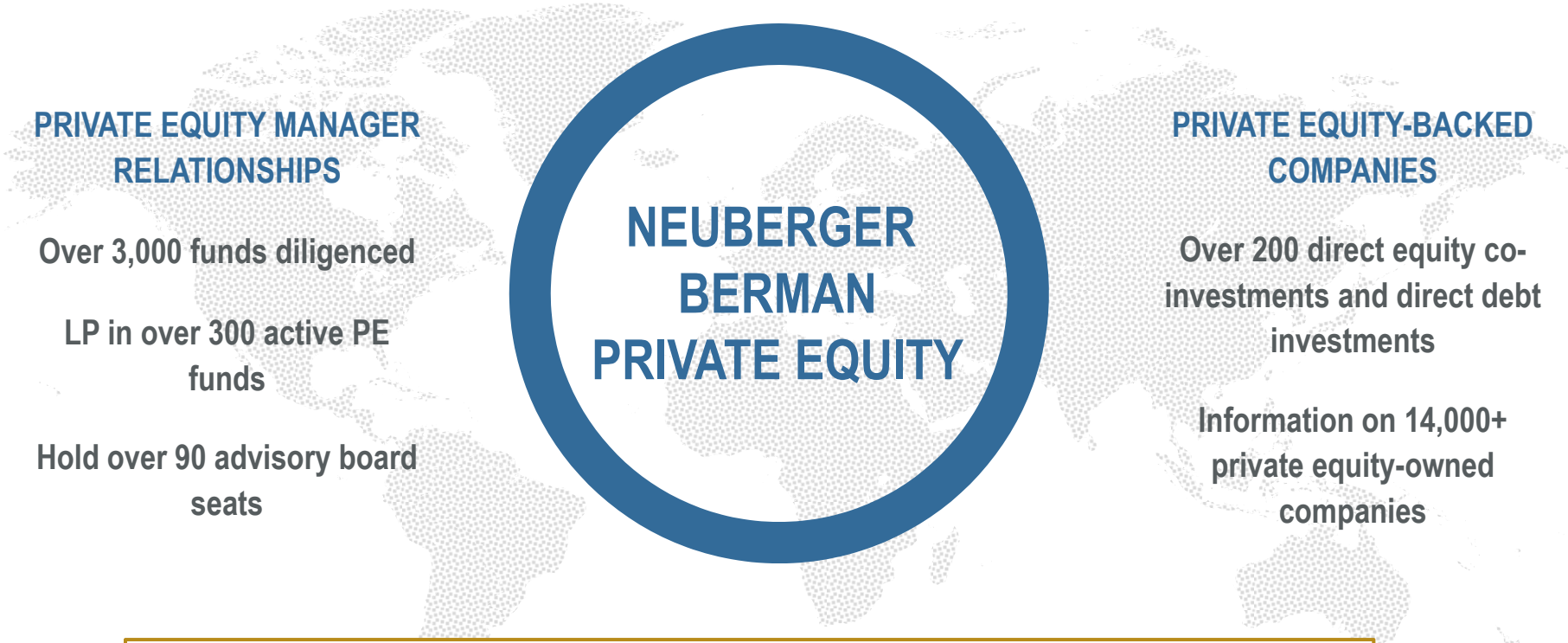


Source: Bloomberg, Credit Suisse, Barclays, S&P LCD. Data as of August 31, 2015.

Yields represent: US Government Generic 10 Year Index, Barclays Corporate Investment Grade Index, 1st Lien Current Yields from Credit Suisse Leveraged Loans Index; Barclays Corporate High Yield Bond Index, Average New-Issue Spread from S&P LCD (includes LIBOR floor and upfront fee).

