NEUBERGER BERMAN

For the year ended
31 December 2017

NB Private Equity Partners Limited

2017 Annual Financial Report & Consolidated Financial Statements

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NB PRIVATE EQUITY PARTNERS LIMITED | LETTER FROM THE CHAIRMAN

"While I am pleased to report another strong year of investment activity and performance of the Company, 2017 was a pivotal year for enhancements to the Company's governance and board composition, listing and capital structure."

Dear Shareholder,

I am pleased to present the 2017 Annual Financial Report and Consolidated Financial Statements for NB Private Equity Partners Limited ("NBPE" or the "Company"). The Company's investment portfolio demonstrated another solid year of performance, which drove an overall increase in Net Asset Value ("NAV") per Share of 13.2%, on a total return basis, inclusive of the Company's dividend payments. Whilst I am naturally pleased to report another strong year of investment activity and performance, 2017 was also a pivotal year for enhancements to the Company's governance and board composition, listing and capital structure.

In March 2017, the Board announced its recommendation that full voting rights be granted to the Class A shareholders and that the Company should migrate to the Premium Segment of the Main Market of the London Stock Exchange ("Main Market"). Prior to admission, to comply with the Listing Rules, Christopher Sherwell resigned as a director of the Company and the Board expressed its appreciation for Mr. Sherwell's dedication to the Company over the last ten years. Shortly thereafter, in April 2017, Ms. Trudi Clark was appointed as a non-executive director of the Company. Following these changes to the Board, Shareholders overwhelmingly supported the granting of full voting rights and migration to the Main Market, along with a number of other enhancements to the Company's articles.

The Board is pleased that these recent changes to the Company's governance have been well received by Shareholders and the wider market. The composition of the Board has undergone significant changes in the last few years and my fellow directors and I will continue to keep board composition under review as we do believe in the importance of strong and effective corporate governance.

In May 2017, NBPE was admitted to trading on the Main Market. Concurrently, the share quote on the Main Market was re-denominated into Sterling. Shortly thereafter, in June 2017, NBPE was granted inclusion in the FTSE All-Share Index and FTSE Small-cap Index. Noting that the majority of trades in the Company occur on the London Stock Exchange, and potential cost, administrative and liquidity benefits from having the London Stock Exchange as its sole listing location, the Company also intends to explore the possibility of de-listing its securities from Euronext Amsterdam over the medium term.

Also during May 2017, the Company fully redeemed its outstanding 2017 Zero Dividend Preference Shares. As a result, the Company now has only a single class of £50 million 2022 Zero Dividend Preference Shares ("2022 ZDP Shares") outstanding, providing some structural leverage to the Company.

NBPE was very active in terms of new investments over the course of the year. The Company invested $310 million into 20 new direct equity investments and 12 new income investments. Notably, the significant cash balances at the end of 2016, driven by large realisation activity during that year, were redeployed into what we believe are attractive and exciting investment opportunities. As a result of this activity, the Company's investment level increased to 113% and the credit facility was $60 million drawn as of 31 December 2017. The directors and I believe that the Company continues to be in a favourable capital position with strong asset coverage and leverage ratios.

In terms of performance, 2017 was another strong year for the Company. Including the Company's two dividend payments totalling $0.50 per Share in 2017, the NAV per Share increased by 13.2% on a total return basis. This performance was driven by an overall gross internal rate of return ("IRR") of 17.4% across the entire portfolio. Direct equity investments were the strongest performing portion of the portfolio, generating a gross IRR of 24.1% during 2017.There were also seven full exits in the direct equity portfolio during the year, which generated a combined gross multiple of capital of 4.4x and gross IRR of 41% in aggregate.

NBPE's share price delivered 11.3% on a total return basis and assuming re-investment of dividends in Sterling (USD performance was 21.9%). While the share price performed strongly during the year, one issue the directors and I are disappointed with is the share price discount to NAV. Although NBPE's discount is narrower than the Jefferies direct fund peer group as of 22 March 2018, the directors and I believe that the current share price does not properly reflect the underlying value of the Company's assets.

The Company has taken many steps and initiatives over the years to address the share price discount. 2017 was a transformative

year for the Company's governance with the granting of full enfranchisement to Class A shareholders. In addition, the Company's listing on the Main Market was a significant milestone and, over time, all of these developments should be positive for the Company.

Whilst it is idle to pretend that any company can sustainably escape sectoral or market trends, the Board remains committed (as it always has been) to consideration of any initiatives which will reduce the Company's share price discount to NAV and increase the Company's attraction to investors. The Company has historically made significant moves when the Board is truly convinced that it is the right thing to do. We will continue this approach.

NBPE's investment portfolio is heavily US focused and the Company, as a Main Market company, therefore provides an effective vehicle for UK based investors to benefit from opportunities in the largest private equity market in the world. In late November / early December 2017, John Falla, Trudi Clark and I travelled to Dallas, Texas and New York City to meet with key personnel of the Investment Manager and other service providers. We received an update on the Investment Manager's private equity business and the resources available to the Company and covered a number of important related matters. We were pleased by the usefulness of the meetings and we were also impressed by the depth and breadth of the Neuberger Berman private equity offering. It is a highly professional and experienced private equity platform and this enables NBPE to do what it says on the can – to provide investors with the opportunity for capital appreciation and current income from a Main Market company. NBPE offers numerous advantageous including a solid established performance record, a strong capital structure, a well-deserved reputation for transparency and the advantage of greater fee efficiency and lower overall costs to shareholders as a result of only a single layer of fees being levied (as against fees being levied at multiple levels in certain private equity offerings).

Of note, one item on the forefront of investment topics and inquiries by investors today is Environmental, Social, and Governance ("ESG") issues and policies. The Investment Manager has incorporated this analysis as part of their due diligence process for a number of years and remains focused on these issues as they pertain to investment decisions and portfolio management. I am pleased to provide further detail on the Investment Manager's ESG policies on page 30 of this report.

Lastly, noting the interesting opportunities the Investment Manager is currently seeing in the market, the Company, alongside its advisers, is exploring the possibility of an issuance of Zero Dividend Preference ("ZDP") Shares in order to raise new long term investment capital. The Company currently envisages this would be a new and separate class of shares to the existing ZDP shares which mature in 2022. However, there is currently no certainty around the terms of a new issuance of ZDP shares or, indeed, whether there will be such a new issuance at all. The directors and I look forward to providing further updates on this proposal in the coming weeks.

My colleagues and I are pleased with the Company's achievements over the last year. We believe that the actions taken are in the best interests of Shareholders over the long term and we look forward to the Company's further growth and development for your benefit.

Thank you for your continued support.

Talmai Morgan

Chairman

Guernsey, 4 April 2018

NB PRIVATE EQUITY PARTNERS LIMITED | COMPANY OVERVIEW

ABOUT NBPE

NBPE's objective is to provide investors with the opportunity for capital appreciation (through share price growth) and current income (through a regular dividend). NBPE's strategy is to invest directly into private equity-backed companies, across the capital structure in the best relative value opportunities.

Investment Strategy

NBPE invests in the equity and debt of private equity-backed companies, across the capital structure in the best relative value opportunities. Equity investments are made alongside leading private equity firms. The Company seeks investments across a variety of situations including new buyouts and "mid-life" transactions. The Company also invests in the debt of private equity backed companies, including first and second lien debt and mezzanine. Investments are made both on a primary basis to finance new buyouts and on a secondary basis, typically in credits which may be misunderstood or to take advantage of mispricings or other dislocations.

The Company has exposure to a mature portfolio of legacy private equity funds which are highly cash generative. Distributions from this portfolio are reinvested into direct investments over time and NBPE has not made a commitment to a third-party fund since 2011.

About the Company

NBPE is a closed-ended private equity investment company with 48,790,564 class A shares outstanding and 10,000 class B shares outstanding (together, the "Ordinary shares") and 50,000,000 2022 ZDP Shares outstanding. The class A shares are admitted to trading on the Main Market and Euronext Amsterdam. NBPE has 2022 ZDP Shares admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("Specialist Fund Segment").

120+

Direct investment portfolio companies

55+

Underlying private equity sponsors

+$950M

Total private equity assets

INVESTMENT MANAGER | OVERVIEW

About the Manager

NBPE is managed by NB Alternatives Advisors LLC, the private equity group of Neuberger Berman (the "Manager" or the "Investment Manager"), which manages over $55 billion of private equity assets across multiple strategies. The Investment Manager has 30 years of investing experience specialising in direct equity investments, income investments, private equity funds and secondary investments and has built relationships with leading private equity fund managers over that time.

The Company is managed by the Investment Manager pursuant to an Investment Management Agreement, as dated on 2 May 2017. Subject to the Board's overall strategic direction and instructions, the Investment Manager makes all of the Company's investment decisions. The Board has delegated to the Investment Manager the day-to-day management and operations of the Company, including sourcing, evaluating and making investment decisions related to the Company and executing the Company's business plan. The Investment Manager's investment decisions are made by its Investment Committee, which currently consists of 11 members with over 318 years of combined professional experience and average 17 years with the firm. The sourcing and evaluation of the Company's investments are conducted by the Investment Manager's team of over 140 investment professionals who specialize in direct equity investments, income investments and fund investments. The Investment Manager currently maintains offices in New York, London, Boston, Dallas, Hong Kong, Milan and Bogotá.

About Neuberger Berman

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 20 countries, Neuberger Berman's team is approximately 1,900 professionals. For five consecutive years, the company has been named in Pensions & Investments Best Places to Work in Money Management survey (among those with 1,000 employees or more). Tenured, stable and long-term in focus, the firm fosters an investment culture of fundamental research and independent thinking. It manages $295 billion in client assets as of 31 December 2017. For more information, please visit our website at www.nb.com.

400+

Active fund relationships with private equity firms

$7BN

Committed to private equity over the last three years[1]

+$55BN

Commitments managed[2]

1. Average over the past years (2015-2017).
2. Committed capital from inception through February 2018, including commitments in the process of documentation.

Financial Highlights

Strong balance sheet with **$961 million** of private equity assets

Investment level **increase** from 99% **to 113%** as of 31 December 2017

2017 Zero Dividend Preference shares **fully redeemed** in May 2017

Financial Summary	At 31 December 2017	At 31 December 2016
Net Asset Value ("NAV") of the Ordinary Shares	$851.5m	$776.6m
Direct Equity Investments	$698.6m	$474.9m
Income Investments	$155.2m	$139.0m
Fund Investments	$107.6m	$153.4m
Total Private Equity Fair Value	$961.4m	$767.3m
Private Equity Investment Level	113%	99%
Cash and Cash Equivalents	$25.7m	$93.7m
Credit Facility Borrowings Drawn	($60.0m)	$0.0
2022 ZDP Share Liability (Dollar equivalent liability)	($71.1m)	($76.9m)
Net Other Liabilities	($4.5m)	($7.5m)
NAV per Ordinary Share (USD)	**$17.45**	**$15.91**
NAV per Ordinary Share (GBP)	**£12.91**	**£12.89**
NAV per Ordinary Share including dividends paid during financial period	**$17.95**	**$16.41**
ZDP Shares (2017 / 2022)[1]	- / £52.6m	£11.7m / £50.6m
Net Asset Value per ZDP Share (2017 / 2022) [1]	- / 105.21p	164.85p / 101.17p
Dividends per Ordinary Share:		
Dividends paid during financial period	$0.50	$0.50
Cumulative dividends paid since inception	$2.34	$1.84

Note: Numbers may not sum due to rounding.
1. 2017 ZDP Shares were redeemed on 31 May 2017 and are no longer outstanding as of 31 December 2017.

2017 Total Return Performance

13.2% NAV per Share[1]

11.3% Share price[1]

Portfolio at 31 December 2017

84% Equity investments[2]

16% Income investments[1]

Cash Flows during 2017

$252.8M in Realisations **to NBPE**

$313.4M Invested into **32 New Direct Investments, Follow-ons and Funds**

Dividends Paid to Shareholders

$0.50 per Share

3.6% **Annualised yield** on share price

1. *Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date. NAV total return figures reflect cumulative returns over the period shown and are based on USD. Share price return data based on London Stock Exchange, based on GBP returns. On 2 May 2017, the Company re-denominated the trading currency to GBP; for the purposes of calculating year to date returns, USD share prices were converted to GBP based on the daily exchange rate prior to 2 May 2017.*
2. *Includes fund investments, including some which have a credit orientation.*

2017 Results

Gross portfolio IRR of **17.4%**[1]

NAV **increase of $74.9m or $1.54** per share driven by **realised gains**

Rate of ongoing charges of 1.91%[2]

Results	Value in Millions	USD per Share
2016 Net Asset Value	**$776.6 M**	**$15.91**
Positive Value Drivers		
+ Unrealised Gains / losses	$29.3 M	$0.60
+ Realised Gains / losses	$89.4 M	$1.83
+ Yield Income & Dividends	$16.5 M	$0.34
Fees / Expenses		
- Management Fees & Operating Costs	($24.6) M	($0.50)
- Interest & Financing Costs	($5.8) M	($0.12)
FX Changes		
- Foreign Exchange Negative Re-valuations	($5.5) M	($0.11)
Dividends Paid to Shareholders		
- Dividends Paid	($24.4) M	($0.50)
2017 Net Asset Value	**$851.5 M**	**$17.45**

Note: Numbers may not sum due to rounding.
1. Based on a point-to-point internal rate of return at the portfolio level from 31 December 2016 to 31 December 2017.
2. Rate of ongoing charges as defined by the AIC. Note 12 in the notes to the Consolidated Financial Statements presents an expense ratio in accordance with US GAAP.

Portfolio Summary

157 total investments and exposure and total private equity value of $961.4M

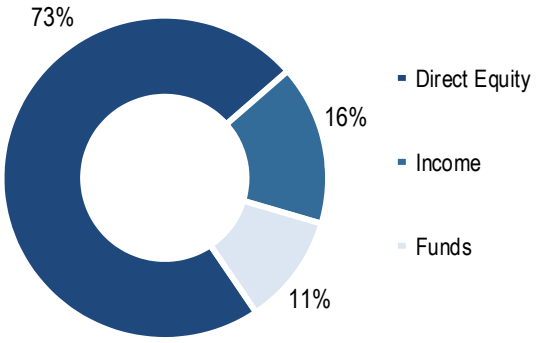
NBPE's portfolio is comprised of three main types of assets: direct equity investments, income investments and fund investments. NBPE is actively investing in direct equity and income investments and the relative weighting of each may shift over time, as the Manager seeks the best relative value opportunities.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

Portfolio Summary	Investments	Fair Value	Unfunded[1]	Exposure[1]
Direct Equity Investments	85	$698.6m	$62.0m	$760.6m
Income Investments	38	$155.2m	-	$155.2m
Fund Investments	34	$107.6m	-	$107.6m
Total Private Equity	**157**	**$961.4m**	**$62.0m**	**$1,023.4m**

Note: Numbers may not sum due to rounding.
1. Please refer to page 24 for more information on unfunded commitments to funds past their investment period. Actual unfunded commitments and total exposure is $267.6 million and $1.2 billion, respectively. Actual unfunded commitments is comprised of $177.8 million, $50.1, and $39.7 million to direct equity investments, income investments, and fund investments, respectively. Actual total exposure is $876.4 million, $205.3 million, and $147.3 million to direct equity investments, income investments, and fund investments, respectively.

Investment Type

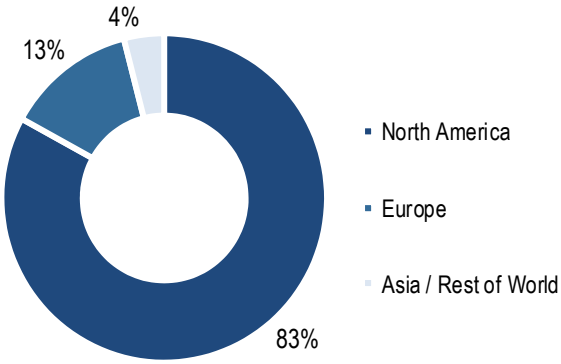
Weighted to Direct Equity Investments



NBPE pursues the securities that the Manager believes present the most attractive risk / return opportunity. Currently the portfolio is weighted to direct equity investments, and 16% of the portfolio is in income investments. Fund investments represent 11% of private equity fair value but the fund portfolio will continue to become a smaller portion of NBPE's private equity fair value as capital is re-deployed into direct investments over time.

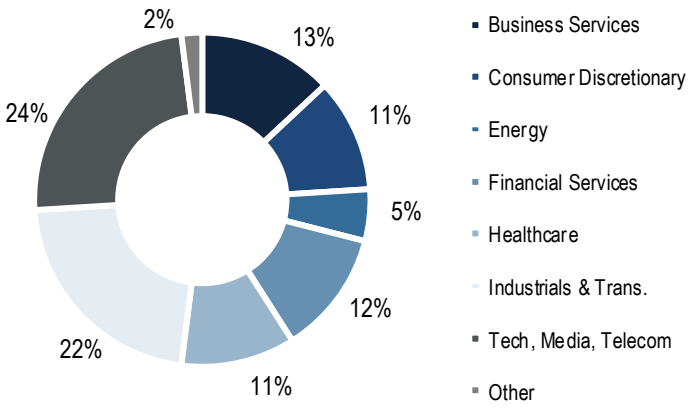
Geography

Weighted to North America



NBPE's portfolio is weighted to North American investments. This is the largest private equity market globally and the Manager believes the overall dynamics in this market relative to other geographies have offered the most attractive investment opportunities. The Manager is constantly monitoring and evaluating markets globally and may adjust this strategy over time. Approximately 13% of NBPE's portfolio is invested in European companies and 4% in other parts of the world, primarily Asia and Latin America.

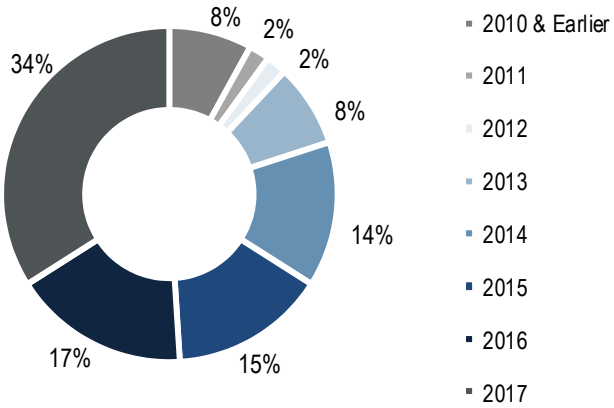
Note: Numbers may not sum due to rounding.



Industry

Broadly diversified across industries

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



Year of Investment

Diversified by vintage year, with limited exposure to older vintages

Approximately 80% of the portfolio fair value has been invested since 2014 and the portfolio has a limited exposure to older vintages. The Manager believes this is advantageous for a number of reasons. First, older vintages are typically businesses which underlying sponsors have been unable or unwilling to sell and therefore are often unlikely to be value drivers for a portfolio. Younger vintages in NBPE's portfolio demonstrates the Company's ability to regularly refresh its portfolio into healthier, newer investments. Second, companies in the 2014, 2015 and 2016 vintage years are in many cases progressing well as GPs execute their investment plans. Given that private equity holding periods are typically in the 3 - 6 year range, the Manager believes that companies from these vintage years can continue to drive value in NBPE's portfolio in the coming years. The Manager is very pleased with the investments made in the 2017 vintage but it is too early to assess the execution of the underlying investment theses at this stage.

Note: Numbers may not sum due to rounding.

Direct Equity Investments

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

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

INVEST IN NEW DEALS

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

NEW BUYOUTS

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

ADD-ON ACQUISITIONS / GROWTH CAPITAL

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

PARTIAL REALISATIONS / RECAPITALISATIONS

Partial realisations can provide liquidity to existing investors. Recapitalisations provide primary equity capital in order to recapitalise a company's balance sheet.

STRATEGIC REPORT | DIRECT EQUITY INVESTMENTS

Portfolio

The direct equity portfolio is comprised of 85 investments with a fair value of $698.6 million. The portfolio consists primarily of buyout investments and are diversified across industry, vintage year and sponsor. The portfolio includes investments with unique investment angles and the Manager seeks investments which have multiple value creation levers including: strong sponsors and management teams, industry growth or secular trends, growth of new markets or product offerings, operational enhancements or clear exit paths and the potential for shorter paths to liquidity. Approximately 76% of the portfolio is invested in small / mid-cap companies and the average age of companies is 2.8 years. In aggregate, the portfolio was valued at 10.5x EV / EBITDA and net leverage in the portfolio was 4.5x[1].