OUR MANAGER'S ADVANTAGES

NB Alternatives is a global investor with over 30 years[1] of experience, deep relationships and a unique position in the private equity ecosystem



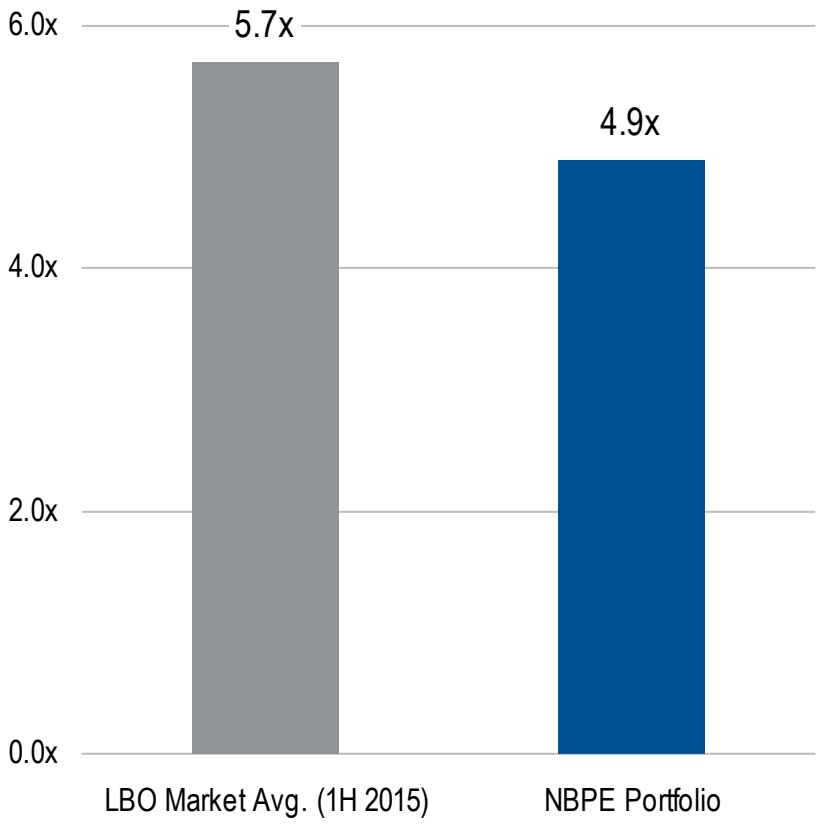
NBPE is able to leverage the position of its manager to access unique private equity opportunities

Source: NB Alternatives Advisers LLC. As of July 2015.

1. This includes funds managed by NB Alternatives and its predecessors-in-interest. Neuberger Berman and its affiliates are the successor to all of the predecessors' operational assets, and employ substantially all of their key personnel, and NB Alternatives became either the advisor or sub-advisor to the fund accounts previously advised by the predecessors. All time periods referenced are through June 1, 2015.

NBPE INCOME INVESTMENT PORTFOLIO

AVERAGE LBO PRO FORMA CREDIT STATISTICS: TOTAL DEBT/EBITDA VS. NBPE PORTFOLIO



- **39** income investments / **$259.5m** of fair value **(31%)**
- **9.7%** cash yield / **10.1%** total yield to maturity
- **76%** of fair value invested in floating rate debt, with LIBOR floors of **1.0%** or **1.25%**
- Weighted average total debt / LTM EBITDA: **4.9x**[1]
  Weighted average senior debt / LTM EBITDA: **3.6x**[1]
- Ability to invest in primary issuance, secondary trades and loan portfolios

Note: As of 31 August 2015. Fair value includes two portfolios of small business loans ($17.5mm of fair value) at an interest rate at least at the rate stated above but excluded in the yield calculation. Total yield to maturity (inclusive of PIK interest) represents the return (IRR) from this reporting period to the maturity of the investment. Leverage multiple from S&P Leveraged Buyout Quarterly Review.

1. *Weighted by fair value as of 31 August 2015 but based on portfolio company valuation data as of 30 June 2015. Leverage multiples are based on the corporate debt investments only (excluding loan portfolios) and senior leverage is based on the net leverage that is senior to the security held by NBPE. Excludes healthcare credit investments.*

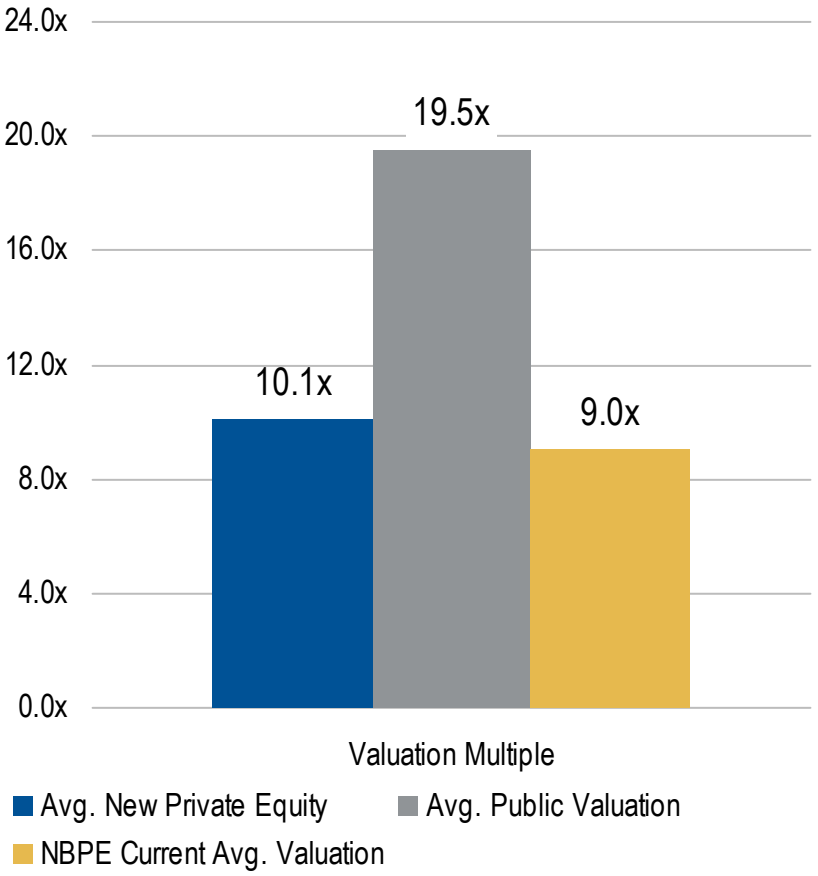
REPRESENTATIVE NBPE INCOME INVESTMENTS

15 largest income investments – all private equity backed

Note: NBPE data as of August 31, 2015.

NBPE EQUITY INVESTMENT PORTFOLIO

PUBLIC & PRIVATE VALUATIONS (EV/EBITDA MULTIPLES) VS. NBPE CURRENT



- **77** equity investments / **$362.2m** of fair value **(44%)**
- Primarily buyout investments
- Diversified across industry, sponsor & geography
- LTM revenue growth: **10.3%**[1]
- LTM EBITDA growth: **15.6%**[1]

Note: As of 31 August 2015. Public multiple based on Russell 2000; private valuation and leverage multiple from S&P Leveraged Buyout Quarterly Review.
1. Weighted average multiples and growth rates weighted by fair value as of 31 August 2015 but based on 30 June 2015 portfolio company valuation data (unaudited). Excludes public securities and companies valued on revenue, book value or other valuation metrics. Metrics based on companies which represent approximately 54% of equity investment fair value.

REPRESENTATIVE EQUITY INVESTMENTS

15 largest equity investments – all private equity backed

Oil & Gas Company*

Genetic Testing Company*

Note: NBPE data as of 31 August 2015. Black Knight Financial Services completed an IPO but a portion of the investment is held through a private security.
**Company name not disclosed due to confidentiality.*

STRONG PERFORMANCE[1]

NBPE has performed well over the short, medium and long-term

NBPE PERFORMANCE OVER TIME *(as of 31 Aug 2015)*

Cumulative Returns Over Time	Year to Date	One Year	Three Year	Five Year	Since NBPE Inception (July 2007)
TOTAL RETURN NAV INCL. DIVIDENDS[2]	5.7%	10.3%	46.2%	73.1%	64.6%
SHARE PRICE TOTAL RETURN[3]	4.5%	7.6%	68.6%	130.4%	25.0%

Note: NAV data as of 31 August 2015. NBPE share price data as of 31 August 2015.