Overview of 2017

NBPE deployed $232.0 million into 20 new investments and follow-on investments during 2017. The new investments were in a variety of industries, including insurance, business services, telecommunications, healthcare and infrastructure alongside multiple private equity sponsors. The complete list of new direct equity investments and follow-ons are included beginning on page 16.

During 2017, the direct equity portfolio appreciated by $120.5 million, driven by write-ups in Gardner Denver, Material Handling Systems and The Warranty Group. During 2017, the direct equity portfolio generated a gross IRR of 24.1%. The write-ups were primarily driven by strong operating performance at the underlying companies and deleveraging. Across the portfolio, LTM revenue growth was 2% and LTM EBITDA growth was 11%[1].

The direct equity portfolio made total realisations of $128.8 million to NBPE during 2017.

Exit & IPO Activity

NBPE fully exited seven investments during 2017. These seven exits generated $112.9 million of total proceeds (inclusive of prior realisations) and in aggregate, generated a 4.4x gross multiple of capital and a 41% gross IRR. The average holding period for the seven exits was 4.5 years. The average uplift on the exit of the seven investments was 36%, relative to the valuation one quarter prior to the exit announcement. Evoqua and Aruhi completed IPOs in November and December 2017, respectively.

10.5x

EV / EBITDA Valuation Multiple[1]

4.5x

EBITDA / Net Debt Multiple[1]

2%

LTM Revenue Growth[1]

11%

LTM EBITDA Growth[1]

Full Sales / Exits

CAPSUGEL · Patheon · Deltek · Ortholite · The EVANS NETWORK OF COMPANIES · ÓTICAS CAROL · Gabe's

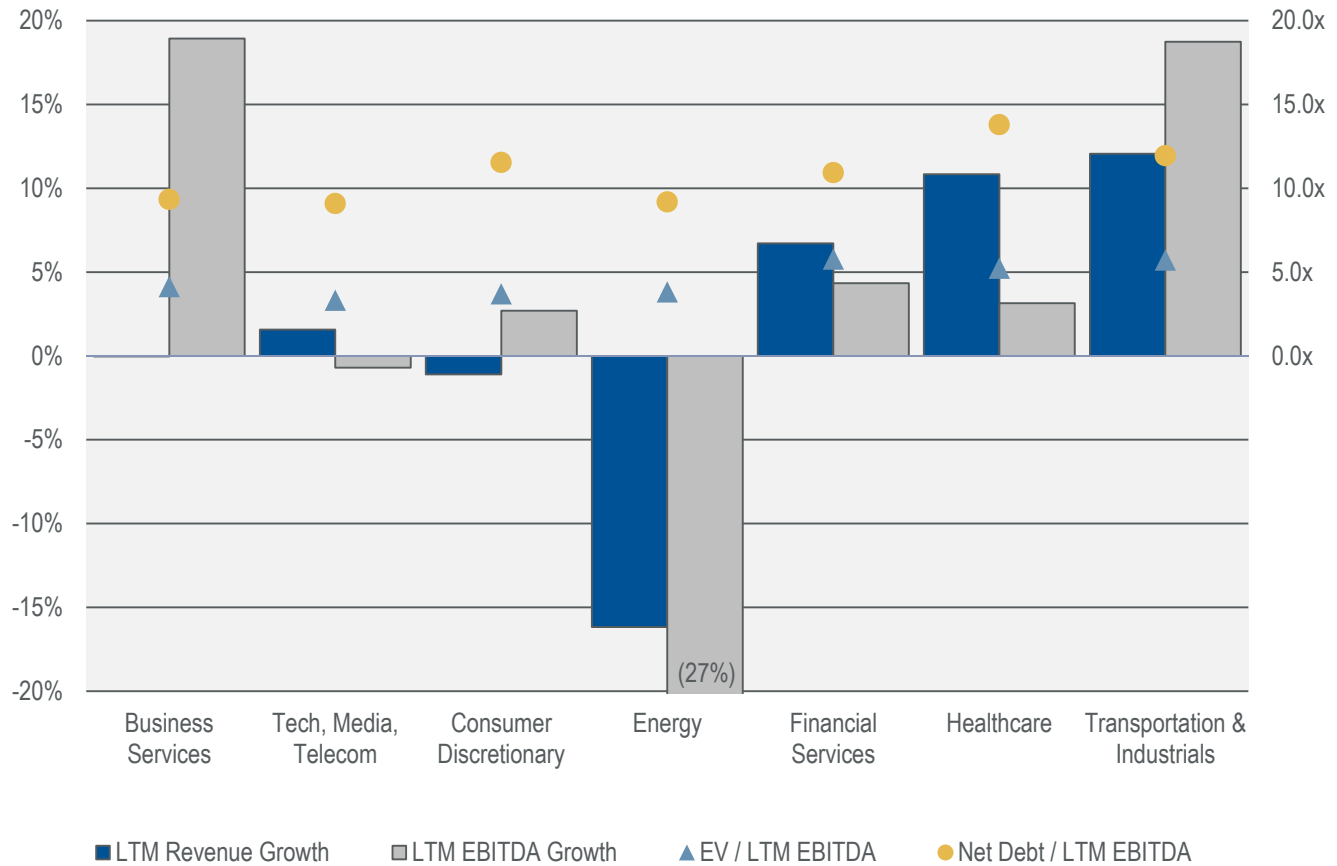
IPO EVOQUA WATER TECHNOLOGIES · ARUHI

Re-cap VERTIV.

1. Analysis based on 67 private companies and excludes public companies, equity invested alongside healthcare credits, financial services companies valued on a multiple of book value or other income metrics, E&P companies valued on acreage or reserves and escrow value (ie companies valued on metrics other than EBITDA). Revenue and EBITDA of companies denominated in foreign currency are converted to US Dollars at the average US Dollar exchange rate for the 12 month period from 1 January 2017 through 31 December 2017; leverage and enterprise value is converted to US Dollars at the year end exchange rate. Companies valued on a revenue multiple are excluded from EV/EBITDA metrics . Portfolio company operating and valuation metrics are based on the most recently available (unaudited) financial information for each company. Where necessary, estimates were used, which include pro forma adjusted EBITDA and revenue, annualised quarterly operating metrics and LTM periods as of 31/12/17 and 30/9/17. Data weighted by private equity fair value as of 31 December 2017.

Operating Performance, Valuation & Leverage[1]

The figure below illustrates the key operating, valuation, and leverage statistics for private companies in the direct equity portfolio by industry sector. In conducting the analysis, the Investment Manager utilised the most recently available information to estimate the year-over-year growth in revenue and EBITDA for each company. In addition, the Investment Manager analysed the most recently available valuation multiple (enterprise value to EBITDA) and leverage multiple (net debt to EBITDA) for each company. Companies without meaningful EBITDA or where EBITDA is not a meaningful valuation metric (for example, in certain E&P companies valued on reserves or acreage or companies valued on a revenue multiple), were excluded from those parts of the analysis. The aggregate metrics by industry sector represent weighted averages based on the fair value of each underlying company at 31 December 2017.



Fair Value ($mm):	**$108.5**	**$185.8**	**$67.7**	**$2.3**	**$37.8**	**$45.6**	**$91.6**
# of Companies:	**9**	**23**	**12**	**2**	**3**	**9**	**9**

1. Analysis based on 67 private companies and excludes public companies, equity invested alongside healthcare credits, financial services companies valued on a multiple of book value or other income metrics, E&P companies valued on acreage or reserves and escrow value (ie companies valued on metrics other than EBITDA). Revenue and EBITDA of companies denominated in foreign currency are converted to US Dollars at the average US Dollar exchange rate for the 12 month period from 1 January 2017 through 31 December 2017; leverage and enterprise value is converted to US Dollars at the year end exchange rate. Companies valued on a revenue multiple are excluded from EV/EBITDA metrics . Portfolio company operating and valuation metrics are based on the most recently available (unaudited) financial information for each company. Where necessary, estimates were used, which include pro forma adjusted EBITDA and revenue, annualised quarterly operating metrics and LTM periods as of 31/12/17 and 30/9/17. Data weighted by private equity fair value as of 31 December 2017.

Largest Companies in the Direct Equity Investment Portfolio

The table below shows the largest company exposures in the portfolio. The top ten investments represented approximately 25.7% of NBPE's NAV and no company was larger than 3.2% of NAV.

Investment / Description	Status	Year of Investment	Asset Class	Equity Sponsor	NBPE Fair Value
Business Services Company* Business services company	Private	2017	Large-cap Buyout	Not Disclosed	$26.2 million
QPark European parking services provider	Private	2016	Large-cap Buyout	KKR	$24.4 million
Staples B2B and retail supply of office products	Private	2017	Special Situations	Sycamore Partners	$23.7 million
Extraction Oil & Gas (NASDAQ: XOG) E&P company in the U.S.	Public	2014	Mid-cap Buyout	Yorktown Partners	$23.4 million
ProAmpac Leading global flexible packaging company	Private	2016	Mid-cap Buyout	Pritzker Group	$22.0 million
The Warranty Group Underwriter & administrator of extended warranties	Private	2014	Large-cap Buyout	TPG	$21.3 million
Telxius Telecommunications infrastructure	Private	2017	Large-cap Buyout	KKR	$20.3 million
USI Insurance Insurance brokerage & consulting services	Private	2017	Large-cap Buyout	KKR	$20.0 million
Material Handling Systems Infrastructure and automation outsourcing	Private	2017	Direct equity investment Mid-cap Buyout	Thomas H Lee	$19.8 million
Engineering Italian IT firm	Private	2016	Direct equity investment Mid-cap Buyout	NB Renaissance	$18.2 million
Total Top Ten Largest Exposures					**$219.2 million**

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

New Direct Equity Investments

$232 million invested into 20 new direct equity investments and follow-ons in 2017

USI

Industry: Insurance
Sponsor: KKR
Thesis: Buy & build

MHS

Industry: Business Svs
Sponsor: Thomas H Lee
Thesis: Secular growth

Branded Toy Company*

Industry: Consumer
Sponsor: Not disclosed
Thesis: Diverse growth strategies

ACCEDIAN NETWORKS

Industry: Technology
Sponsor: Bridge Growth
Thesis: Tech differentiation & market trends

OMEGA ENVIRONMENTAL TECHNOLOGIES

Industry: Industrials
Sponsor: AEA
Thesis: Buy & build

FV HOSPITAL World Class Healthcare in Vietnam

Industry: Healthcare
Sponsor: Quadria
Thesis: Operational enhancements & growth

WIND RIVER ENVIRONMENTAL

Industry: Industrials
Sponsor: Gryphon
Thesis: Buy & build

MHS Material Handling Services

Industry: Business Svs
Sponsor: Harvest Partners
Thesis: Buy & build

Compliance Solutions Strategies

Industry: Business Svs
Sponsor: CIP Capital
Thesis: Organic and M&A growth opportunities

BYLIGHT Lighting the Path

Industry: Technology
Sponsor: Sagewind
Thesis: Industry tailwinds; reoccurring revenue

STAPLES

Industry: Consumer / Business Services
Sponsor: Sycamore
Thesis: Restructuring & business optimisation

West Marine

Industry: Consumer
Sponsor: Monomoy
Thesis: Strategy re-focus & business optimisation

**Due to confidentiality provisions, company name cannot be disclosed.*

New Direct Equity Investments (cont.)

$232 million invested into 20 new direct equity investments and follow-ons in 2017

Hospitalist Group

Industry: Healthcare

Sponsor: Gryphon

Thesis: Long-term contracts; attractive market

Q-Park

Industry: Transportation

Sponsor: KKR

Thesis: Leader in space; high cash flow visibility

TELXIUS

Industry: Telecommunications

Sponsor: KKR

Thesis: Unique asset; long term cash flow visibility

CORTEFIEL

Industry: Consumer

Sponsor: PAI

Thesis: strong market position and management team

Branded Cities Network

Industry: Media

Sponsor: Shamrock

Thesis: High quality assets and expansion opportunities

Business Services Company*

Industry: Business Svs

Sponsor: Not disclosed

Thesis: Strong market share, non-cyclical demand drivers

EXCELITAS TECHNOLOGIES

Industry: Technology

Sponsor: AEA

Thesis: Mission-critical solutions

BackOffice Associates

Industry: Consumer

Sponsor: Bridge Growth

Thesis: Favourable tailwinds; strong market position

**Due to confidentiality provisions, company name cannot be disclosed.*

Income Investments

Debt in private equity backed companies including first and second lien debt

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

NBPE invests both on a primary basis – to finance new buyouts – as well as on secondary basis, when mispricings or market dislocations exist or a credit is misunderstood.

INVEST IN THE DEBT OF PRIVATE EQUITY-BACKED COMPANIES

CORPORATE DEBT - PRIMARY

- First / Second Lien
- Mezzanine

ProAmpac, Digital River, OPTIV, SUNGARD, Schumachergroup, K&N, Central Security Group, FLEXERA, DuBois, GCA Services Group, evoqua Water Technologies, LINXENS, THE EVANS NETWORK OF COMPANIES

CORPORATE DEBT - SECONDARY

- Mispricings or dislocations
- Misunderstood credits

- Target smaller, less liquid issuers
- Rigorous fundamental private equity due diligence
- Long-term investment capabilities
- Target equity-like returns in fixed income

Portfolio

The income portfolio is comprised of 38 investments with $155.2 million of fair value. The investments are well diversified and performing well and have a reasonable average level of total leverage. The portfolio currently yields an 8.7% cash yield and an estimated 13.3% yield to maturity. In addition, companies are well-capitalised with approximately 93% of the portfolio invested in companies with an equity cushion greater than 20%. Total leverage and senior leverage to NBPE's security are both reasonable at 6.1x and 4.4x, respectively. The average age of the debt investments in the income portfolio was 1.6 years as of 31 December 2017. All investments are currently performing with no covenant issues.

The portfolio generates approximately $14.2 million of run-rate cash income as of 31 December 2017, which covers 58% of the annualised dividend.

Overview of 2017

During 2017, NBPE invested $77.9 million into twelve new income investments. The new investments were primarily second lien debt securities across the technology, healthcare, consumer, industrials and communications sectors. The new investments were completed alongside seven different private equity sponsors. The complete list of new investments are included on page 21.

During 2017, the portfolio generated total cash realisations of $69.1 million, of which $13.6 million was interest income and $55.4 million was principal repayments.

Exit Activity

NBPE fully exited nine investments during 2017. These nine investments generated $51.0 million of total proceeds to NBPE and an aggregated 1.2x multiple and 12.3% IRR (inclusive of prior realisations).

8.7% / 13.3%

Cash Yield / Estimated yield to maturity

6.1x / 4.4x

Total leverage / Senior leverage

74%

Fair value invested in floating rate debt

58%

Dividend Coverage

Note: Statistics exclude small business loan programs, credit opportunities and healthcare credit investments. Based on portfolio company data as of 31 December 2017. Small business loan programs are excluded from yield calculations but are at an interest rate at least at the rate stated above.

Largest Companies in the Income Investment Portfolio

The table below shows the largest company exposures in the income investment portfolio. The top ten investments represented approximately 8.2% of NBPE's NAV and no company was larger than 1.2% of NAV.

Investment / Description	Year of Investment	Security Terms	Cash Yield	NBPE Fair Value
Schumacher Group Provider of outsourced medical clinical staffing	2015	Second Lien (L+8.5% Cash, 1.0% L Floor)	10.3%	$9.7 million
Carestream Dental Dental imaging and software	2017	Second Lien (L+8.0% Cash, 1.0% L Floor)	9.9%	$9.3 million
Dubois Chemical Specialty chemical company	2017	Second Lien (L+8.0% Cash, 1.0% L Floor)	9.7%	$9.0 million
Linxens Manufacturer of smart card connectors	2015	Second Lien (L+8.25% Cash, 1.0% L Floor)	10.0%	$8.6 million
ProAmpac Leading global flexible packaging company	2016	Second Lien (L+8.5% Cash, 1.0% L Floor)	10.2%	$6.0 million
Taylor Precision Products Consumer & foodservice measurement products	2013	Senior Sub Notes (13% Cash)	12.7%	$5.9 million
Central Security Group Security and home automation systems	2014	Second Lien (L+9.0% Cash, 1.0% L Floor)	11.0%	$5.9 million
Galco Industrial Electronics Distributor of electronic parts	2014	Second Lien (L+10.75% Cash, 1.25% PIK)	10.4%	$5.3 million
Optiv Provider of cyber security solutions	2017	Second Lien (L+7.25% Cash, 1.0% L Floor)	9.8%	$5.1 million
Sungard Provider of financial software and solutions	2017	Second Lien (L+8.5% Cash, 1.0% L Floor)	10.3%	$4.9 million
Total Top Ten Largest Exposures				**$69.7 million**

Note: Numbers may not sum due to rounding. Excludes credit opportunities investments.

New Income Investments[1]

$78 million invested into 12 new direct income investments in 2017

Carestream DENTAL

Industry: Dental imaging and software

Equity Sponsor: Clayton, Dubilier & Rice

DuBois

Industry: Chemicals

Equity Sponsor: Jordan Group

OPTIV

Industry: Cyber Security

Equity Sponsor: KKR

SUNGARD Public Sector

Industry: Software

Equity Sponsor: Vista Equity

Hospitalist GROUP

Industry: Healthcare

Equity Sponsor: Gryphon

blue nile THE SOURCE OF BRILLIANCE™

Industry: Online retail

Equity Sponsor: Bain Capital

EPIC

Industry: Insurance

Equity Sponsor: Oak Hill Capital

FirstLight

Industry: Fiber optic networks

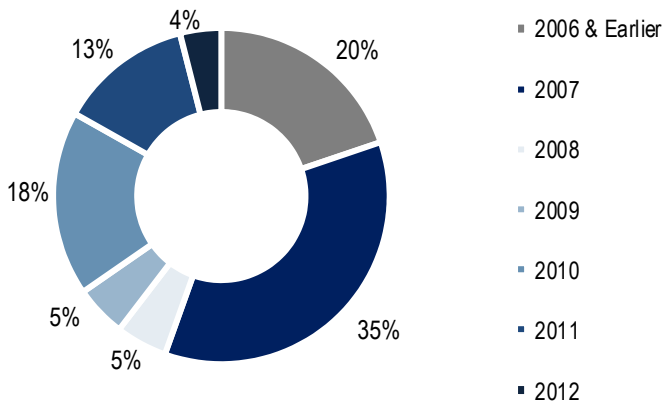
Equity Sponsor: Oak Hill Capital

1) Excludes four undisclosed investments made through the NB Credit Opportunities program.

Fund Portfolio

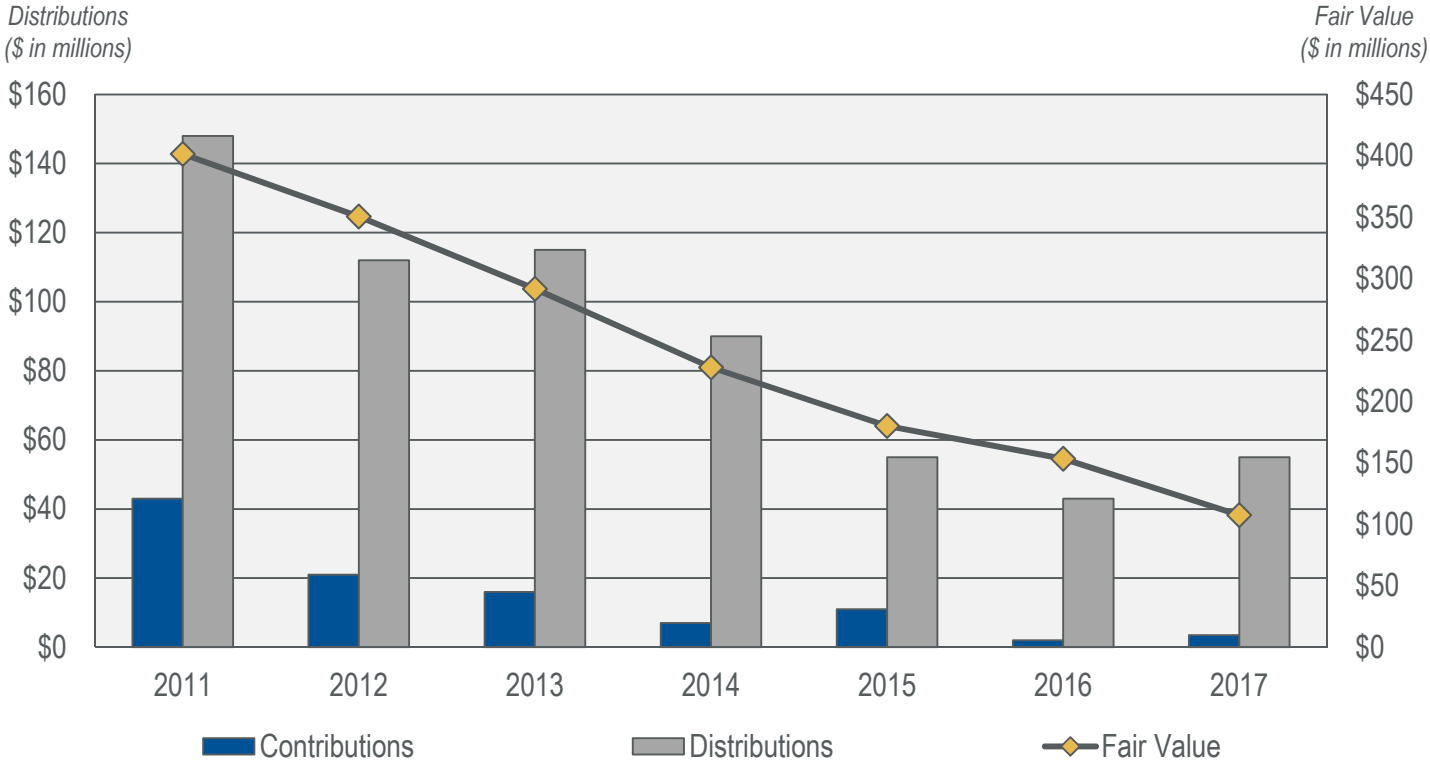
NBPE's portfolio includes approximately $107.6 million of fair value in a portfolio of legacy fund investments. NBPE's last third party fund commitment was made in 2011 and many of the existing fund's are 2007 and earlier vintages. As a result the portfolio of 34 funds contains exposure to a large number of mature underlying companies. Over time, these mature companies are sold, leading to distributions to NBPE. Over the last several years this portfolio has been highly cash generative and a source of strong distribution activity as underlying companies have been sold and portfolios wind down. During 2017, NBPE received $54.9 million in distributions from fund investments. The fund portfolio generated a gross IRR of 4.4% during 2017.

The pie chart on the right shows the diversification by vintage year of the fund portfolio.



Fund Portfolio Liquidity and Fair Value Over Time

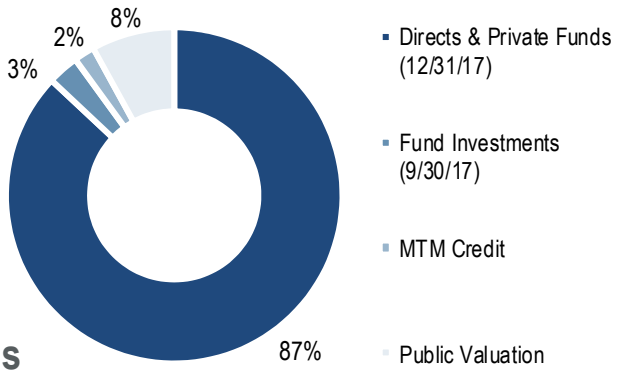
The table below shows the fund portfolio over time, fair value and cash flows since 2011. Since then, the fund fair value has declined from over $400 million to approximately $107.6 million as of 31 December 2017, driven by strong distribution activity. Since 2011, funds have distributed over $600 million to NBPE, proceeds which have been re-invested into direct investments over time.



Note: Numbers may not sum due to rounding.

Valuation Information

NBPE carries direct equity and fund investments based on the most recently available estimate of fair value using financial information provided by the lead private equity sponsor. Debt investments are generally carried at cost plus accrued interest, if any. The chart on the right shows the timing of information used to determine fair value.

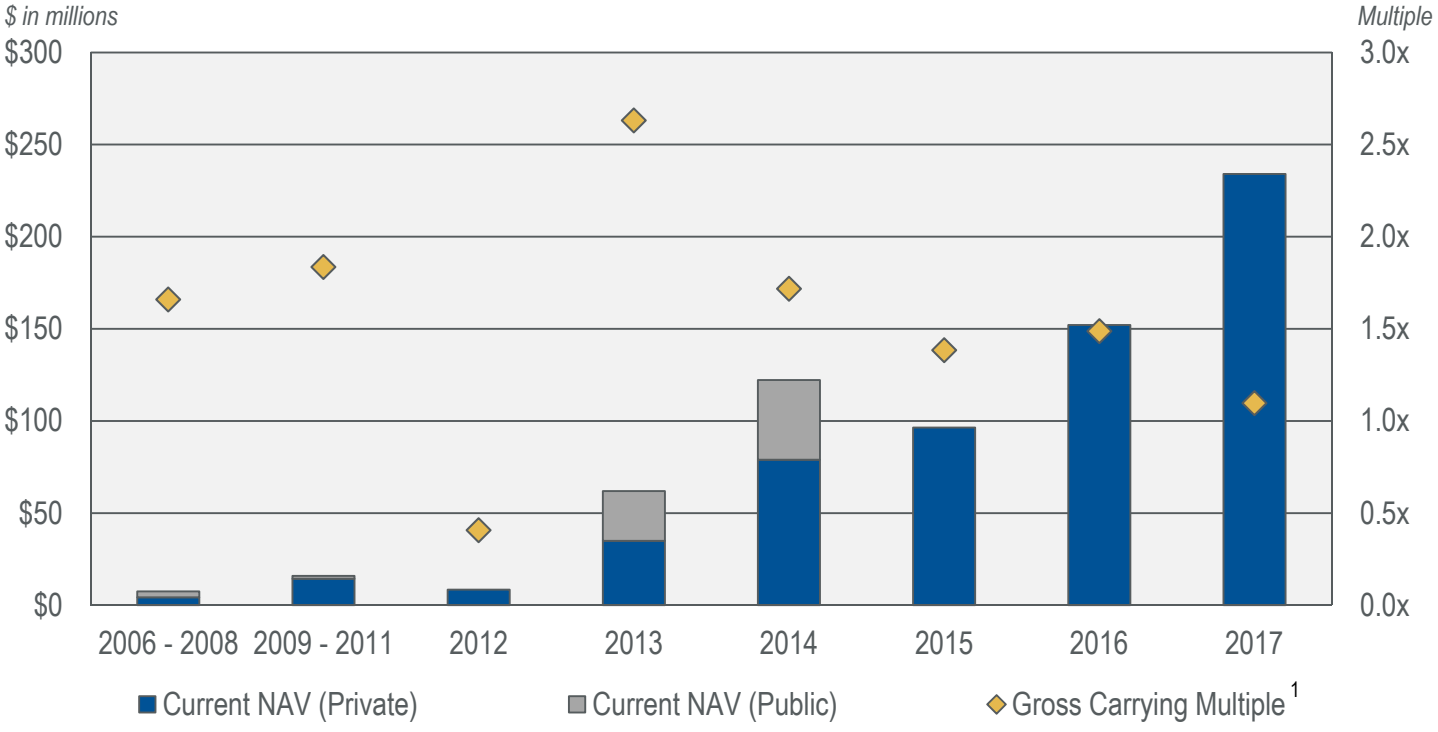


Direct Equity Portfolio Valuation & Public Positions

The table below shows the private and public fair value and the current carrying multiple by vintage year of the direct equity portfolio. The direct equity portfolio was held at a gross carrying multiple of 1.4x current cost as of 31 December 2017[1].

As of 31 December 2017, approximately 8% of fair value was held in public securities. The top five public securities exposures are shown below:

- Extraction Oil & Gas (NASDAQ: XOG): $23.4 million
- Gardner Denver (NYSE: GDI): $17.2 million
- Evoqua (NYSE: AQUA): $14.5 million
- Black Knight Financial Services (NYSE: BKI): $9.0 million[2]
- ARUHI (TYO: 7198): $4.9 million



Note: Numbers may not sum due to rounding. Please refer to page 85 for a detailed description of the valuation policy. While some information is as of 30 September 2017, the Manager's analysis and historical experience lead the Manager to believe that this approximates fair value at 31 December 2017.

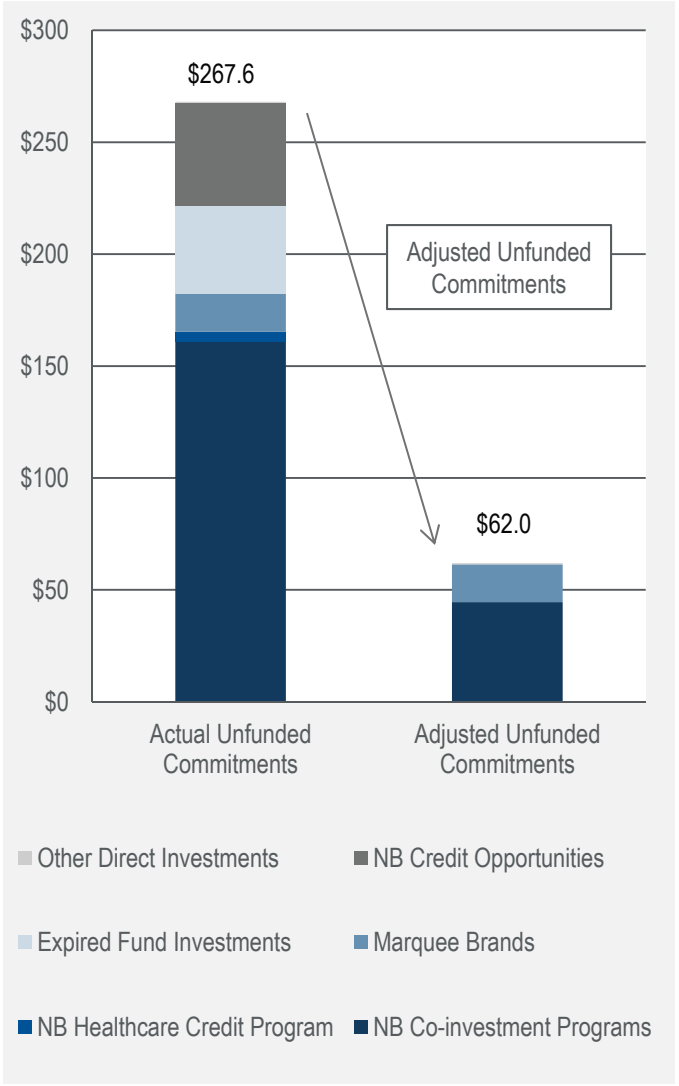
1. *Returns are presented on a "gross" basis (i.e. they do not reflect the management fees, carried interest, transaction costs and other expenses that may be paid by investors, which may be significant and may lower returns).*
2. *Valuation is based on the underlying share price of Black Knight Financial Services and includes an additional entity that remains private.*

STRATEGIC REPORT | UNFUNDED COMMITMENTS AND CAPITAL RESOURCES

Unfunded Commitments

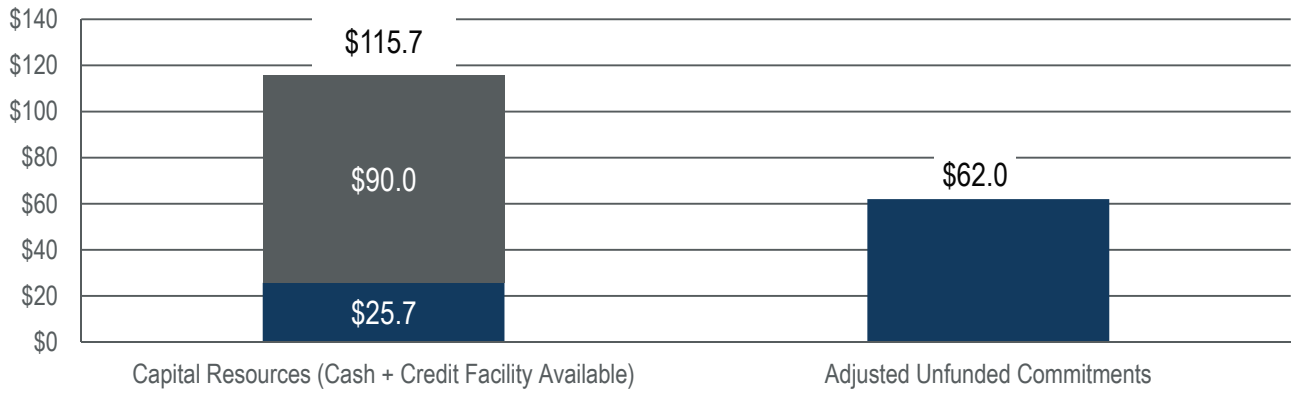
As of 31 December 2017, NBPE's unfunded commitments were approximately $267.6 million. Approximately $160.9 million, $4.4 million, $45.7 million, and $16.9 million were unfunded commitments to the NB Alternatives Co-investment and Healthcare Credit Programs, NB Credit Opportunities Program and Marquee Brands, respectively. Approximately $11.9 million of unfunded commitments were to funds of funds managed by the Manager and $27.8 million of unfunded commitments were to third party direct funds. Within the fund portfolio, $39.7 million of the unfunded commitments are to funds past their investment period. The Manager believes a large portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

The Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted by removing unfunded commitments past their investment period, except for reserves which may be called for follow-ons, and amounts which NBPE has the ability to terminate if it so chooses. Following these adjustments, the unfunded commitments were $62.0 million.



Capital Resources

As of 31 December 2017, NBPE had $25.7 million of cash and $90.0 million of available borrowings under the 2016 Credit Facility (as defined on the following page), totaling $115.7 million of total capital resources. On an adjusted basis this corresponds to excess capital resources of $53.7 million and a commitment coverage ratio of 187%.



Note: Numbers may not sum due to rounding.

Credit Facility

On 7 June 2016, the Company entered into an agreement with JP Morgan Chase Bank, N.A. (the “2016 Credit Facility”) to refinance the 2012 Credit Facility. The 2016 Credit Facility’s availability is up to $150.0 million (including a $25.0 million accordion whereby the Company is able to increase available borrowings) that expires on 7 June 2021. Beginning in year four, the 2016 Credit Facility carries mandatory amortisation of outstanding balances of 25% per calendar quarter. The 2016 Credit Facility is guaranteed by the Company (the "Parent Guarantor") as well as all of the Company's subsidiaries (except for NB PEP Investments LP (Incorporated), being the borrower under the 2016 Credit Facility) and secured by substantially all of the assets of the Parent Guarantor and its subsidiaries. At 31 December 2017, there was $60 million borrowed under the 2016 Credit Facility.

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

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

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

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

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

At 31 December 2017, the Company met all requirements under the 2016 Credit Facility.

AIC Ongoing Charges

NBPE's rate of ongoing charges, as defined by the Association of Investment Companies ("AIC") ratio, was 1.91% for the year ended 31 December 2017. The ongoing charges are calculated in accordance with the AIC methodology and exclude interest and financing costs and other items not deemed to be ongoing in nature and therefore may differ from the total expense ratio found in note 12 of the Consolidated Financial Statements on page 76, which was prepared in accordance with US GAAP. The complete methodology can be found on the AIC's website.

The table on the right shows the breakdown of the ongoing expenses during 2017. Total ongoing expenses in 2017 were $15.5 million, or 1.91%, based on the average 2017 net asset value. The largest contribution to ongoing expenses was the management fee of $11.9 million, or 1.47% (note that percentages of ongoing charges are based on the average 2017 net asset value and may differ from contractual rates), followed by the administration fee of $0.8 million, or 0.10%. See note 10 in the Consolidated Financial Statements on page 72 and 73 for details on the management and administration fees.

Total other ongoing expenses were $2.8 million in aggregate or 0.34% of ongoing charges. The breakdown of other expenses is included in the table on the right. Other ongoing charges consisted of fees and other expenses to third party providers for ongoing services to the Company. In accordance with the AIC methodology, any fees payable to service providers deemed to be one-time and non-ongoing in nature have been excluded from the other expenses figures.

NBPE Fee Analysis

The directors believe the Company offers access to a diverse private equity and income portfolio at a lower cost than many other listed private equity vehicles. The Company's direct investments are included in the portfolio generally with no fee and no carry due to underlying sponsors. Approximately 99% of the direct investment portfolio (measured on 31 December 2017 fair value) is on a no fee, no carry basis at the underlying level. On a total portfolio basis, and including legacy fund investments, approximately 88% of the portfolio is on a no fee, no carry basis at the underlying level. Importantly, all of the legacy fund investments are past their investment period, when fees are typically charged at lower overall rates.

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

Ongoing Charge	Value ($ in m)	% Ongoing Charge
Management Fee	$11.9m	1.47%
Administration Fee	$0.8m	0.10%
Other Expenses	$2.8m	0.34%
Total Ongoing Charges	**$15.5m**	**1.91%**

Note: Numbers may not sum due to rounding.

Risk Management

The Company is subject to a number of risks and 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.

In order to identify and assess key risks to the Company, the directors rely on a risk matrix prepared and maintained by the Investment Manager and reviewed by the board on a quarterly basis. The risk matrix identifies risks along four categories and the board considers these as the principal risks and uncertainties to the Company: external risks, investment & strategic risks, financial risks, and operational risks. Within each of the four principal risk and uncertainties, the directors have identified a number of key underlying risks. While not possible to identify and manage every risk to the Company, the directors seek to identify the key underlying risks within each category where possible. Each identified key underlying risk includes information on the board level controls and controls relied upon by the board, the responsible provider, the potential impact to the Company, the current state of the risk and the outlook. Judgement is applied to determine these assessments and the board regularly considers any changes to the assessments of the key underlying risks on a quarterly basis.

The board is ultimately responsible for the identification and assessment of risk as well as for monitoring the key risks to the Company on an ongoing basis. However, the board has delegated day-to-day management responsibilities of the Company to the Investment Manager. As a result, the board relies on the internal controls and policies and procedures of the Company's Investment Manager as the broader control environment for the Company. In addition, the Company relies on a number of other service providers for various functions, each of which have their own set of internal policies and procedures. The board considers these levels of internal controls and policies when evaluating service providers and assesses the role of key service providers at least yearly as part of a review by the Management Engagement Committee.

The table on the following page shows a summary of the key underlying risks within each of the four principal risks and uncertainties identified by the board. However, within each of these underlying key risks, there may be numerous control objectives to consider. For example, investment valuations have a number of control objectives that could contribute to the key risk. In these instances, the board seeks to identify and assess these control objectives to the extent possible. In other cases, such as market or economic risks, the board recognizes the nature of the risk as largely outside the Company's control.

The board recognizes many of these control objectives are inherently considered during other processes. For example, during the initial due diligence phase the Investment Manager regularly evaluates the market and economic situation. In addition, while outside the direct control of the board, these topics are considered and discussed during the performance and portfolio updates.

Principal Risks and Uncertainties

The directors are responsible for the effective management of risks within the Company. The directors and Investment Manager have designed a risk matrix to manage, not eliminate risk. 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. The board has identified the following four principal risks and uncertainties to the Company:

External Risks

Outside the companies control; inherently difficult to manage and quantify

Investment & Strategic Risks

Risks associated with investments and meeting business plans / objectives

Financial Risks

Risks that could impact financing and ongoing operations; includes liquidity and credit facility management

Operational Risks

Risks pertaining to the business operations of the Company as well as the key service providers, including the Investment Manager

Summary Risk Matrix of Principal Risks

The table below presents a summary risk matrix, outlining the key risks by each of the four principal risks and uncertainties and the key underlying risks. Within each of the key underlying risks, there may be several control objectives and the board considers and reviews these as part of the risk matrix. The key controls presented below provides a summary of how the directors monitor and control against the key underlying risks. The status below shows whether the principal risks are increasing, decreasing, or not changing compared to the previous year.