1. *All performance figures assume re-investment of dividends on the ex-dividend date and reflect cumulative returns over the relevant time periods shown and are not annualized returns.*
2. *Based on 31 August 2015 monthly estimated NAV of $14.46 per share.*
3. *Based on the Euronext closing price of $11.47 on 31 August 2015 and cumulative dividends.*

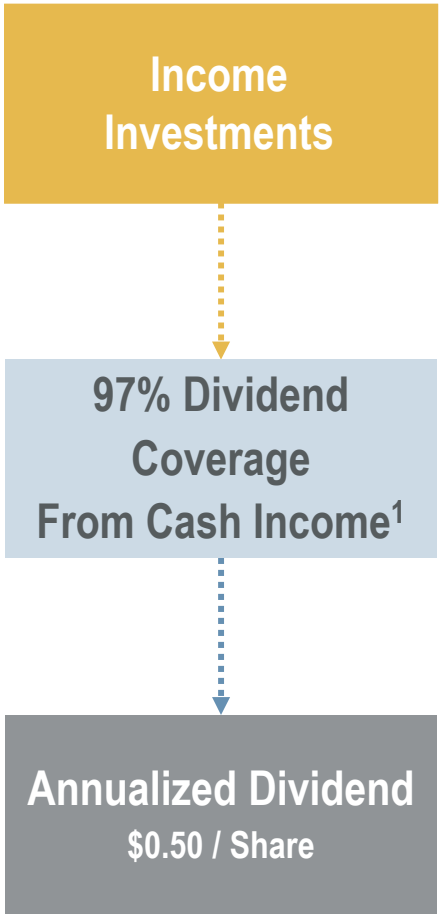
NBPE DIVIDEND

4.4% annualized dividend yield on share price

Yield income:

9.7% cash yield /

10.1% total yield



Annualized Dividend Yield[2]:

- 4.4% on share price
- 3.5% on NAV

Option to receive payments in Sterling for UK investors
& dividend re-investment plan

Note: Guidance regarding NBPE's future portfolio and performance is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any future distributions whatsoever. Any such changes will be notified to shareholders through a regulatory information service. NBPE's Board of Directors will continue to evaluate the Company's financial position, annual dividend target and the timing of future dividends. Future dividend payments will be announced by NBPE after the Board of Directors have completed such evaluation. Total yield (inclusive of PIK interest) represents the return (IRR) from this reporting period to the maturity of the investment. As of 31 August 2015.

1. *Dividend coverage is gross of fees, expenses and financing costs.*
2. *Based on the NYSE Euronext closing share price of $11.37 on 22 September 2015 and the 31 August 2015 monthly NAV of $14.46 per share.*

NBPE KEY HIGHLIGHTS

Fully invested with strong historical performance and conservative capital structure

Investing in less efficient market where NBPE has an information advantage

Significant private debt exposure provides strong cash yield and covered dividend

NEUBERGER | BERMAN

ADDITIONAL INFORMATION

NB PRIVATE EQUITY PARTNERS

Strong balance sheet, well diversified portfolio and NAV per share of $14.46

NBPE BALANCE SHEET *($ in millions)*	31 August 2015
PRIVATE INCOME INVESTMENTS	$259.5
PRIVATE EQUITY INVESTMENTS	362.2
PRIVATE FUND INVESTMENTS	205.2
CASH	41.4
BORROWINGS DRAWN	(80.0)
OTHER LIABILITIES (NET)	(82.4)
NET ASSET VALUE	**$705.8**

1. As of August 31, 2015. Numbers may not sum due to rounding.

NBPE CAPITAL POSITION

Capital position with an adjusted commitment coverage **ratio of 66%**

Unfunded commitments primarily to NB Programs

NBPE CAPITAL POSITION

($ in millions)	31 August 2015
Total Available Capital Resources	161.4
Adjusted Unfunded Commitments[1]	243.1
Adjusted Commitment Coverage Ratio	66%
Adjusted Unfunded Commitments:	
NB Co-investment Programs	$187.3
NB Healthcare Credit Program	9.5
Marquee Brands	15.0
All Other Adjusted Unfunded Commitments	31.4
Total Adjusted Unfunded Commitments	**$243.1**