Key Risk	Key Controls	2017 Assessment
External Risks • Market, Economic & Political Environment • Reputational • Regulatory	• General awareness of environment; consultation with advisors and external counsel • Monitoring of publications and investor materials • Feedback on messaging effectiveness; brokers reports	→
Investment & Strategic Risks • Investment decisions & performance • Valuations & Accounting • Meeting business objectives • Share price discount	• Extensive due diligence process • Reasonable underwriting assumptions • Robust and consistent valuation processes; monthly NAV updates • Quarterly meetings to review performance and strategy • Monitoring of the discount; review market research and broker reports	→
Financial Risks • Liquidity Management • Credit facility • ZDP liability • Foreign exchange	• Board review of quarterly credit facility analysis of covenants and ratios • Review of management reports and financials • Monitoring of headroom and financial ratios • Forward currency contract to hedge, in part, currency exposure	→
Operational Risks • Key professionals • IT systems • Legal / Compliance & Governance • Business operations & continuity • Internal Policies & Procedures	• Resources of the Manager for attracting and retaining talent • Manager policies and procedures • Board inquiries and reports on IT systems and IT environments • Review reports on business continuity	→

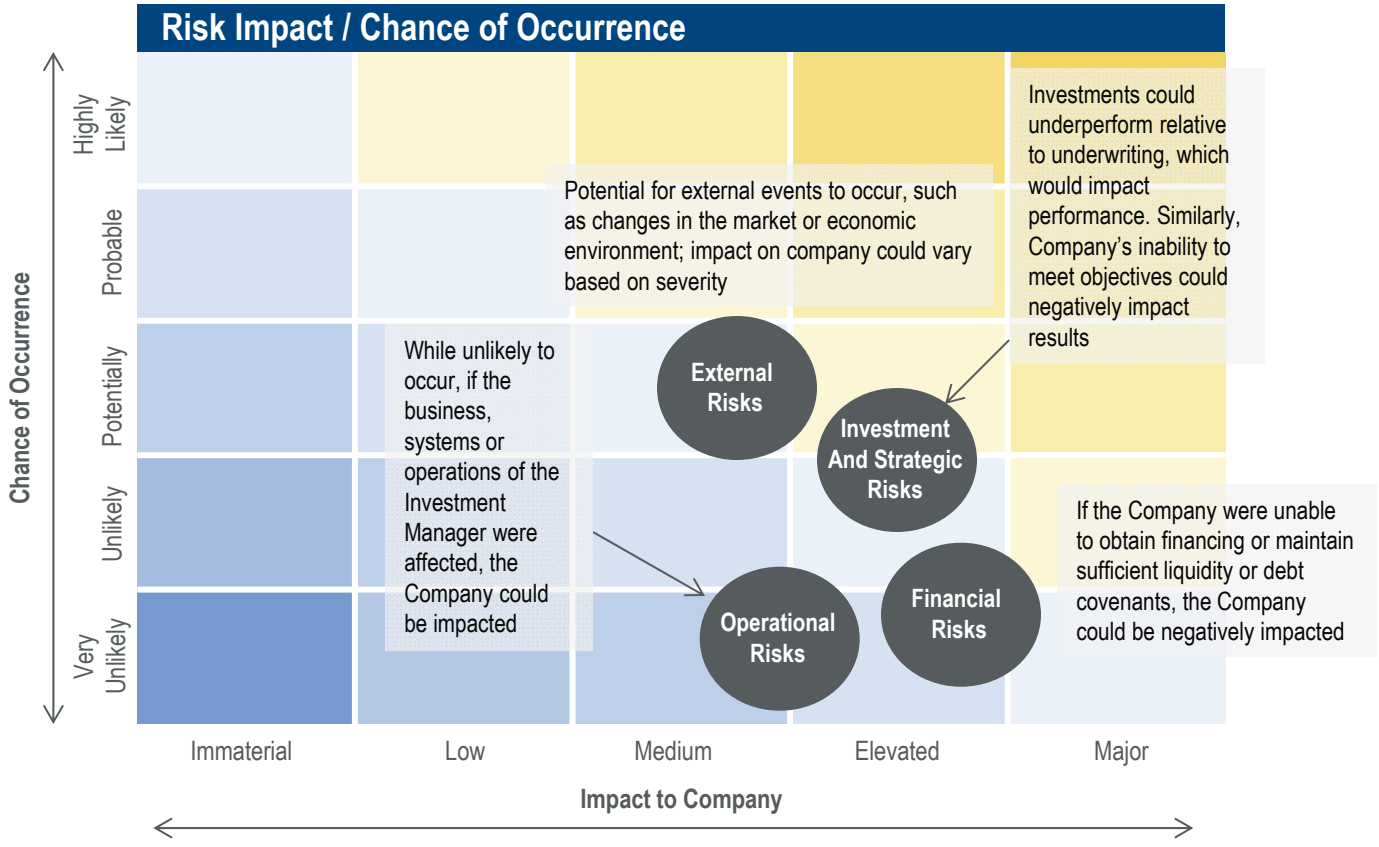
↑ Increasing Risk ↓ Decreasing Risk → No change in Risk

Principal Risks and Uncertainties

In order to evaluate the principal risks and uncertainties to the Company during 2017, the directors reviewed the risk matrix prepared by the Investment Manager and focused on the key risks to the Company and the key controls to mitigate each of the principal risks. Similar to prior years, the directors view external risks as having the potential to impact the Company, depending on the severity. Inherently, external risks are outside the Company's control and are uncertain in nature and difficult to quantify. The directors viewed the investment and strategic risks and financial risks as being effectively mitigated during the year, given the team and resources of the Investment Manager and Investment Committee, and the portfolio updates and financial forecasts reviewed during the year by the directors. To mitigate operational risks, Neuberger Berman maintains a significant set of policies and procedures and internal controls designed to monitor and maintain compliance for all employees, including employees of the Investment Manager. Given the scale and resources at the Investment Manager, the board was comfortable operational risks were managed effectively during the year.

Following this review, the directors concluded there was no change in the overall risk assessment during 2017, relative to the prior the prior year.

The chart below serves as a representative example to show the risk impact to the Company and the likelihood of occurrence of each of the four key principal risks and uncertainties. The examples presented below are meant to illustrate scenarios or events that could occur and what the potential impact to the Company could be.



ESG at Neuberger Berman

Neuberger Berman is highly focused on integrating environmental, social and governance issues across its equity, fixed income and alternatives businesses and is continually striving to deepen its commitment to ESG integration both at the individual strategy level, and as a firm as a whole. Since 2012, Neuberger Berman has coordinated these efforts through the ESG Committee, chaired by the Head of ESG Investing, Jonathan Bailey. This committee includes the firm's President and CIO-Equities, Joe Amato, and also includes senior representatives from across the firm including private equity. In June 2012, with the help of the committee, Neuberger Berman became a signatory of the Principles for Responsible Investment ("PRI"). Neuberger Berman has reported to the PRI since 2014 and found that the process of reporting has increased awareness to areas where the firm can improve to ensure continual development. In addition to being a signatory to the PRI, Neuberger Berman is a signatory to the U.K. Stewardship Code, Japan Stewardship Code, and the U.S. Investor Stewardship Group. Neuberger Berman is an active supporter and funder of a range of industry groups including US SIF, SRI and CDP, and the Coalition for Inclusive Capitalism. Most recently Neuberger Berman became a founding member of the SASB Alliance.

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

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

ESG Neuberger Berman Private Equity

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

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

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

Directors Biographies

Talmai Morgan (Chairman, Independent Director) / 22 June 2007

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

For the last 13 years, Mr Morgan has been the non-executive chairman or a non-executive director of a number of publicly-listed investment companies. He is presently Chairman of NB Private Equity Partners Limited, Sherborne Investors (Guernsey) B Limited, Sherborne Investors (Guernsey) C Limited and is on the board of John Laing Infrastructure Fund Limited.

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

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

Other public company directorships:

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

Trudi Clark (Independent Director) / 24 April 2017

Trudi Clark qualified as a Chartered Accountant with Robson Rhodes in Birmingham before moving to Guernsey in 1987. She joined KPMG where she was responsible for an audit portfolio including some of the major financial institutions in Guernsey. After 10 years in public practice, she was recruited by the Bank of Bermuda as Head of European Internal Audit, later moving into corporate banking. In 1995 she joined Schroders in the Channel Islands as CFO. She was promoted in 2000 to Banking Director and Managing Director in 2003. From 2006 to 2009, Ms Clark established a family office, specialising in alternative investments. In recent years she has returned to public practice specialising in corporate restructuring services. Ms Clark also has several Non-Executive Director appointments for companies both listed and non-listed investing in property, private equity and other assets. Ms Clark graduated with a first class honours in Business Studies.

Ms Clark also holds a number of non-executive directorships of publicly-listed investments companies, namely, F&C Commercial Property Trust Limited, Sapphire PCC Limited, Sapphire IV Cell River and Mercantile UK MicroCap Investment Company Limited.

Directors Biographies (continued)

John Buser (Director) / 22 June 2007

John Buser is the Executive Vice Chairman of NB Alternatives and a Managing Director of Neuberger Berman. He is also a member of the Private Investment Portfolios, Co-Investment, Northbound and Secondary Investment Committees. He is Head of Private Market Client Initiatives and previously Mr. Buser was Global Head of Private Investment Portfolios for 13 years. Before joining Neuberger Berman in 1999, Mr. Buser was a partner at the law firm of Akin, Gump, Strauss, Hauer & Feld, L.L.P., where he had extensive experience in the practice of domestic and international income taxation and complex partnership negotiation during his 17 year tenure. Mr. Buser was admitted to the State Bar of Texas in 1982 after receiving his J.D. from Harvard Law School. Prior to attending law school, Mr. Buser graduated summa cum laude with a B.S. in accounting from Kansas State University.

John Buser has no other public company directorships.

Peter von Lehe (Director) / 22 June 2007

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

Peter Von Lehe has no other public company directorships.

The directors present their annual financial report and consolidated financial statements of NB Private Equity Partners Limited and its subsidiaries (together the "Company") for the year ended 31 December 2017.

Principal Activity

NBPE is a closed-end investment company registered in Guernsey. The Company's registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. The Company's Class A Ordinary Shares are listed and admitted to trading on the Main Market and the regulated market of Euronext Amsterdam N.V. by NYSE Euronext under the symbol "NBPE". NBPE has 2022 ZDP Shares admitted to trading on the Specialist Fund Segment under the symbol "NBPP" (see note 5 of the consolidated financial statements).

Investment Manager

The Company is managed by the private equity group of Neuberger Berman, NB Alternatives Advisers LLC (the "Investment Manager" or "Manager") pursuant to an Investment Management Agreement. The Investment Manager is a subsidiary of Neuberger Berman Group LLC ("Neuberger Berman"). The Company's administrator is Estera International Fund Managers (Guernsey) Limited ("Estera" or the "Administrator"; formerly Heritage International Fund Managers Limited).

Fees for services can be found on page 72. The Manager has been appointed since 2007. The Manager remains appointed, unless terminated by the Company with 30 day prior written notice and approved by an ordinary resolution or with immediate effect under certain conditions. The Manager is responsible for the day-to-day management of the Company, sourcing, evaluating and making investment decisions related to the Company and executing the Company's business plan. The Manager makes the decisions regarding individual investments in line with the investment strategy set by the board. The Manager's team of professionals is also responsible for managing the Company's assets including monitoring the Company's investment portfolio and assigning valuations to the Company's investments based on the Company's valuation methodology, which can be found on page 85. The directors believe the Manager's experience, track record, team and platform is advantageous to the Company and the Manager's continued appointment is in the best interest of shareholders.

Company Secretary

The Company utilizes Estera for certain administrative functions relating to corporate services as well as Guernsey regulatory matters which could affect the Company. Estera is responsible for the day-to-day administration of the Company and acts as the company secretary and Administrator. The Company pays Estera a fee for these services as invoiced by Estera and as disclosed on page 73.

Administrator

MUFG Capital Analytics LLC ("Capital Analytics") is responsible for maintaining the Company's books and records, the database which stores information related to the Company's investments, and certain other accounting, finance and other general fund administrative services for the Company and whose fees are disclosed on page 73.

Significant Agreements

The Company has a number of agreements with service providers; the below agreements are considered significant:

- NB Alternatives Advisors LLC, as Investment Manager, pursuant to an Investment Management Agreement
- MUFG Capital Analytics LLC, as administrator
- Estera, as Company Secretary and Guernsey administrative services
- Link Asset Services (formerly Capita Asset Services), as the Company's registrar
- Jefferies and Stifel, as the Company's joint corporate brokers
- KPMG Channel Islands Limited ("KPMG"), as the Company's external auditor

Investment Objective

The Company's investment objective is to produce attractive returns by investing in the debt and equity of private equity-backed companies while managing investment risk through diversification across asset class, vintage year, geography, industry and sponsor.

Investment Policy

The Company invests in private equity assets, which consist of direct equity investments, income investments and legacy fund investments. Direct equity investments are direct investments in underlying companies and are made alongside private equity sponsors. Income investments include traditional corporate private debt investments and healthcare credit investments, which consist of loans to companies in the healthcare sector and royalty backed notes. The fund portfolio is a legacy portfolio of remaining private equity funds in realisation mode. From time to time, the Company may also make other opportunistic investments, as appropriate.

Dividend Policy

The Company instituted a long-term policy of paying sustainable dividends to shareholders in 2013. The Company seeks to maintain a portfolio of income investments to help support the dividend payment from the run-rate cash income it receives from these investments. The board believes paying the dividend at least partly from the contractual cash income leads to more sustainable dividends in the long run; however, the board further recognizes that dividend coverage from the contractual cash income may fluctuate at times, based on the overall level of income investments in the portfolio and prevailing yields in the market.

Dividends are now paid in pounds Sterling, but the Company also offers both a Currency Election for US shareholders and dividend re-investment plan for shareholders who wish to reinvest their dividends to grow their shareholding.

Corporate Social Responsibility

The Company does not have a formal Corporate Social Responsibility policy but instead relies on Neuberger Berman's policy related to Corporate Social Responsibility for new investments. Neuberger Berman, the parent company of the Investment Manager, is a signatory to the PRI and diligently addresses ESG issues with regard to investing and further detail on ESG can be found on page 30 of this report. The Investment Manager follows the policies of Neuberger Berman and conducts due diligence with respect to these policies for new investments. More information on Neuberger Berman's Corporate Social Responsibility and PRI can be found under the About section of Neuberger Berman's website at www.nb.com. Underlying companies or fund investments within the portfolio may also have their own set of internal procedures or policies relating to PRI and ESG issues for investment activities. The Investment Manager was unaware of any circumstances during 2017 that arose in the portfolio which would impact the PRI and ESG investment policies.

Results and Dividends

The financial results for the year ended 31 December 2017 are included in the consolidated financial statements, beginning on page 52. As of 31 December 2017, the net asset value attributable to the Class A Shares was $851.5 million, which represents an increase of $74.9 million relative to the net asset value attributable to the Class A Shares of $776.6 million as of 31 December 2016. During 2017, the Company paid total dividends to holders of Ordinary Shares of $0.50 per Share. Including the dividend payments, the NAV total return for the year was 13.2%, assuming the re-investment of dividends.

Shareholder Communication

The board welcomes shareholders' views and places great importance on communication with its shareholders. Directors and representatives from the Investment Manager are available to discuss updates on the Company. The Investment Manager regularly conducts investor conference calls following the release of quarterly, interim and annual financial reports and is available at other times, if required.

Shareholder Information

The Company maintains a website which contains comprehensive information including Company notifications, share information, financial reports, investment objectives and policy, investor contacts and information about the board and corporate governance. The Company releases monthly NAV updates, which details performance, the financial position of the Company and the underlying diversification of the portfolio. The quarterly, interim and annual financial reports provide shareholders with more detail

on the portfolio and an update on the performance of the Company. In addition, the Investment Manager publishes investor presentations following the release of quarterly, interim and annual financial reports, as well as other times throughout the year.

Major Shareholders

As at 31 December 2017, insofar as is known to NBPE, the following persons were interested, directly or indirectly, in 3% or more of the Class A Shares in issue (excluding Class A Shares held in treasury):

Shareholder	Class A Shares	% of A Shares Outstanding
Smith & Williamson Investment Mgmt.	5,715,252	11.7%
Quilter Cheviot Investment Mgmt.	5,045,612	10.3%
ING Bank	3,575,500	7.3%
American Depositary Receipts	3,450,500	7.1%
Asset Value Investors	3,143,704	6.4%
City of London Investment Mgt Co	2,308,379	4.7%
Derbyshire County Council	2,075,000	4.3%
Cathay Life Insurance	1,913,894	3.9%

Board Information

The Board Composition and Independence

The board is comprised of five directors and has elected Mr. Morgan to be its Chairman. Whilst the Board is aware of corporate governance guidance concerning the length of Mr. Morgan's tenure and the potential effect on independence, it also notes that Mr. Morgan has no other connection to the Investment Manager and that his experience and knowledge are highly beneficial to the Company and its shareholders and he consistently demonstrates an independent approach and judgement whilst Chairing the Board. The Board of Directors therefore consider him to be an independent director.

In addition, the Board recognizes the importance of staggered succession plans which will allow for the appointment of new independent Directors whilst also ensuring that the knowledge and experience of the present incumbents can be properly passed on over a reasonable timeframe. Mr. Falla joined the board of the Company in 2015 whilst most recently, Ms. Clark joined the board of the Company in 2017. The Board will look to continue this policy of staggering new appointments as and when they are required.

Mr. Buser and Mr. Von Lehe are deemed not independent as they are employed by a Neuberger Berman group company. The board also believe that Mr. Buser and Mr. Von Lehe bring a significant amount of experience and expertise to the board; however, as non-independent directors, they do not sit on the Audit Committee and are not involved in matters concerning the Investment Manager.

The directors review their independence and offer themselves up for re-election annually.

The biographical information also includes a list of other public company directorships for each of the directors. In its consideration of any new or additional directors the board will always seek to make the most appropriate appointments taking into full account the benefits of diversity including gender.

The board has established a Management Engagement Committee and an Audit Committee, which are described below.

Management Engagement Committee Responsibilities

The Management Engagement Committee is comprised of Ms. Clark as Chairman, Mr. Falla and Mr. Morgan. The principal function of the Management Engagement Committee is to review annually the terms of the Investment Management Agreement between the Company and the Investment Manager. The Management Engagement Committee also reviews annually the performance and terms of engagement of key services providers. The Management Engagement Committee meets at least once a year and at other times as required by the board. The Management Engagement Committee's terms of reference are available on the Company's website.

Audit Committee

The Audit Committee is comprised of Mr. Falla as Chariman, Ms. Clark and Mr. Morgan. The principal function of the Audit Committee is to provide oversight and reassurances to the board, particularly with respect to financial reporting, audit and risk management. Details of the Audit Committee responsibilities and activities during the year can be found beginning on page 44. A full copy of the Audit Committee terms of reference are available on the Company's website and from the Company Secretary.

Board Meetings and Meeting Attendance

The board meets at least four times a year to discuss important Company developments and ongoing activities, including reviewing and evaluating the dividend, monitoring and adapting, as necessary, the investment strategy, and reviewing the financial and investment performance of the Company. The Investment Manager and the Company's Administrator furnish the directors with relevant materials, including investment reports, risk analysis and other documents in a timely manner prior to each board meeting. In addition, an agenda is circulated to the directors prior to the meeting and the directors may consider additional topics for discussion prior to each board meeting. Representatives from the Investment Manager attend the meetings to report to the board on relevant updates regarding investment performance and investment activities. The meetings of the directors as of 31 December 2017 are as follows:

Director	Board Meeting	Audit Committee	MEC
Talmai Morgan	4/4	3/3	1/1
John Falla	4/4	3/3	1/1
Trudi Clark	3/4 (appointed 24/4/2017)	2/3	1/1
John Buser	3/4	N/A	N/A
Peter Von Lehe	4/4	N/A	N/A

Tenure of Non-Executive Directors

The board has adopted a policy on tenure that is considered appropriate for an investment company. The board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a director's independence. The board's tenure and succession policy seeks to ensure that the board is well balanced and will be refreshed from time to time by the appointment of new directors with the skills and experience necessary to replace those lost by director's retirements. Directors must be able to demonstrate their commitment to the Company. The board seeks to encompass relevant past and current experience of various areas relevant to the Company's business.

Induction/Information and Professional Development

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the board as they arise along with changes to best practice by, amongst others, the Company Secretary and the auditors. Advisers to the Company also prepare reports for the board from time to time on relevant topics and issues. In addition Directors attend relevant seminars and events to allow them continually to refresh their skills and knowledge and keep up with changes within the investment company industry.

The Chairman reviewed the training and development needs of each Director during the annual board evaluation process. He confirmed that all directors actively kept up to date with industry developments and issues.

When a new Director is appointed to the board, he/she is provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, the new Director also spends time with representatives of the Company Secretary and the Investment Manager in order to learn more about their processes and procedures.

Performance Evaluation

The directors complete evaluations of the board and Chairman on a yearly basis. The board adopted this process in 2012. The goal of the evaluation of the board is for each director to assess the effectiveness of the board's performance. The directors also complete a Chairman evaluation on a yearly basis.

The evaluations are completed through the form of questionnaires and discussion. Following the last evaluation in 2017, it was concluded by the board that the performance of both the board and the Chairman was satisfactory.

Director Indemnity

To the extent permitted by the Companies (Guernsey) Law, 2008 (as amended), the Company's Articles of Incorporation indemnify the directors out of the Company's assets from and against all liabilities in respect of which they may be lawfully indemnified, except for any liability (if any) as they shall incur or sustain by or through their own willful act, negligence or default.

During the year, the Company has maintained insurance cover for its directors and officers under a directors and officers liability insurance policy.

Board Diversity

The board acknowledges the importance of diversity of experience, approach and gender, for the effective functioning of the board and commits to supporting diversity in the boardroom. It is the board's on-going objective to have an appropriately diversified representation. The board also values diversity of business skills and experience because directors with diverse skills sets, capabilities and experience gained from different geographical backgrounds enhance the board by bringing a wide range of perspectives to the Company. The board is satisfied with the current composition and function of its members. It is the Company's policy to give careful consideration to issues of the board's balance and diversity when making new appointments. When appointing board members, its priority is based on merit, but will be influenced by the strong desire to maintain the board's diversity, including gender.

Shareholdings of the Directors

The shareholdings of the directors as of 31 December 2017 is as follows:

Director	Shareholdings
Talmai Morgan	10,000
John Falla	2,000
Trudi Clark	4,433
John Buser	10,000
Peter Von Lehe	7,500

Directors' Appointment

No director has a service contract with the Company. Any director may resign in writing to the board at any time.

The Company's memorandum and Articles of Incorporation contain details relating to the rules that the Company has regarding the appointment and removal of Directors. A copy of which is available for inspection from the Registered Office of the Company.

As part of the board's succession planning and ahead of Mr. Sherwell's planned retirement upon the Company's transfer to the Main Market, the board were charged with recruiting an additional member. The board commenced a nomination process to select a new director, and this was led by the non-executive directors. Given the high caliber of applicants through this process the board did not engage a search consultancy. The candidates were considered against various criteria, notably the breadth of experience and background of the existing Directors to ensure that the new appointee both complemented and enhanced the skill set of the existing board while also being able to bring a fresh perspective to Company business. One-on-one meetings between the shortlisted candidates, the Directors and senior personnel at the Investment Manager were conducted and the board approved the appointment of Ms. Trudi Clark on 24 April 2017.

Company Performance Evaluation

In order to evaluate the ongoing performance of the Company's investments, the directors utilize various sources of information. In addition, the board receives formal reports from the Investment Manager and the Company's corporate brokers. The Investment Manager's report to the board includes:

- Investment performance and portfolio composition: the board reviews detailed performance by investment as well as detailed analysis on the underlying portfolio composition provided by the Investment Manager. The board evaluates the portfolio composition and income from the income investment portfolio to assist in decisions regarding dividends paid by the Company
- Company financial position and net asset value: the board reviews the Company's financial position and the performance of the Company's net asset value
- Returns information: the board evaluates both the NAV per Share return and the NAV total return, including the Company's dividends

The board regularly receives updates from the Company's corporate brokers to analyse and monitor the Company's share price, dividend yield, liquidity and share price discount to NAV.

Going Concern

The Group's principal activities and investment objective are described on page 33 of the report, and the Group's financial position is stated on page 52 of the report. Note 11 of the Consolidated Financial Statements describes the Group's risks with respect to market, credit and liquidity risk. On pages 24 and 25 of the report, the Group's liquidity and available borrowing facilities are described. The Group's cash flows are provided on page 56 of the report. Given the Group's cash flows and financial position, the directors believe the Group is in a strong financial position and has the financial resources available to help mitigate and manage risks.

Therefore, having considered a 12 month horizon from the date of authorisation of this annual financial report, the directors have a reasonable expectation that the Group has adequate resources to continue to operate into the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis.

Re-Appointment of Auditor

Resolutions for the re-appointment of KPMG as the auditor of the Company and to authorise the Directors to determine its remuneration are to be proposed at the next AGM.

GOVERNANCE | VIABILITY STATEMENT

Viability Statement

The board has evaluated the long-term prospects of the Group, beyond the 12 month time horizon assumption within the going concern framework. Further details of the forecast and the process for assessing long-term prospects of the Group are set forth below and the board believes this analysis provides a reasonable basis to support the viability of the Group.

The board believes the Group is in a strong financial position and has no near term financing maturities. In May 2017, the 2017 ZDP Shares were fully redeemed and the remaining class of £50 million ZDP Shares matures in September 2022. The Group's credit facility expires in June 2021. The Group is in compliance with all covenant ratios and cover tests, with ample cushion available as well as adequate remaining borrowing availability under the credit facility.

As part of the ongoing risk management, the board, assisted by the Manager undertook a rigorous and robust assessment of the principal risks to which the Group is exposed which can be found beginning on page 27 of the report. The board views the external risks of a sudden or prolonged market downturn as the most significant risk facing the Group. This, in turn, could expose the Group to investment or financial risks, particularly if the downturn was severe enough. The directors view the key investment risks to be significant write-downs or investment underperformance which materially impacts the Group's NAV or cash flows. A downturn and period of underperformance, particularly if prolonged or significant, could open the Group to significant financial risks, including the ability to obtain financing or pay back its obligations as they become due.

The directors have selected a three year window for evaluating the potential impact to the Group on the following basis:

- Investments are subject to overall financial market and economic conditions. Projecting long-term financial and economic conditions is inherently difficult, but a three year window is a reasonable time horizon
- Private equity funds typically deploy capital over a three to five year period
- Medium term outlook of underlying company performance is typically assessed for valuation purposes
- While the credit facility and ZDP maturities are not until June 2021 and September 2022, respectively, refinancing processes generally begin a year in advance. The Group's ability to refinance / repay these financings are a medium-term risk

The Manager utilises a detailed financial model which forecasts returns and cash flows on an asset by asset basis. The Manager used the global financial crisis as a basis for creating a downside case by analysing its impact on the Group in 2009. During the financial crisis, realisation activity from direct equity investments and fund investments slowed materially to the Group. The Manager made certain assumptions to cash flows and declines in asset values to represent a downside case in the financial model to forecast returns and future cash flows. Based on these assumptions, the Manager provided a cash flow forecast to the directors in order to evaluate the principal risks and uncertainties facing the Group.

The key finding from this analysis was: new investment activity would have to cease and borrowings would increase significantly. However, NBPE would remain in compliance with all cover tests and covenant ratios and could continue to pay a dividend. In addition, under this scenario, NBPE would need to continue to borrow under the credit facility through the beginning of 2020.

As a result of this analysis, the directors believe the Group can effectively manage the principal risks and uncertainties and remain confident that the Group will be able to continue in operation over the period of at least three years.

Annual Financial Report and Consolidated Financial Statements

The directors are responsible for preparing the Annual Financial Report and Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they are required to prepare the consolidated financial statements in conformity with U.S. generally accepted accounting principles ("US GAAP") and applicable law.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable, relevant and reliable;

• state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

• assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

• use the going concern basis of accounting unless liquidation is imminent.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 (as amended). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

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

Responsibility Statement of the Directors in respect of the Annual Financial Report

The directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in conformity with U.S. GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole as required by the Disclosure Guidance and Transparency Rules ("DTR") 4.1.12R and by the Section 5.25c of the Financial Supervision Act of the Netherlands and are in compliance with the requirements set out in the Companies (Guernsey) Law, 2008; and
- The Annual Financial Report includes a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R of the Disclosure Guidance and Transparency Rules and the Financial Supervision Act of the Netherlands, which provides an indication of important events that have occurred since the end of the financial year and the likely future development of the Company and a description of principal risks and uncertainties during the year.

Responsibility Statement of the Directors in respect of the Annual Financial Report (Cont.)

We consider the Annual Financial Report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

By order of the board

Trudi Clark
Director

John Falla
Director

Date: 4 April 2018

Compliance with the AIC Code

The board of NBPE has considered the principles and recommendations of the 2016 AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to NBPE.

The board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. Copies of the AIC Code and the AIC Guide can be found at www.theaic.co.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the board considers these provisions are not relevant to the position of NBPE, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

In addition, the following areas are also not in compliance with the AIC code as the directors believe these functions are carried out by the board as a whole, which the board considers sufficient:

- A separate remuneration committee
- A separate nomination committee

Directors' Remuneration

The Company pays a fee to the independent directors for their work related to the Company's business. During the year ended 31 December 2017, the directors fees were paid as follows: the Chairman, $75,000; the Chairman of the Audit Committee, $60,000; and the third independent director, $60,000. In addition, the independent directors at the time received $7,500 each for the additional work in moving from the Specialist Fund Segment to the Main Market during the year ended 31 December 2017. The Company does not pay any directors fees to Mr. Buser or Mr. Von Lehe. The board has not established a Remuneration Committee as this is determined by the board as a whole and the board considers this sufficient.

Audit Committee Chairman's Letter

Dear Shareholder,

During 2017, the Audit Committee held three scheduled meetings to discuss several key issues for the Company including terms of engagement with the Company's auditors, auditor effectiveness and independence, the consolidated financial statements, the migration of the Company's Class A Shares to the Main Market and other reporting matters. The Audit Committee and I worked alongside the reporting accountants and other professional advisors during the months leading up to the Company's migration to the Main Market. While the advisory function of KPMG Channel Islands Limited ("KPMG Advisory") acted as reporting accountants for this work related to the migration, this was a separate non-audit team and I was satisfied that the work in no way conflicted with the statutory audit responsibilities. In addition, the Audit Committee and I were active in reviewing and planning the year end audit process and procedures with the Manager and KPMG.

As Audit Committee Chairman I am pleased that the non-executive directors were able to take the opportunity during our visit to the United States to meet with KPMG Dallas who undertake elements of the Audit work under the direction of KPMG in the Channel Islands. We were able to discuss the nature and scope of their work, in particular in relation to the valuation of investments. We were also able to meet with many executives of the Manager in both Dallas and New York, both those who select and manage the assets as well as their legal, compliance, risk and finance colleagues. We also met with Capital Analytics who maintain the financial records and the extensive database of information on the investment portfolio. Such meetings are invaluable when considering the risks to which the Company is exposed, to understand more fully the comprehensive control environment operated by the Manager and other service providers.

I was satisfied with the level of work performed during the year end audit and I am pleased to present the Audit Committee report, detailing issues that arose during the year, and how those issues were handled by the Audit Committee.

John Falla

Audit Committee Chairman

Guernsey, 4 April 2018

Audit Committee

The function of the Audit Committee is to provide oversight and reassurances to the board, specifically with regard to the integrity of the Company's financial reporting, audit arrangements, risk management and internal control processes and governance framework.

Audit Committee Responsibilities

The responsibilities of the Audit Committee are:

- reviewing the Company's financial results announcements and consolidated financial statements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the board on the appropriateness of the Company's accounting policies and practices including critical accounting policies and practices;
- advising the board on whether the Committee believes the Annual Financial Report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- overseeing the relationship with the external auditor;
- considering the financial and other implications on the independence of the auditors arising from any non-audit services to be provided by the auditor;
- to analyse the key procedures adopted by the Company's service providers;
- considering the nature and extent of the significant risks the Company faces in achieving its strategic objectives; and
- compile and report on its activities to be included in the Company's Annual Financial Report.

In addition to these responsibilities, the Audit Committee ensures that a framework for strong corporate governance and best practice is in place, which is believed to be suitable for an investment company and which enables the Company to comply with the main requirements of the Netherlands Authority for the Financial Markets, the Main Market and any other applicable law or regulation.

Committee meetings

The Committee meets at least three times a year. Only members and the secretary of the Audit Committee have the right to attend Audit Committee meetings. However, other directors and representatives of the Investment Manager and the Administrator will be invited to attend Audit Committee meetings on a regular basis and other non-members may be invited to attend all or part of the meeting as and when appropriate and necessary. The Company's external auditor, KPMG, is also invited on a regular basis. The Audit Committee determine in conjunction with KPMG, whether it is necessary for the Audit Committee to meet with KPMG without the Investment Manager being present.

Main activities during the year

The Committee assists the board in carrying out its responsibilities in relation to the financial reporting requirements, risk identification and management and the assessment of internal controls. It also manages the Company's relationship with KPMG. Meetings of the Audit Committee generally take place prior to the Company board meeting. The Audit Committee reports to the board as part of a separate agenda item, on the activities of the Audit Committee and matters of particular relevance to the board in the conduct of their work.

In relation to financial reporting, the primary role of the Audit Committee is to review with the Investment Manager, Capital Analytics and KPMG and the appropriateness of the half-year and annual financial statements. The Committee focuses on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial governance reporting requirements;
- material areas in which significant judgement have been applied or there has been discussion with KPMG;
- whether the Annual Financial Report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and

GOVERNANCE | AUDIT COMMITTEE REPORT

- any correspondence from regulators in relation to financial reporting.

To aid its review, the Audit Committee considers reports from the Investment Manager, Capital Analytics, the company secretary and also reports from the external auditor on the outcomes of their half-year review and annual audit.

The following paragraphs in this report describe the key issues affecting the Company and how these were addressed by the Audit Committee during 2017, and in the preparation of this Annual Financial Report and Consolidated Financial Statements.

Financial Statements and Reporting Matters

The Audit Committee viewed the valuation of investments as the key risk to a material misstatement of the consolidated financial statements and discussed the valuation process and audit findings in detail with the Investment Manager and external auditor. As the portfolio shifted to a greater concentration of direct equity investments during 2017, the valuation methodologies and assumptions used to value these investments were discussed in detail.

The Audit Committee noted the Manager's valuation methodology for direct equity investments which begins with the most recently available financial information obtained from the underlying companies or sponsors. The Manager noted to the Audit Committee that the valuation process used by the Investment Manager had changed from prior years. For investments where the Manager was invested in the same security at the same underlying cost basis as the lead private equity sponsor, the Manager utilised the practical expedient valuation methodology. Generally this approach relied on using the best information from the private equity sponsor, including but not limited to: audited financial statements, co-investment holding vehicle financial statements or capital accounts, or other financial information deemed reliable by the Investment Manager. In cases where the Investment Manager was not invested at the same cost basis as the underlying sponsor or where the practical expedient methodology could otherwise not be utilised, it was noted to the Audit Committee that the valuation process remained unchanged from prior years. In these instances, the Manager builds valuation models and evaluates a companies enterprise value in relation to chosen valuation multiples, financial performance and public and private comparables. The external auditor reviewed the Manager's valuation models and assumptions used. In addition, the external auditor reviewed the financial statement support for investments valued under the practical expedient methodology. The external auditors reported to the Audit Committee that they were satisfied with the quality of financial information.

In terms of income investments, it was noted by the Manager that the overall level of income investments had decreased in the portfolio and represented approximately 16% of private equity fair value. The Audit Committee received an update from the Company's external auditors which noted that the two principal risks in relation to these assets had remained materially unchanged during the year. The two primary risks were credit risk and market risk and the external auditors explained they had designed procedures to cover both types of risk. To analyse credit risk, the auditors explained the Manager prepared valuation models to analyse the enterprise and equity values to ensure there was sufficient enterprise value to support all of the debt of a company and that the company was creditworthy. Turning to market risk, the external auditor explained that market risk was related to yield and this was compared to other observable yields in the market. Further the external auditor noted that this approach and methodology applied by the Manager was reasonable and appropriate. Similar to prior years, the auditors noted they had utilised their in-house valuation experts to assist with the audit of valuations and used a number of techniques to evaluate the valuation of income investments.

The auditors did not report any significant differences between the valuations used by the Company and the work performed during their testing process. Based on their above review and analysis the Audit Committee confirmed that they were satisfied with the valuations of investments.

GOVERNANCE | AUDIT COMMITTEE REPORT

The Audit Committee discussed in detail the valuation process with the Investment Manager and external auditors and were satisfied with the level of work performed in relation to the year end audit.

Following this discussion, the Audit Committee reviewed both the Annual Financial Report and the Consolidated Financial Statements and discussed the contents with the Investment Manager and KPMG. The Audit Committee also reviewed the viability statement and noted the principal risks and the workings supporting the viability statement. Based on their review and information received from the Investment Manager, the Audit Committee advised the board that it was satisfied that the Annual Financial Report and the Consolidated Financial Statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal control and risk assessment

The Audit Committee received reports from the Investment Manager on the Company's risk evaluation process and reviewed any changes to significant risks.

The board has undertaken a full review of the Company's business risks which have been analysed and recorded in the principal risks and uncertainties. Each quarter the board receives a formal risk report from the Investment Manager which details the steps taken to monitor the key areas of risk including those that are not directly the responsibility of the Investment Manager. The Investment Manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Investment Manager's compliance and risk department on an ongoing basis.

By means of the procedures set out above, the Audit Committee confirms that it reviewed the effectiveness of the Company's system of internal controls for the year ended 31 December 2017 and to the date of approval of this Annual Financial Report and that no issues were noted.

Internal Audit

The Company itself does not have an internal audit function, but instead relies on the internal audit functions and departments of the Investment Manager and other service providers. The Audit Committee was satisfied that this function provides sufficient control to help mitigate risks to the Company.

External Audit

The Company's external auditors, KPMG, were appointed to the Company in 2009, which was the time of the last audit tender. The Company's external auditors performed an audit on the Company's consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK). Prior to beginning the audit, the Audit Committee received a report from the external auditors and reviewed the scope of the audit, identified significant audit risk and areas of audit focus as well as the terms of the audit engagement.

Terms of Engagement

The Audit Committee reviewed the audit scope and fee proposal through engagement letters and Audit Committee reports issued by KPMG to the directors. The Committee approved the fees for audit services for 2017 after a review of the level and nature of work to be performed. The board was satisfied that the fees were appropriate for the scope of the work required.

The external auditors were remunerated $220,000 in relation to the 2017 annual audit. They received fees of $30,000 in relation to their review of the interim financial statements. KPMG Advisory received $116,718 for their work as reporting accountant in relation to the migration of the Company's shares to the Main Market.

Auditor Effectiveness

The Audit Committee received a detailed audit plan from the auditors, identifying their assessment of the key risks. For the 2017 financial year the significant risk identified was the valuation of investments. This risk is tracked through the year and the Audit Committee challenged the work done by the auditors to test management's assumptions. The Audit Committee assessed the effectiveness of the audit process in addressing these matters through the reporting received from the auditors at both the half-year and year end meetings. In addition, the Audit Committee sought feedback from the Investment Manager and Capital Analytics on the effectiveness of the audit process. For the 2017 financial year, the Audit Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be appropriate.

GOVERNANCE | AUDIT COMMITTEE REPORT

Auditor Independence and Appointment

The Audit Committee understands the importance of auditor independence and during 2017, the Audit Committee reviewed the independence and objectivity of KPMG and also of KPMG LLP in Dallas, Texas. The Audit Committee received a report from KPMG describing its independence, controls and current practices to safeguard and maintain auditor independence.

The Audit Committee also focused on the non-audit services, which requires the consent of the Audit Committee. The two non-audit services performed during 2017 consisted of the semi-annual financial statement review by KPMG and the work of KPMG Advisory in their role as reporting accountants related to the migration to the Main Market. KPMG noted that they did not perform any work with respect to the preparation of financial statements or valuations, the taking of management decisions, or the provision of investment advice and that the work performed by KPMG Advisory was carried out by an independent and separate team. Further it was noted that KPMG Advisory had no role other than their work as reporting accountants for the Main Market migration and were not involved in any manner with respect to the year end audit.