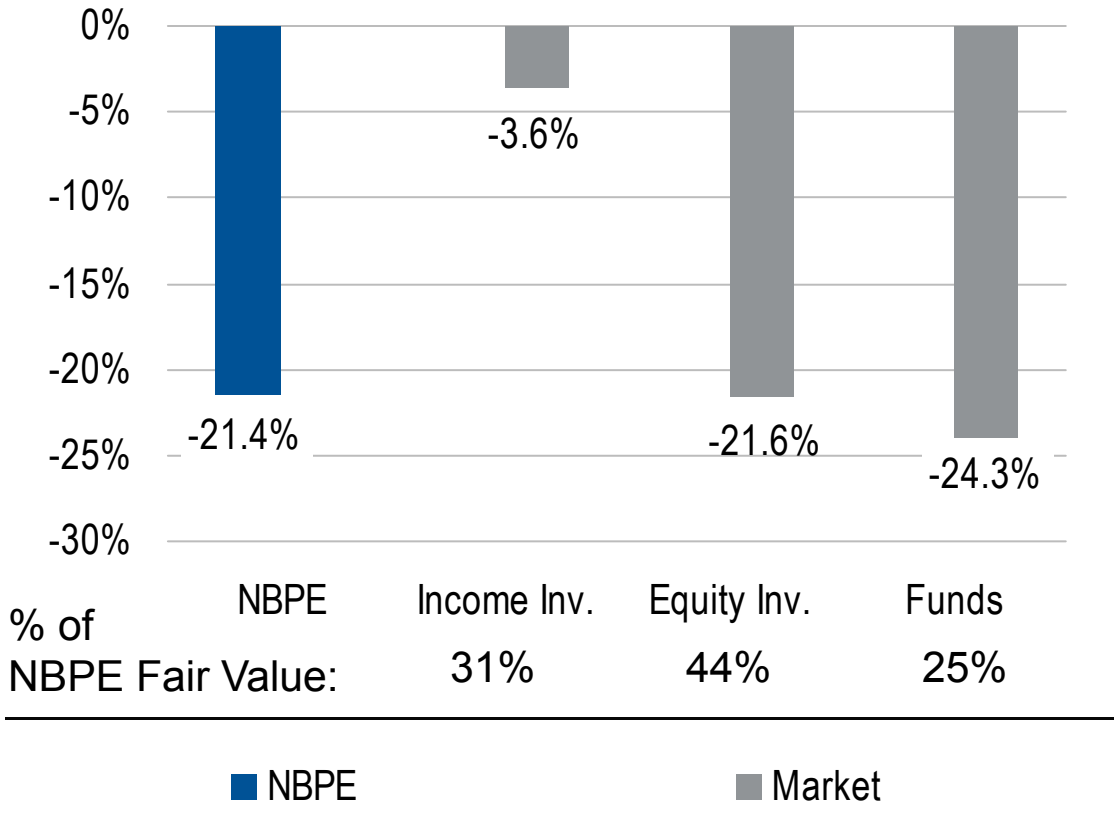
Note: As of 31 August 2015.

1. Actual unfunded commitments are $285.4 million at 31 August 2015, corresponding to an actual over commitment level of $124.0 million and an actual commitment coverage ratio of 57%. Figures include $150 million committed to a new NB Alternatives Equity Co-investment Program. Unfunded adjustments include removing unfunded commitments to funds past their investment period (although some amount may be called for future follow-ons or expenses), unfunded commitments to fund of funds managed by the Manager, and adjusting the unfunded commitment to one investment in the income category where the Manager does not expect capital drawn to exceed 40% of the original commitment due to daily paybacks.

NBPE DISCOUNT TO NAV

NBPE trades at a 21.4% discount to NAV

DISCOUNT TO NAV COMPARISON VS. MARKET



- Our NAV performance has outperformed all three peer groups over the short, medium and long term
- Our discount is greater than the weighted average of the component income and direct fund peer groups, based on the comp set
- 4.4% annualized dividend yield on share price

Source: Market information based on Jefferies comp set, as of 22 September 2015. NBPE discount and dividend yield information as of 22 September 2015.