There was no other non-audit work performed by the KPMG or KPMG Advisory during the year other than those services described above. The Audit Committee was satisfied that the level of non-audit services did not conflict with their statutory audit responsibilities.

The Audit Committee follows Financial Reporting Council ("FRC") guidance which provides for an audit tendering to be carried out every ten years. KPMG has been appointed to the Company since 2009, which was the time of the last audit tender. The board (in accordance with the recommendation of the Audit Committee) resolved that it would be preferable and more efficient to consider the audit tendering process in accordance with FRC guidance. Following the completion of the 2017 year end financial statements, the Audit Committee intends to make a recommendation to the board to begin an audit tendering process.

AUDITOR'S REPORT | INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB PRIVATE EQUITY PARTNERS LIMITED

Our opinion is unmodified

We have audited the consolidated financial statements (the "Financial Statements") of NB Private Equity Partners Limited (the "Company") and its subsidiary (together, the "Group"), which comprise the consolidated balance sheet as at 31 December 2017, including the consolidated condensed schedule of private equity investments, the consolidated statements of operations and changes in net assets and of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements:

— give a true and fair view of the financial position of the Group as at 31 December 2017, and of the Group's financial performance and the Group's cash flows for the year then ended;

— are in conformity with U.S. generally accepted accounting principles ("US GAAP"); and

— comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including FRC Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

Valuation of private equity investments

$961,406,294 (2016: $767,312,829)

Refer to pages 44 - 47 of the Audit Committee Report, pages 53 - 54 consolidated condensed schedule of private equity investments, note 2 accounting policies and note 3 Fair Value of Financial Instruments.

AUDITOR'S REPORT | INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB PRIVATE EQUITY PARTNERS LIMITED

The Risk

Subjective valuation

The Group's investment portfolio represents the most significant balance on the consolidated balance sheet and is the principal driver of the Group's net asset value (2017: 112.8%; 2016: 98.7%). The investment portfolio is comprised of direct equity and fund investments ("Private Equity Investments") and unquoted debt investments ("Income Investments") (together the "Investments").

Private Equity Investments, representing 80% of the fair value of Investments, are valued using the practical expedient in conformity with US GAAP to determine the fair value of the underlying Private Equity Investments, adjusted if considered necessary by the Investment Manager. The remaining Private Equity Investments, representing 5% of the fair value of Investments, are valued using price of recent transaction or other valuation information provided in periodic investor reporting.

Income Investments, representing 11% of the fair value of Investments, are valued based on valuation models that take into account the factors relevant to each investment and use relevant third party market data where available ("Model Valuations"). The remaining Income Investments, representing 4% of the fair value of Investments, are valued using third party data sources.

The valuation of the Group's Investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Group. The valuation risk incorporates both a risk of fraud and error given the significance of estimates and judgements that may be involved in the determination of fair value.

Our Response

Our audit procedures included:

Controls evaluation:
We tested the design and implementation of the Investment Manager's review control in relation to the valuation of investments.

Challenging managements' assumptions and inputs including use of KPMG valuation specialist:
For all investments we assessed the appropriateness of the valuation technique used to estimate fair value.

For a selection of Private Equity Investments, chosen on the basis of their fair value, we confirmed their fair values to supporting information, including audited information where available, such as: financial statements, capital accounts, lead sponsor or co-investor information or other information provided by the underlying funds' general partners, investee managers or similar. We assessed the quality and the reliability of the information obtained including, where applicable, an assessment of the appropriateness of the accounting framework utilised, whether the audit opinion was modified and the appropriateness of the price of recent transaction used to value the holding.

For all Income Investments where market quotes were available, we used our KPMG valuation specialist to independently value them based on prices obtained from third party pricing vendors.

For the remaining population of Income Investments, we made a selection of Model Valuations, chosen on the basis of their fair value. We corroborated key inputs in the Model Valuations to supporting documentation such as management accounts. With the support of our KPMG valuation specialist, we challenged the key assumptions used, such as comparable multiples and market yields.

Assessing transparency:
We also considered the Group's disclosures (see note 2) in relation to the use of estimates and judgements regarding the fair value of investments and the Group's investment valuation policies adopted and the fair value disclosures in note 3 and note 2 for conformity with US GAAP.

AUDITOR'S REPORT | INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB PRIVATE EQUITY PARTNERS LIMITED

Our application of materiality and an overview of the scope of our audit

Materiality for the Financial Statements as a whole was set at $24.1 million, determined with reference to a benchmark of Group Net Assets of $852.5 million, of which it represents approximately 3% (2016: 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $1.2 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total Group net investment income/(loss) and net realised and unreallised gain (loss), and total Group assets and liabilities.

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2 to the Financial Statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in this respect.

We have nothing to report on the other information in the Annual Financial Report

The directors are responsible for the other information presented in the Annual Financial Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statement audit, we have nothing material to add or draw attention to in relation to:

• the directors' confirmation within the Strategic Report's Viability Statement on page 39 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;

• the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated; and

• the directors' explanation in the Strategic Report's Viability Statement on page 39 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

• we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the Annual Financial Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or

• the section of the Annual Financial Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

AUDITOR'S REPORT | INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB PRIVATE EQUITY PARTNERS LIMITED

We have nothing to report on other matters on which we are required to report by exception

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

• the Company has not kept proper accounting records; or

• the Financial Statements are not in agreement with the accounting records; or

• we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 40 and 41, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

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

Dermot A. Dempsey

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors

Glategny Court

St Peter Port

Guernsey GY1 1WR

Channel Islands

4 April 2018

CONSOLIDATED FINANCIAL STATEMENTS | BALANCE SHEETS

Assets	2017	2016
Private equity investments		
Cost of $781,600,125 at 31 December 2017 and $617,340,299 at 31 December 2016	$ 961,406,294	$ 767,312,829
Cash and cash equivalents	25,746,450	93,662,028
Other assets	4,963,787	3,851,617
Distributions and sales proceeds receivable from investments	7,600,201	7,590,641
Total assets	**$ 999,716,732**	**$ 872,417,115**
Liabilities		
Liabilities:		
ZDP Share liability	$ 71,085,013	$ 76,894,552
Credit facility loan	60,000,000	-
Carried interest payable to Special Limited Partner	7,925,575	7,866,561
Payables to Investment Manager and affiliates	3,476,013	2,806,939
Accrued expenses and other liabilities	3,204,878	6,286,039
Net deferred tax liability	1,535,683	1,026,106
Total liabilities	**$ 147,227,162**	**$ 94,880,197**
Net assets		
Class A Shares, $0.01 par value, 500,000,000 shares authorised,		
51,940,972 shares issued, and 48,790,564 shares outstanding	$ 519,410	$ 519,410
Class B Shares, $0.01 par value, 100,000 shares authorised,		
10,000 shares issued and outstanding	100	100
Additional paid-in capital	525,157,490	525,157,490
Retained earnings	335,057,802	260,212,429
Less cost of treasury stock purchased (3,150,408 shares)	(9,248,460)	(9,248,460)
Total net assets of the controlling interest	**851,486,342**	**776,640,969**
Net assets of the noncontrolling interest	1,003,228	895,949
Total net assets	**$ 852,489,570**	**$ 777,536,918**
Total liabilities and net assets	**$ 999,716,732**	**$ 872,417,115**
Net asset value per share for Class A Shares and Class B Shares	**$ 17.45**	**$ 15.91**
Net asset value per share for Class A Shares and Class B Shares (GBP)	**£ 12.91**	**£ 12.89**
Net asset value per 2017 ZDP Share (Pence)	**N/A**	**164.85**
Net asset value per 2022 ZDP Share (Pence)	**105.21**	**101.17**

The consolidated financial statements were approved by the board of directors on 4 April 2018 and signed on its behalf by

Trudi Clark **John Falla**

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

CONSOLIDATED FINANCIAL STATEMENTS | CONDENSED SCHEDULES OF PRIVATE EQUITY INVESTMENTS

Private equity investments	Cost	Fair Value	Unfunded Commitment	Private Equity [3] Exposure
2017				
Fund investments	$ 97,271,898	$ 107,629,152	$ 39,698,555	$ 147,327,707
Direct equity investments [1]	514,033,646	698,563,021	182,160,523	880,723,544
Income investments [2]	170,294,581	155,214,121	45,716,467	200,930,588
	$ 781,600,125	**$ 961,406,294**	**$ 267,575,545**	**$ 1,228,981,839**
2016				
Fund investments	$ 134,043,729	$ 153,398,249	$ 39,133,787	$ 192,532,036
Direct equity investments [1]	334,882,546	474,945,666	177,744,014	652,689,680
Income investments [2]	148,414,024	138,968,914	44,020,612	182,989,526
	$ 617,340,299	**$ 767,312,829**	**$ 260,898,413**	**$ 1,028,211,242**

Note: None of the underlying private equity investments exceeded 5% of Net Asset Value.

(1): Including investments made through NB Alternatives Direct Co-investment Programs and Marquee Brands.

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS | CONDENSED SCHEDULES OF PRIVATE EQUITY INVESTMENTS

Geographic diversity of private equity investments [1]	Fair Value 2017	Fair Value 2016
North America	$ 794,000,475	$ 654,741,427
Europe	122,031,445	59,618,675
Asia / rest of world	39,265,132	47,606,257
Not classified	6,109,242	5,346,470
	$ 961,406,294	**$ 767,312,829**

Industry diversity of private equity investments [2]	2017	2016
Technology / IT	17.8%	17.5%
Healthcare	10.6%	14.5%
Industrials	18.4%	12.1%
Consumer discretionary	10.6%	14.0%
Financial services	12.0%	12.3%
Business services	13.0%	10.5%
Energy	5.5%	8.7%
Communications / media	6.1%	3.4%
Diversified / undisclosed / other	2.7%	4.2%
Transportation	3.3%	2.8%
	100.0%	**100.0%**

Asset class diversification of private equity investments [3]	2017	2016
Large-cap buyout	0.7%	1.6%
Large-cap buyout co-invest	23.0%	14.7%
Mid-cap buyout	2.7%	5.9%
Mid-cap buyout co-invest	35.2%	35.9%
Special situation	3.7%	6.8%
Special situation co-invest	8.9%	7.0%
Income investments	16.2%	17.3%
Growth / venture	3.5%	5.0%
Growth equity co-invest	5.6%	5.2%
Secondary purchases	0.5%	0.6%
	100.0%	**100.0%**

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

		2017		2016
Interest and dividend income	$	16,488,513	$	31,016,956
Expenses				
Investment management and services		11,904,626		10,865,990
Carried interest		7,925,575		7,866,561
Finance costs				
Credit facility		2,384,344		3,874,978
ZDP Shares		3,396,519		1,776,197
Administration and professional fees		4,807,786		3,244,476
		30,418,850		27,628,202
Net investment income (loss)	**$**	**(13,930,337)**	**$**	**3,388,754**
Realised and unrealised gains (losses)				
Net realised gain (loss) on investments and forward foreign exchange contracts, net of tax expense of $304,408 for 2017 and $1,749,401 for 2016	$	89,355,829	$	28,629,876
Net change in unrealised gain (loss) on investments and forward foreign exchange contracts, net of tax expense (benefit) of $509,577 for 2017 and ($3,586,485) for 2016		23,927,442		68,803,833
Net realised and unrealised gain (loss)		113,283,271		97,433,709
Net increase (decrease) in net assets resulting from operations	$	99,352,934	$	100,822,463
Less net increase (decrease) in net assets resulting from operations attributable to the noncontrolling interest		(107,279)		(108,689)
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$**	**99,245,655**	**$**	**100,713,774**
Net assets at beginning of period attributable to the controlling interest		776,640,969		700,327,477
Less dividend payment		(24,400,282)		(24,400,282)
Net assets at end of period attributable to the controlling interest	**$**	**851,486,342**	**$**	**776,640,969**
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	***$***	***2.03***	***$***	***2.06***
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest (GBP)	***£***	***1.57***	***£***	***1.52***

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

CONSOLIDATED FINANCIAL STATEMENTS | STATEMENTS OF CASH FLOWS

		2017		2016
Cash flows from operating activities:				
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$	99,245,655	$	100,713,774
Net increase (decrease) in net assets resulting from operations attributable to the noncontrolling interest		107,279		108,689
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:				
Net realised (gain) loss on investments and forward foreign exchange contracts, net of tax expense		(89,355,829)		(28,629,876)
Net change in unrealised (gain) loss on investments and forward foreign exchange contracts, net of tax expense		(23,927,442)		(68,803,833)
In-kind payment of interest income		(466,065)		(68,397)
Amortisation of finance costs		640,707		(2,581,341)
Amortisation of purchase premium (OID), net		(1,790,283)		5,512,448
Change in other assets		(740,771)		(4,349,099)
Change in payables to Investment Manager and affiliates		728,088		7,927,424
Change in accrued expenses and other liabilities		2,524,049		2,358,580
Net cash provided by (used in) operating activities		(13,034,612)		12,188,369
Cash flows from investing activities:				
Distributions from private equity investments		133,687,337		118,557,656
Proceeds from sale of private equity investments		108,421,067		174,061,119
Contributions to private equity investments		(37,318,648)		(2,517,315)
Purchases of private equity investments		(278,542,510)		(157,487,245)
Net cash provided by (used in) investing activities		(73,752,754)		132,614,215
Cash flows from financing activities:				
Dividend payment		(24,400,282)		(24,400,282)
Redemption of 2017 Zero Dividend Preference Shares		(15,507,930)		9,411,265
Borrowings from credit facility		60,000,000		100,000,000
Payments to credit facility		-		(152,500,000)
Settlement of the forward foreign exchange contract and ongoing hedging activity		(1,220,000)		(9,770,000)
Net cash provided by (used in) financing activities		18,871,788		(77,259,017)
Net increase (decrease) in cash and cash equivalents		**(67,915,578)**		**67,543,567**
Cash and cash equivalents at beginning of period		93,662,028		26,118,461
Cash and cash equivalents at end of period	**$**	**25,746,450**	**$**	**93,662,028**
Supplemental cash flow information				
Interest paid	**$**	**1,830,218**	**$**	**1,700,185**
Net taxes paid	**$**	**370,791**	**$**	**2,553,126**

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

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Note 1 – Description of the Group

NB Private Equity Partners Limited (the "Company") and its subsidiaries, collectively (the "Group") is a closed-ended investment company registered in Guernsey. The registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. The Group invests in private equity assets, which consist of direct equity investments, income investments and legacy fund investments. The portfolio includes investments in legacy private equity funds, which are in realisation mode. Income investments include corporate private debt investments and healthcare credit investments, which consist of loans to companies in the healthcare sector and royalty backed notes. From time to time, the Group may also make other opportunistic investments, as appropriate. The Company's Class A Shares are listed and admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange ("Main Market") and the regulated market of Euronext Amsterdam N.V., under the symbol "NBPE". NBPE's Zero Dividend Preference ("ZDP") Shares (see note 5) are listed and admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("Specialist Fund Segment") under the symbol "NBPP".

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

Principles of Consolidation

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

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Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the directors to make estimates and judgments that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

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

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

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

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

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

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

Valuation Process for Level 3 Investments

The valuation process for investments categorised in Level 3 of the fair value hierarchy is completed on a quarterly basis and is designed to subject the valuation of Level 3 investments to an appropriate level of consistency, oversight and review. The Investment Manager has ultimate responsibility for the valuation process and the fair value of investments reported in the consolidated financial statements.

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The Investment Manager performs initial and ongoing investment monitoring and valuation assessments. In determining the fair value of investments, the Investment Manager reviews periodic investor reports and interim and annual audited consolidated financial statements received from the investments, reviews material quarter over quarter changes in valuation, and assesses the impact of macro market factors on the performance of the investments.

For income investments, the Investment Manager estimates the enterprise value of each portfolio company and compares such amount to the total amount of the Group's debt as well as the level of debt senior to the Group's interest. Estimates of enterprise value are based on the specific measure (such as EBITDA, free cash flow, net income, book value or NAV) believed to be most relevant for the given company and the Investment Manager compares this metric in relation to comparable company valuations (market trading and transactions) based on the same metric. In determining the enterprise value, the Investment Manager further considers the company's 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 the Group is invested in and securities senior to the Group's position.

If the principal repayment of debt and any accrued interest is supported by the enterprise value analysis described above, the Investment Manager next considers 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, the Investment Manager takes into account current pricing and liquidity. Liquidity may be estimated by the spread between bid and offer prices and other available measures of market liquidity, including number and size of recent trades and liquidity scores. If the Investment Manager believes market yields for similar investments have changed substantially since the pricing of the security held by the Group, the Investment Manager performs a discounted cash flow analysis, based on the expected future cash flows of the debt securities and current market rates. The Investment Manager also considers the maturity of the investment, compliance with covenants and ability to pay cash interest when estimating the fair value of the Group's debt investment.

Realised Gains and Losses on Investments

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

Net Change in Unrealised Gains and Losses on Investments

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

Foreign Currency

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

Changes in Net Assets. For the years ended 31 December 2017 and 2016, the effect of translation to U.S. Dollars increased valuations of foreign investments by approximately $584,785 and $123,190, respectively.

Other than the ZDP Shares denominated in Sterling, the Group has unfunded commitments denominated in currencies other than U.S. Dollars. At 31 December 2017, the unfunded commitments that are in Euro and Canadian dollars amounted to €36,721,669 (2016: €2,088,641) and CAD 297,113 (2016: CAD 297,113). They have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. Dollar exchange rate in effect at 31 December 2017 and 2016. The effect on the unfunded commitment of the change in the exchange rate between Euro and U.S. Dollars and CAD and U.S. Dollars was an increase in the U.S. Dollar obligation of $326,061 for 31 December 2017 and a decrease in U.S. Dollar obligation of $4,134 for 31 December 2016.

Investment Transactions and Investment Income

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

The Group earns interest and dividends from direct investments and from cash and cash equivalents. The Group records dividends on the ex-dividend date, net of withholding tax, if any, and interest, on an accrual basis when earned, provided the Investment Manager knows the information or is able to reliably estimate it. Otherwise, the Group records the investment income when it is reported by the private equity investments. Discounts received or premiums paid in connection with the acquisition of loans are amortised into interest income using the effective interest method over the contractual life of the related loan. Payment-in-kind ("PIK") interest is computed at the contractual rate specified in the loan agreement for any portion of the interest which may be added to the principal balance of a loan rather than paid in cash by obligator on the scheduled interest payment date. PIK interest is added to the principal balance of the loan and recorded as interest income. Prepayment premiums include fee income from securities settled prior to maturity date, and are recorded as interest income in the Consolidated Statements of Operations and Changes in Net Assets.

For the year ended 31 December 2017, total interest and dividend income was $16,488,513, of which $138,046 was dividends, $15,798,389 was interest income, and $552,078 was other forms of income. For the year ended 31 December 2016, total interest and dividend income was $31,016,956, of which $23,253 was dividends, $30,552,793 was interest income, and $440,910 was other forms of income. Realised gains and losses from sales of investments are determined on a specific identification basis.

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in accounts at banks and liquid investments with original maturities of three months or less. Cash equivalents are carried at cost plus accrued interest, which approximates fair value. At 31 December 2017 and 2016, cash and cash equivalents consisted of $25,746,450 and $93,662,028 of cash, respectively, primarily held in operating accounts with JP Morgan Chase. Cash equivalents are held for the purpose of meeting short-term liquidity requirements, rather than for investment purposes.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Group an exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the Group has been charged an annual exemption fee of £1,200 (2016: £1,200).Generally, income that the Group derives from the

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investments may be subject to taxes imposed by the U.S. or other countries and will impact the Group's effective tax rate.

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

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

On 22 December 2017, H.R. 1/Public Law 115-97, commonly referred to as the "Tax Cuts and Job Act of 2017", was signed into law, which made significant changes to the U.S. Internal Revenue Code, including limitations on certain deductions and credits, among other changes. For the Group's calendar year-end investments in corporations, effective January 1, 2018, the new statutory tax rate is 21%. The Group has re-measured the deferred income tax ending balances at these new statutory rates since the rules under ASC 740 require companies to reflect the change in the period in which the law was enacted. For the Group's fiscal year-end investments in corporations, the tax law changes are not effective until the fiscal tax year ended November 30, 2018. Adjustments to the deferred tax accounts as a result of the change in tax law is the Company's best estimate based on the information available at this time and may change as additional information becomes available. Any required future adjustment would be reflected in the quarter in which it is identified, as allowed by the SEC Staff Accounting Bulletin No. 118.