NEUBERGER | BERMAN

CASE STUDIES

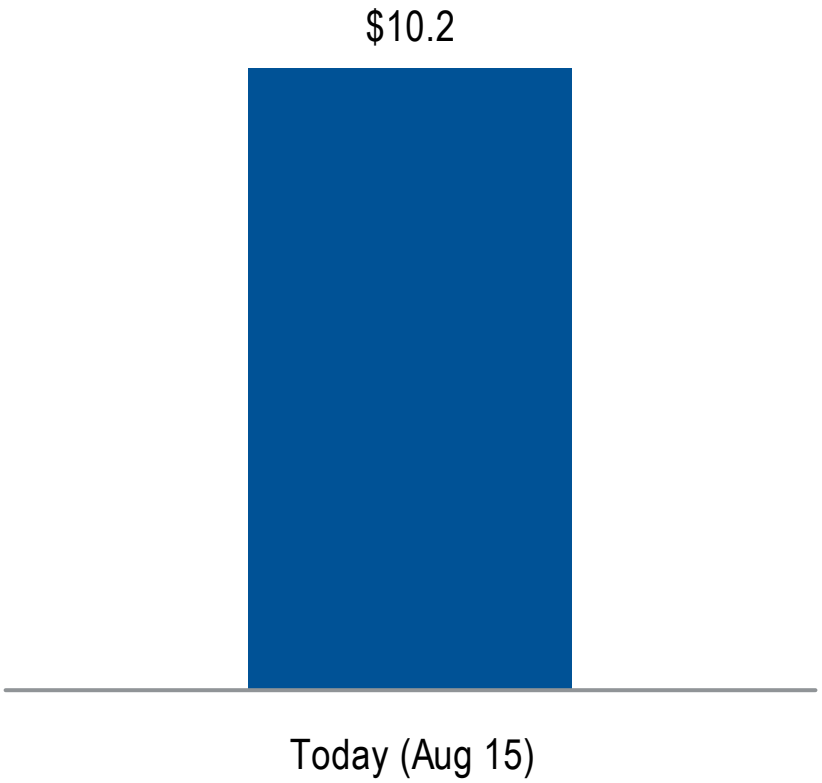
FUNDING CIRCLE

Funding Circle

- Exposure to a portfolio of secured term business loans, underwritten by Funding Circle's direct origination platform and data analytics
- Approximately $10.2m of fair value across over 70 small loans (avg. principle at origination of ~$142k)
- Gross yields range from ~11% to ~21%
- Average term of 39 months at origination
- Our Manager is invested in Funding Circle

PORTFOLIO DEVELOPMENT

($ in millions)



Source: NB Alternatives. As of 31 August 2015.

KIK CUSTOM PRODUCTS

- **Equity Sponsor:** CI Capital
- **Investment date:** May 2013 / January 2014
- **Description:** Manufacturer of private label bleach, pool additives and personal and household care products
- **Security:** Second Lien (L+8.25% Cash, 1.25% L Floor, 2% OID) & Equity
- **NB Thesis:**
  - Attractive "mid-life" characteristics
  - Discounted entry valuation
  - Significant expected synergies
- Followed company for several years prior to making a debt investment in May 2013. Leveraged prior due diligence and made an equity investment in January 2014

- **Outcome:**
  - Sold to Centerbridge Partners for $1.6bn
  - Strong returns on equity and debt to NBPE

Note: as of 31 August 2015.

ORTHOLITE

- **Equity Sponsor:** Blue Point Capital Partners
- **Investment date:** April 2014
- **Description:** Provider of high-performance insoles and related shoe components to large branded footwear companies
- **Security:** Senior Subordinated Notes (11.75% Cash, 1.5% OID) ($7.6m of value) & Equity ($3.0m of value)

- **NB Thesis:**
  - Leading provider of a high value product
  - Low leverage and significant equity cushion
  - Attractive financial profile and strong growth
- NB offered participation in mezzanine transaction through existing LP relationship

Note: as of 31 August 2015.

NEUBERGER | BERMAN

DISCLAIMER

LEGAL DISCLAIMER

This document is intended only for the person to whom it has been delivered. No part of this document may be reproduced in any manner without the written permission of NB Alternatives Advisers LLC ("NB Alternatives") and NB Private Equity Partners ("NBPE"). The securities described in this document may not be eligible for sale in some states or countries and it may not be suitable for all types of investor. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. Securities in the fund may not be offered or sold directly or indirectly into the United States or to U.S. Persons. This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the securities described herein. This document was prepared using the financial information available to NB Alternatives and NBPE as at the date of this document. This information is believed to be accurate but has not been audited by a third party. This document describes past performance, which may not be indicative of future results. NB Alternatives and NBPE do not accept any liability for actions taken on the basis of the information provided in this document. This report includes candid statements and observations regarding investment strategies, individual securities and economic and market conditions. However, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. The views and opinions expressed herein include forward-looking statements which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe", "expect", "anticipate", or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate. The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security.

Neuberger Berman is a registered trademark.
© 2015 Neuberger Berman.