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

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

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

Deferred taxes are recorded to reflect the tax benefit and consequences of future years' differences between the tax basis of assets and liabilities and their financial reporting basis. The Group records a valuation allowance to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realised. Management subsequently adjusts the valuation allowance as the expected realisability of the deferred tax assets changes such that the valuation allowance is sufficient to cover the portion of the asset that will not be realised. The Group records the tax associated with any transactions with U.S. or other tax consequences when the Group recognises the related income.

Shareholders in certain jurisdictions may have individual income tax consequences from ownership of the Group's shares. The Group has not accounted for any such tax consequences in these consolidated financial statements. For example, the Investment Manager

expects the Group and certain of its non-U.S. corporate subsidiaries to be treated as passive foreign investment corporations ("PFICs") under U.S. tax rules. For this purpose, the PFIC regime should not give rise to additional tax at the level of the Group or its subsidiaries. Instead, certain U.S. investors in the Group may need to make tax elections and comply with certain U.S. reporting requirements related to their investments in the PFICs in order to potentially manage the adverse U.S. tax consequences associated with the regime.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are reported at fair value. See note 6.

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

Reclassifications

Certain amounts in the 2016 consolidated financial statements have been reclassified to conform to the 2017 presentation.

Operating Expenses

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

Carried Interest

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

Note 3 – Fair Value of Financial Instruments

The Group invests in a diversified portfolio of private equity investments (see note 2). As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Group has assessed these positions and concluded that all private equity investments not valued using the practical expedient, with the exception of marketable securities, are classified as either level 2 or level 3 due to significant unobservable inputs. Marketable securities distributed from a private equity investment are classified as level 1. As of 31 December 2017 and 2016, there were no marketable securities held by the Group.

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The following table details the Group's financial assets and liabilities that were accounted for at fair value as of 31 December 2017 and 2016 by level and fair value hierarchy:

	Assets (Liabilities) Accounted for at Fair Value				
As of 31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Investments measured at net asset value[1]**	**Total**
Private equity investments	$ -	$ 38,693,724	$ 152,002,136	$ 770,710,434	$ 961,406,294
Forward foreign exchange contract	-	1,656,011	-	-	1,656,011
Totals	$ -	**$ 40,349,735**	**$ 152,002,136**	**$ 770,710,434**	**$ 963,062,305**
As of 31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Investments measured at net asset value[1]**	**Total**
Private equity investments	$ -	$ 23,159,340	$ 137,005,865	$ 607,147,624	$ 767,312,829
Forward foreign exchange contract	-	(3,308,112)	-	-	(3,308,112)
Totals	$ -	**$ 19,851,228**	**$ 137,005,865**	**$ 607,147,624**	**$ 764,004,717**

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

The Group accounts for transfers at the end of the reporting period in which such transfers occur.

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The following table summarises the changes in the fair value of the Group's level 3 private equity investments for the year ended 31 December 2017.

(dollars in thousands) For the Year Ended 31 December 2017	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2016	$ -	$ 44,395	$ 4,199	$ 5,588	$ 82,824	$ 137,006
Purchases of investments and/or contributions to investments	-	476	-	397	55,409	56,282
Realised gain (loss) on investments	-	31,018	2,639	138	4,954	38,749
Changes in unrealised gain (loss) of investments still held at the reporting date	-	5,284	-	1,361	(70)	6,575
Changes in unrealised gain (loss) of investments sold during the period	-	(25,181)	(2,553)	-	4,848	(22,886)
Distributions from investments	-	(36,341)	(4,177)	(138)	(45,130)	(85,786)
Transfers in and / or (out) of level 3	2,000	1,637	-	17,955	470	22,062
Balance, 31 December 2017	**$ 2,000**	**$ 21,288**	**$ 108**	**$ 25,301**	**$ 103,305**	**$ 152,002**

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The following table summarises changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2016.

(dollars in thousands)	For the Year Ended 31 December 2016					
	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2015	$ 93,683	$ 172,544	$ 35,300	$ 27,761	$ 266,256	$ 595,544
Purchases of investments and/or contributions to investments	22,739	70,212	12,084	9,068	40,858	154,961
Realised gain (loss) on investments	6,482	2,676	3,438	1,257	26,669	40,522
Changes in unrealised gain (loss) of investments still held at the reporting date	17,488	66,563	1,864	2,667	(2,444)	86,138
Changes in unrealised gain (loss) of investments sold during the period	(7,353)	(7,566)	(6,779)	-	213	(21,485)
Distributions from investments	(19,894)	(19,093)	(2,114)	(2,257)	(222,457)	(265,815)
Transfers in and / or (out) of level 3	(113,145)	(240,941)	(39,594)	(32,908)	(26,271)	(452,859)
Balance, 31 December 2016	**$ -**	**$ 44,395**	**$ 4,199**	**$ 5,588**	**$ 82,824**	**$ 137,006**

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The following table summarises the valuation methodologies and inputs used for private equity investments categorised in level 3 as of 31 December 2017.

(dollars in thousands) Private Equity Investments	Fair Value 31 December 2017	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments					
Large-cap buyout	$ 2,000	Other	Most recent financing	Not applicable	Increase
Mid-cap buyout	21,288	Other	Escrow Value	1.0x	Increase
		Other	Expected sales proceeds	1.0x	Increase
		Other	Most recent financing	Not applicable	Increase
Special situations	108	Other	Escrow Value	1.0x	Increase
Growth / venture	25,301	Other	Most recent financing	Not applicable	Increase
Income investments	103,305	Market comparable companies	LTM EBITDA	7.3x-13.1x (10.5x)	Increase
Total	$ 152,002				

1. LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortisation.
2. Inputs weighted based on fair value of investments in range.
3. Unless otherwise noted, this column represents the directional change in the fair value of level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

The following table summarises the valuation methodologies and inputs used for private equity investments categorised in level 3 as of 31 December 2016.

(dollars in thousands) Private Equity Investments	Fair Value 31 December 2016	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments					
Mid-cap buyout	$ 44,395	Market comparable companies	LTM EBITDA	8.0x-21.5x (13.0x)	Increase
		Other	Escrow Value	1.0x	Increase
		Other	Expected sales proceeds	1.0x	Increase
Special situations	4,199	Market comparable companies	LTM EBITDA	8.1x	Increase
Growth / venture	5,588	Other	Escrow Value	1.0x	Increase
		Other	Most recent financing	Series A and Series D	Increase
Income investments	82,824	Market comparable companies	LTM EBITDA	7.3x-13.8x (9.6x)	Increase
Total	$ 137,006				

1. LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortisation.
2. Inputs weighted based on fair value of investments in range.
3. Unless otherwise noted, this column represents the directional change in the fair value of level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

Since 31 December 2016, there have been no changes in valuation methodologies within level 2 and level 3 that have had a material impact on the valuation of private equity investments.

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

Note 4 – Credit Facility

On 12 December 2012, a subsidiary of the Company amended an agreement with Lloyds Banking Group (formerly Bank of Scotland) to provide for a revised senior secured revolving credit facility (the "2012 Credit Facility") of up to $200.0 million that would have expired on 30 April 2017. Prior to this date, in June 2016, the Group closed this facility. Throughout 2016 up to the date of repayment, the Group met all requirements under the 2012 Credit Facility and as of 31 December 2016 the 2012 Credit Facility had been closed.

On 7 June 2016, the same subsidiary of the Company entered into an agreement with JP Morgan (the "2016 Credit Facility") to refinance the 2012 Credit Facility. The 2016 Credit Facility's availability is up to $150.0 million (including a $25.0 million accordion) and expires on 7 June 2021. At 31 December 2017, there was $60.0 million in borrowings drawn under the 2016 Credit Facility. At 31 December 2016, there were no borrowings drawn under the 2016 Credit Facility.

The 2016 Credit Facility is guaranteed by the Company as well as all of the Company's subsidiaries and secured by substantially all of the assets of the Company and its subsidiaries.

Under the 2016 Credit Facility, the Group is required to meet certain portfolio concentration tests, a maximum over-commitment test, and certain loan-to-value ratios. In addition, the 2016 Credit Facility limits the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers, repurchase of shares, liens, or other matters customarily restricted in such agreements. The ZDP Shares (see note 5) are compliant with the 2016 Credit Facility agreements. At 31 December 2017, the Group met all requirements under the 2016 Credit Facility.

Under the 2016 Credit Facility, the interest rate is calculated as LIBOR plus 3.75% per annum and the Group is required to pay a commitment fee calculated as 1.25% per annum on the daily balance of the unused facility amount.

For the year ended 31 December 2017, the Group incurred and expensed $464,179 in interest and $1,467,361 for undrawn commitment fees. For the year ended 31 December 2016, the Group incurred and expensed $1,700,185 in interest and $1,195,533 for undrawn commitment fees. As of 31 December 2017 and 2016, unamortised capitalised debt issuance costs (included in other assets) were $1,555,665 and $2,008,469 respectively. For the years ended 31 December 2017 and 2016, capitalised amounts are being amortised on a straight-line basis over the term of the 2016 Credit Facility. Such amortisation amounted to $452,804 and $977,512 for the years ended 31 December 2017 and 2016, respectively.

An active market for debt instruments that are similar to that of the 2016 Credit Facility does not exist. The Investment Manager estimates the fair value of the 2016 Credit Facility based on comparison to debt instruments with comparable characteristics and considers that, based on the balance borrowed, the fair value of the 2016 Credit Facility was $60.0 million at 31 December 2017 and had a zero balance at 31 December 2016.

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

On 30 November 2009 the Company issued 30,000,000 ZDP Shares. On 16 April 2010 the Company issued an additional 2,999,999 ZDP Shares. The additional ZDP Shares ranked pari passu with the first ZDP Shares, collectively the "2017 ZDP Shares". The holders of the 2017 ZDP Shares were entitled to a redemption amount of 100.0 pence per ZDP Share as increased daily at such a daily compound rate as would give a final entitlement of 169.73 pence on 31 May 2017, resulting in an effective interest rate of 7.3% annually. As a result of the Rollover Offer (described below), there were 7,109,599 2017 ZDP Shares outstanding as of 31 December 2016 and on 31 May 2017 the remaining 2017 ZDP Shares were fully redeemed and are no longer outstanding as of 31 December 2017.

On 14 September 2016, the Company completed the successful issuance of 50,000,000 new ZDP shares (the "2022 ZDP Shares") at a Gross Redemption Yield of 4.00%. Holders of the 2017 ZDP Shares were given the offer to rollover their shares to the 2022 ZDP Share series (the "Rollover Offer"). Under the Rollover Offer, eligible holders of the 2017 ZDP Shares converted (by way of re-designation) some or all of their holding of 2017 ZDP Shares into new 2022 ZDP Shares. The rollover was completed at a rollover value of 165.14 pence and 2017 ZDP Shares were converted (by way of re-designation) into 1.6514 2022 ZDP Shares. Approximately 85% of the 2022 ZDP Shares were issued through the Rollover Offer. Approximately 15% of the 2022 ZDP Shares were issued pursuant to the Initial Placing and Offer for Subscription at a price per 2022 ZDP Share of 100 pence. The holders of the 2022 ZDP shares will have a final capital entitlement of 126.74 pence on the repayment date of 30 September 2022. As of 31 December 2017, there were 50,000,000 2022 ZDP Shares outstanding.

The 2022 ZDP Shares rank prior to the Class A Shares and B Shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and their entire return takes the form of capital.

The following table reconciles the liability for ZDP Shares, which approximates fair value, for the years ended 31 December 2017 and 2016.

ZDP Shares	Pounds Sterling	U.S. Dollars
Liability, 31 December 2015	£ 50,719,303	$ 74,739,963
Net change from 2022 ZDP Share issuance and rollover of 2017 ZDP Shares	24,109,600	27,666,324
Net change in accrued interest	(12,494,081)	(15,545,798)
Premium amortisation	(21,571)	(17,925)
Currency conversion	-	(9,948,012)
Liability, 31 December 2016	£ 62,313,251	$ 76,894,552
Redemption of 2017 ZDP Shares	(7,190,043)	(8,872,514)
Net change in accrued interest	(2,508,484)	(2,789,914)
Premium amortisation	(9,815)	(12,111)
Currency conversion	-	5,865,000
Liability, 31 December 2017	£ 52,604,909	$ 71,085,013

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On 31 May 2017 the 2017 ZDP Shares were redeemed and delisted from the Specialist Fund Segment and the Official List of The International Stock Exchange. As of 31 December 2017, the 2022 ZDP Shares were the only outstanding ZDP share class.

Capitalised offering costs are being amortised using the effective interest rate method. The unamortised balance of the 2022 ZDP Shares at 31 December 2017 was $1,438,820 and the unamortised balance of the 2017 and 2022 ZDP Shares at 31 December 2016 was $1,823,230.

Note 6 – Forward Foreign Exchange Contracts

The Group entered into a forward foreign exchange contract in 2009 with the Lloyds Banking Group to economically hedge, in part, the risk associated with the pounds sterling contractual liability for the ZDP Shares. The Group settled the forward foreign exchange contract on 7 June 2016 with the Lloyds Banking Group. As a result of this settlement, the Group recognised a realised loss of $6,500,000 which is included in net realised gain (loss) on investments and forward foreign exchange contracts in the Consolidated Statements of Operations and Changes in Net Assets for the year ended 31 December 2016.

On 21 September 2016, the Group entered into a forward foreign currency contract with JP Morgan. The contract stated that the Group would purchase £50,000,000 on 31 May 2017 for $65,250,000. The Group incurred a $220,000 margin call related to this contract which is included in Net realised gain (loss) on investments and forward foreign exchange contracts on the Consolidated Statements of Operations and Changes in Net Assets. The change in unrealised loss on this contract for the year ended 31 December 2016 was $3,308,112 which is included in net change in unrealised gain (loss) on investments and forward foreign exchange contract on the Consolidated Statements of Operations and Changes in Net Assets. As of 31 December 2016, the fair value of this contract was a liability of $3,308,112 which is included in accrued expenses and other liabilities on the Consolidated Balance Sheets. On 26 May 2017, the Group incurred a realised loss on the settlement of this contract of $1,220,000 which is included in Net realised gain (loss) on investments and forward foreign exchange contracts on the Consolidated Statements of Operations and Changes in Net Assets.

Following the settlement on 26 May 2017 of the contract described immediately above, the Group entered into a new forward foreign currency contract with JP Morgan which states that the Group will purchase £30,000,000 on 31 May 2018 for $38,874,000. The change in unrealised gain on this contract for the year ended 31 December 2017 was $1,656,011 which is included in net change in unrealised gain (loss) on investments and forward foreign exchange contract on the Consolidated Statements of Operations and Changes in Net Assets. As of 31 December 2017, the fair value of this contract was an asset of $1,656,011 which is included in other assets on the Consolidated Balance Sheets.

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Note 7 – Income Taxes

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

	31 December 2017	31 December 2016
Current tax expense	$ 304,408	$ 1,749,401
Deferred tax expense (benefit)	509,577	(3,586,485)
Total tax expense (benefit)	**$ 813,985**	**$ (1,837,084)**

	31 December 2017	31 December 2016
Gross deferred tax assets	$ 6,032,530	$ 10,301,417
Valuation allowance	(2,270,349)	(5,240,034)
Net deferred tax assets	3,762,181	5,061,383
Gross deferred tax liabilities	(5,297,864)	(6,087,489)
Net deferred tax assets (liabilities)	**$ (1,535,683)**	**$ (1,026,106)**

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

The Group has no gross unrecognised tax benefits. The Group is subject to examination by tax regulators for the years subsequent to 2013.

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Note 8 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the years ended 31 December 2017 and 2016 are as follows:

	For the Years Ended 31 December	
	2017	2016
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 99,245,655	$ 100,713,774
Divided by weighted average shares outstanding for Class A Shares and Class B Shares of the controlling interest	48,800,564	48,800,564
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	**$ 2.03**	**$ 2.06**

Note 9 – Share Capital, Including Treasury Stock

Following the Class A Shareholder meeting on 24 April 2017 and admission to the Main Market, Class A Shareholders have the right to vote on all resolutions proposed at general meetings of the Company, including resolutions relating to the appointment, election, re-election and removal of directors. The Company's Class B Shares, which were issued at the time of the initial public offering to a Guernsey charitable trust whose trustee is Estera Corporate Services (Guernsey) Limited ("Trustee"), usually carry no voting rights at general meetings of the Company. However, in the event the level of ownership of Class A Shares by US residents (excluding any Class A Shares held in treasury) exceeds 35% on any date determined by the directors (based on an analysis of share ownership information available to the Company), the Class B Shares will carry voting rights in relation to "Director Resolutions" (as such term is defined in the Company's articles of incorporation). In this event, Class B Shares will automatically carry such voting rights to dilute the voting power of the Class A shareholders with respect to Director Resolutions to the extent necessary to reduce the percentage of votes exercisable by US residents in relation to the Director Resolutions to not more than 35%. Each Class A Share and Class B Share participates equally in profits and losses. There have been no changes to the legal form or nature of the Class A Shares nor to the reporting currency of the Company's consolidated financial statements (which will remain in U.S. Dollars) as a result of the Main Market quote being in Sterling.

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The following table summarises the Company's shares at 31 December 2017 and 2016.

	31 December 2017	31 December 2016
Class A Shares outstanding	48,790,564	48,790,564
Class B Shares outstanding	10,000	10,000
	48,800,564	48,800,564
Class A Shares held in treasury - number of shares	3,150,408	3,150,408
Class A Shares held in treasury - cost	$ 9,248,460	$ 9,248,460

The Company currently has shareholder authority to repurchase shares in the market, the aggregate value of which may be up to 14.99% of its NAV on 1 January in the relevant year in which the buyback is made. The maximum price which may be paid for a Class A Share is an amount equal to the higher of (i) the price of the last independent trade and (ii) the highest current independent bid, in each case, with respect to the Class A Shares on the relevant exchange (being the Main Market or the regulated market of Euronext Amsterdam N.V.).

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

Management and Administration

The Group is managed by the Investment Manager for a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the NAV of the private equity and opportunistic investments. For purposes of this computation, the NAV is reduced by the NAV of any investment for which the Investment Manager is separately compensated for investment management services. The Investment Manager is not entitled to a management fee on: (i) the value of any fund investments held by the Company in NB Funds in respect of which the Investment Manager or an affiliate receives a fee or other remuneration; or (ii) the value of any holdings in cash and short-term investments (the definition of which shall be determined in good faith by the Investment Manager, and shall include holdings in money market funds (whether managed by the Investment Manager, an affiliate of the Investment Manager or a third party manager)). For the years ended 31 December 2017 and 2016, the management fee expenses were $11,904,626 and $10,665,808, respectively, and are included in investment management and services on the Consolidated Statement of Operations and Changes in Net Assets.

The Group pays MUFG Capital Analytics LLC, now an independent third party, for certain accounting and administrative services at the rate of 2.5 basis points per quarter (10 basis points per annum) applied to the NAV of the private equity and opportunistic investments at the end of each calendar quarter, computed as described above and for all periods beginning 1 May 2016 and onwards. During the period of 1 January 2016 through 30 April 2016, the current independent third party administrator was an affiliate of the Investment Manager and the Group incurred $200,182 for these services.

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The Group pays to Estera International Fund Managers (Guernsey) Limited ("Estera"), an affiliate of the Trustee, a fee for providing certain administrative functions relating to certain corporate services and Guernsey regulatory matters affecting the Group. Fees for these services are paid as invoiced by Estera. The Group paid Estera $177,152 and $269,045 for the years ended 31 December 2017 and 2016 respectively, for such services, and are included in administration and professional fees on the Consolidated Statements of Operations and Changes in Net Assets.

For the years ended 31 December 2017 and 2016, the Group paid the independent directors a total of $195,000 and $217,500 respectively. In addition, and as disclosed in the notice of extraordinary general meeting ("EGM"), the independent directors at the time also received a one time fee of $7,500 each for the additional work in moving from the Specialist Fund Segment to the Main Market during the year ended 31 December 2017.

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

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 31 December 2017 and 2016, the noncontrolling interest of $1,003,228 and $895,949 represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation respectively.

The following table reconciles the carrying amount of Net Assets, Net Assets attributable to the controlling interest and Net Assets attributable to the noncontrolling interest at 31 December 2017 and 2016.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2015	**$ 700,327,477**	**$ 787,260**	**$ 701,114,737**
Net increase (decrease) in net assets resulting from operations	100,713,774	108,689	100,822,463
Dividend payment	(24,400,282)	-	(24,400,282)
Net assets balance, 31 December 2016	**$ 776,640,969**	**$ 895,949**	**$ 777,536,918**
Net increase (decrease) in net assets resulting from operations	99,245,655	107,279	99,352,934
Dividend payment	(24,400,282)	-	(24,400,282)
Net assets balance, 31 December 2017	**$ 851,486,342**	**$ 1,003,228**	**$ 852,489,570**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5% of the Group's consolidated net increase in net assets resulting from operations, adjusted by withdrawals, distributions, and capital contributions, for a fiscal year in the event that the Group's internal rate of return for such period, based on the NAV, exceeds 7.5%. For the purposes of this computation, the value of any private equity fund investment in NB Funds in respect of which the Investment Manager or an affiliate receives a fee or other remuneration shall be excluded from the calculation of the incentive allocation payable to the Special Limited Partner. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the calculations for future periods. Such loss amounts are reduced proportionately to give effect to the distributions to the general partner of the partnership subsidiary during the performance period. Carried interest is also accrued and paid on any economic gain that the Group realises on treasury stock transactions (see note 9). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. As of 31 December 2017 and 2016, carried interest of $7,925,575 and $7,866,561 respectively was accrued.

Private Equity Investments with the Investment Manager's Platform

The Group holds limited partner interests in private equity funds and funds of funds managed and sponsored by the Investment Manager. These investments will not result in any duplicative NBG investment management fees and carry charged to the Group. As of 31 December 2017 and 2016, the aggregate NAV of these funds was approximately $226.7 million and $232.4 million, respectively and associated unfunded commitments were $239.7 million and $232.1 million, respectively.

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

As of 31 December 2017, the Group has committed $317.0 million and funded $156.2 million to the NB Alternatives Direct Co-investment Programs, committed $50.0 million and funded $45.6 million to the NB Healthcare Credit Investment Program, committed $30.0 million and funded $13.1 million to Marquee Brands and committed $50.0 million and funded $4.3 million to NB Credit Opportunities Program.

Note 11 – Risks and Contingencies

Market Risk

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

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

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Credit Risk

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

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

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Investment Manager mitigates this risk by monitoring the sufficiency of cash balances and availability under the 2016 Credit Facility (see note 4) to meet expected liquidity requirements for investment funding and operating expenses.

Contingencies

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

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Note 12 – Financial Highlights

The following ratios with respect to the Class A Shares and B Shares have been computed for the years ended 31 December 2017 and 2016:

Per share operating performance (based on average shares outstanding during the year)		For the Year Ended 31 December 2017		For the Year Ended 31 December 2016
Beginning net asset value	$	15.91	$	14.35
Net increase in net assets resulting from operations:				
Net investment income (loss)		(0.28)		0.07
Net realised and unrealised gain (loss)		2.32		1.99
Dividend payment		(0.50)		(0.50)
Ending net asset value	**$**	**17.45**	**$**	**15.91**

Total return (based on change in net asset value per share)	2017	2016
Total return before carried interest	12.82%	15.47%
Carried interest	(1.00%)	(1.11%)
Total return after carried interest	**11.82%**	**14.36%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	2017	2016
Net investment income (loss)	(1.75%)	0.48%
Expense ratios:		
Expenses before interest and carried interest	2.39%	2.34%
Interest expense	0.44%	0.44%
Carried interest	1.00%	1.11%
Expense ratios total	**3.83%**	**3.89%**

Net investment income (loss) is interest income earned net of expenses, including management fees and other expenses consistent with the presentation within the Consolidated Statements of Operations and Changes in Net Assets. Expenses do not include the expenses of the underlying private equity investment partnerships.

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

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Note 13 – Subsequent Events

On 17 January 2018, the board of directors of the Group declared a dividend payment of $0.25 on each ordinary share which was payable on 28 February 2018 with a dividend record date of 26 January 2018.

The Investment Manager and the board of directors have evaluated events through 4 April 2018, the date the consolidated financial statements were available to be issued, and has determined that there were no other subsequent events that required adjustment to, or disclosure in, the consolidated financial statements.

APPENDIX | SCHEDULE OF INVESTMENTS (UNAUDITED)

Direct Equity Investments ($ in millions)	Principal Geography	Investment Date	Description	Fair Value
Business Services Company*	U.S.	Oct-17	Business services company	26.2
Qpark	Europe	Oct-17	European parking services provider	24.4
Staples	U.S.	Sep-17	Provider of office supplies through a business to business platform and retail	23.7
Extraction Oil & Gas	U.S.	May-14	E&P company in the U.S.	23.4
ProAmpac	U.S.	Nov-16	Leading global flexible packaging company	22.0
The Warranty Group	Global	Jul-14	Underwriter & administrator of extended warranties	21.3
Telxius	Europe	Oct-17	Telecommunications infrastructure including fibre-optic cables and telecom towers	20.3
USI	U.S.	Jun-17	Insurance brokerage and consulting services	20.0
Material Handling Systems	U.S.	Apr-17	E-commerce infrastructure and automation company	19.8
Engineering Ingegneria Informatica	Italy	May-16	Italian IT firm	18.2
Gardner Denver, Inc.	U.S.	Jul-13	Maker of industrial equipment	17.2
Marquee Brands	Global	Dec-14	Portfolio of consumer branded IP assets, licensed to third parties	16.0
Consilio	U.S.	Jul-15	eDiscovery company providing end-to-end services globally	15.6
Accedian	U.S.	Apr-17	Network technology company	15.4
Branded Cities Network	U.S.	Nov-17	North American advertising media company	14.6
Financial Services Company*	Global	Sep-16	Global financial advisory and investment banking firm	14.6
Evoqua Equity	U.S.	Jan-14	Water treatment technology, equipment and services	14.5
Saguaro	Canada	Jul-13	E&P company pursuing unconventional light oil/liquids-rich gas properties	13.9
LGC	Europe	Mar-16	Life sciences measurement and testing company	13.7
Leaseplan	Europe	Apr-16	Fleet management company	13.4
Final Site	U.S.	Nov-16	Learning management platform for schools	13.1
Standard Aero	U.S.	Jun-15	Provider of aircraft maintenance, repair and overhaul services	11.9
Branded Toy Company*	U.S.	Jul-17	Specialty toy company	10.6
Vencore	U.S.	Nov-10	High-end systems engineering to US Intelligence Industry	10.5
CSC Service Works	U.S.	Mar-15	Provider of outsourced services to laundry & air vending markets	10.1
SolarWinds	U.S.	Feb-16	Provider of enterprise-class IT and infrastructure management software	9.9
Black Knight Financial Services	U.S.	Dec-13	Mortgage servicing technology and appraisal / origination services	9.8
RiverBed	U.S.	Feb-15	Provider of application performance infrastructure	9.7
Digital River (Equity)	U.S.	Feb-15	Digital eCommerce, payments and marketing solutions	9.4
Omega Environmental Technologies	U.S.	Feb-17	Leading distributor and assembler of climate control components	9.3
ProMach	U.S.	Nov-14	Packaging machinery for consumer goods	9.2
Groupo Cortefiel	Europe	Oct-17	Spanish apparel retailer	9.1
Vertiv	U.S.	Nov-16	Provider of data center infrastructure	8.9
Lasko Products	U.S.	Nov-16	Manufacturer of portable fans and ceramic heaters	8.8
Genetic Testing Company - Equity*	U.S.	Jun-13	Genetic testing company	8.6
West Marine	U.S.	Sep-17	Specialty retailer of boating supplies	8.1
Brightview	U.S.	Dec-13	Commercial landscape and turf maintenance	8.0
Looking Glass	U.S.	Feb-15	Cyber security technology company	7.8
Ellucian	Global	Sep-15	Developer of higher education ERP software	7.3
Petsmart	U.S.	Jun-15	Pet supplies retailer	7.3
Solace Systems	U.S.	Apr-16	Enterprise messaging solutions	7.2
GC Services	U.S.	Jan-16	Provider of call center management and collection agency services	7.1
Fortress	U.S.	Jun-17	Leading hospital provider in Vietnam	7.0
Berlin Packaging	U.S.	Oct-14	Supplier of rigid packaging materials and value-added services	6.6
Aster / DM Healthcare	Middle East / India	Jun-14	Operator of hospitals, clinics and pharmacies	6.4
Wind River Environmental	U.S.	Apr-17	Waste management services provider	5.9
American Dental Partners, Inc.	U.S.	Feb-12	Dental practice management services	5.6
Excelitas	U.S.	Nov-17	Sensing, optics and illumination technology	5.0
Hilsinger	U.S. / U.K. / Australia	May-14	Supplier of eye wear and eye care accessories	4.9

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

APPENDIX | SCHEDULE OF INVESTMENTS (UNAUDITED)

Direct Equity Investments ($ in millions)	Principal Geography	Investment Date	Description	Fair Value
ARUHI Corporation	Japan	Oct-14	Mortgage company in Japan offering primarily fixed rate mortgages	4.9
MHS	U.S.	Mar-17	Provider of repair, maintenance and fleet management services	4.9
Inflection Energy	U.S.	Oct-14	Dry gas exploration company in the Marcellus Shale	4.7
Snagajob	U.S.	Jun-16	Job search and human capital management provider	4.5
Mills Fleet Farms	U.S.	Feb-16	Value-based retailer with 35 stores in the Midwest US	4.4
Concord Bio	India	Jun-16	Active pharmaceutical ingredients manufacturer	4.2
Connector Company*	U.S.	Oct-15	Producer of embedded solid-state connectors	4.0
Compliance Solutions Strategies	U.S.	Apr-17	Provider of compliance solutions to the financial services sector	3.9
Centro	U.S.	Jun-15	Provider of digital advertising management solutions	3.6
Boa Vista	Brazil	Nov-12	Second largest credit bureau in Brazil	3.3
Alex & Ani	U.S.	May-15	Designer jewelry company	3.2
First Data	Global	Sep-07	Electronic commerce and payments	3.2
Syniverse Technologies	Global	Feb-11	Global telecommunications technology solutions	3.1
BackOffice	U.S.	Dec-17	Data management solutions provider	3.0
Stratus Technologies	U.S.	Apr-14	Technology solutions that prevent downtime of critical applications	2.9
Kyobo Life Insurance Co.	Asia	Dec-07	Life insurance in Korea	2.7
Bylight	U.S.	Jun-17	Provider of IT and technology infrastructure cyber solutions	2.5
Counsyl	U.S.	Jul-14	Genetic testing and services using innovative software	5.5
Into University Partnerships	U.K./U.S.	Apr-13	Collegiate recruitment, placement and education	2.1
Prosper	U.S.	Apr-15	Peer-to-peer online lending marketplace for unsecured consumer credit loans	2.0
Velocidi	U.S.	Dec-16	Marketing intelligence company	2.0
Taylor Precision Products	U.S.	Jul-12	Consumer & foodservice measurement products	1.8
Corona Industrials	South America	Jun-14	Building materials company	1.6
Technology Company (Encryption App)*	U.S.	Aug-14	Encryption app for text, audio, picture and video messaging	1.5
Shelf Drilling	Global	Feb-13	Shallow water offshore drilling contractor	1.3
Fairmount Minerals	U.S.	Aug-10	Producer of high purity sand / sand based proppants	1.1
Acteon	Europe	Dec-12	Products & services to offshore energy sector	1.0
Formation Energy	U.S.	Jul-13	Oil & gas E&P focused on shale formations including the Bakken and Eagle Ford	0.8
Specialty Drug Pharma. Company*	U.S.	Oct-15	Provider of product development and related services to life sciences companies	0.8
Innovation Group	U.K.	Dec-15	Global business process outsourcing provider of insurance claims processing services	0.8
Galco Industrials Equity	U.S.	May-14	Wholesale distributor of electrical components	0.8
Univar	Global	Nov-10	Commodity and specialty chemicals distributor	0.4
OB Hospitalist Group	U.S.	Aug-17	Hospitalist and related physician support services	0.4
J.Crew Group	U.S.	Mar-11	Specialty retailer	0.2
Incipio	U.S.	Feb-16	Designer and developer of smartphone and tablet accessories	0.0
MBI Energy	U.S.	Jun-14	Oil field services company in Bakken region of North Dakota	0.0
Net Other Assets / (Liabilities)				0.2
Total Direct Equity Investments				**$698.6**

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

APPENDIX | SCHEDULE OF INVESTMENTS (UNAUDITED)

Investment Name	Security Details	Investment Date	Maturity Date	Fair Value[1]	Cash + PIK Coupon	Cash Yield	Total Est. YTM
Corporate Private Debt Investments							
2017							
Firstlight Fiber	Second Lien (L+8.0% Cash, 1% L Floor, 1.5% OID)	Sep-17	Dec-22	2.4	9.7%	9.7%	10.1%
Epic Insurance	Second Lien (L+9.25% Cash, 1% L Floor, 3% OID)	Sep-17	Sep-25	3.4	10.9%	9.4%	8.5%
Carestream Dental	Second Lien (L+8.0% Cash, 1% L Floor, 3% OID)	Sep-17	Sep-25	9.3	9.7%	9.9%	10.5%
OB Hospitalist	Second Lien (L+8.5% Cash, 1% L Floor, 2% OID)	Aug-17	Aug-25	3.5	10.2%	11.4%	13.1%
Dubois Chemical	Second lien (L+8.00% Cash, 1% L Floor, 1% OID)	Mar-17	Mar-25	9.0	9.7%	9.7%	10.3%
Blue Nile	First Lien (L+6.50% Cash, 1% L Floor, 3% OID)	Mar-17	Feb-23	3.5	8.2%	8.4%	9.2%
Optiv	Second Lien (L+7.25%, 1% Floor, 0.5% OID)	Feb-17	Feb-25	5.1	8.9%	9.8%	11.2%
Sungard	Second Lien (L+8.50%, 1% Floor, 1.0% OID)	Feb-17	Jan-25	4.9	10.2%	10.3%	10.8%
2016							
ProAmpac	Second Lien (L+8.50%, 1% L Floor)	Nov-16	Oct-24	6.0	10.2%	10.2%	10.8%
2015							
Linxens	Second lien (L+8.25% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	8.6	9.9%	10.0%	10.6%
Schumacher Group	Second lien (L+8.5% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	9.7	10.2%	10.3%	10.9%
Funding Circle	Portfolio of small business loans	Jan-15	N/A	3.2	N/A	N/A	N/A
Digital River Debt	First lien (L+5.75% Cash, 1.0% L Floor, 1% OID)	Jan-15	Feb-21	1.2	7.4%	7.3%	7.1%
Digital River Debt	Second lien (L+11.0% Cash, 1.0% L Floor, 1% OID)	Jan-15	Feb-22	1.0	12.7%	12.4%	12.8%
2014							
Central Security Group	Second lien (L+9.0% Cash, 1% L Floor, 5% OID)	Nov-14	Oct-21	5.9	10.7%	11.0%	12.3%
Galco Industrial Electronics	Sr. sub notes (10.75% Cash, 1.25% PIK, 1.5% OID)	May-14	May-21	5.3	12.0%	10.4%	12.1%
2013							
Taylor Precision Products	Sr. sub notes (13% Cash, 1.5% OID)	Nov-13	May-19	5.9	13.0%	12.7%	11.6%
P2 Energy Solutions	Second lien (L+8.00% Cash, 1.0% L Floor, 1% OID)	Nov-13	May-21	4.6	9.7%	10.5%	13.4%
Total Corporate Private Debt Investments Fair Value				**$92.5**	**10.2%**	**10.3%**	**11.0%**
Total Credit Opportunities Investments				**$57.2**	**11.9%**	**11.7%**	**16.6%**
*Healthcare Credit Investments**							
2016							
Generic Pharmaceutical Company	Senior secured term loan (L + 5.375%, 1% Floor)	Jan-16	Jan-23	-	7.1%	7.7%	9.7%
2014							
Convertible Notes (Specialty Pharmaceuticals)	Convertible notes (4.5% Cash)	Apr-14	May-20	-	4.5%	7.0%	27.5%
Term Loan (Specialty PCP and Pediatric Pharmaceuticals)	Senior secured loan (first lien, 12% cash, 0.75% fee)	Feb-14	Feb-19	-	12.0%	N/M	N/M
Term Loan (Medical Diagnostics)	Senior secured loan (10.5% Cash)	Jan-14	Dec-18	-	10.5%	10.5%	11.3%
2013							
Royalty Notes (Hormone Therapy)	Royalty backed note	Apr-11	N/A	-	N/A	N/M	N/M
Total Healthcare Credit Investments Fair Value				**$5.5**	**8.2%**	**8.5%**	**13.6%**
Total Income Portfolio Fair Value				**$155.2**	**10.6%**	**8.7%**	**13.3%**

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

APPENDIX | SCHEDULE OF INVESTMENTS (UNAUDITED)

Investment Name	Asset Class	Vintage Year	Unfunded Commitment	Fair Value	% of NBPE NAV
Catalyst Fund III	Special Situations Funds	2011	$1.2	$14.2	1.7%
NB Crossroads Fund XVIII - Mid-cap Buyout	Mid-cap Buyout Funds	Fund XVIII	7.1	11.0	1.3%
Bertram Growth Capital II	Growth / Venture Funds	2010	2.8	10.4	1.2%
NG Capital Partners I , L.P.	Growth / Venture Funds	2010	0.3	7.5	0.9%
Bertram Growth Capital I	Growth / Venture Funds	2007	2.8	6.1	0.7%
Sun Capital Partners V	Special Situations Funds	2007	1.0	5.6	0.7%
NB Crossroads Fund XVIII - Venture Capital	Growth / Venture Funds	Fund XVIII	1.7	5.0	0.6%
DBAG Expansion Capital Fund	Growth / Venture Funds	2012	0.9	4.4	0.5%
Corsair III Financial Services Capital Partners	Mid-cap Buyout Funds	2007	0.7	4.2	0.5%
NB Crossroads Fund XVIII - Special Situations	Special Situations Funds	Fund XVIII	0.9	3.0	0.4%
Platinum Equity Capital Partners II	Special Situations Funds	2007	3.3	2.9	0.3%
NB Crossroads Fund XVIII - Large-cap Buyout	Large-cap Buyout Funds	Fund XVIII	2.2	2.9	0.3%
NB Fund of Funds Secondary 2009	Mid-cap Buyout Funds	2009	0.6	2.9	0.3%
Avista Capital Partners	Mid-cap Buyout Funds	2006	0.2	2.6	0.3%
Sankaty Credit Opportunities III	Special Situations Funds	2007	0.0	2.5	0.3%
Aquiline Financial Services Fund L.P.	Mid-cap Buyout Funds	2005	0.0	2.4	0.3%
J.C. Flowers II	Large-cap Buyout Funds	2006	0.3	2.2	0.3%
CVI Global Value Fund	Special Situations Funds	2006	0.8	2.2	0.3%
OCM Principal Opportunities Fund IV	Mid-cap Buyout Funds	2007	2.0	2.1	0.3%
OCM Opportunities Fund VIIb	Special Situations Funds	2008	3.0	2.1	0.2%
Oaktree Opportunities Fund VIII	Special Situations Funds	2009	0.0	1.8	0.2%
Highstar Capital Fund II	Mid-cap Buyout Funds	2004	0.1	1.8	0.2%
Trident IV	Mid-cap Buyout Funds	2007	0.5	1.8	0.2%
ArcLight Energy Partners Fund IV	Mid-cap Buyout Funds	2007	4.6	1.5	0.2%
First Reserve Fund XI	Large-cap Buyout Funds	2006	0.0	1.3	0.2%
Centerbridge Credit Partners	Special Situations Funds	2008	0.0	1.1	0.1%
American Capital Equity II	Mid-cap Buyout Funds	2005	0.5	0.8	0.1%
Strategic Value Global Opportunities Fund I-A	Special Situations Funds	2010	0.1	0.5	0.1%
Lightyear Capital Fund II	Mid-cap Buyout Funds	2006	1.4	0.3	0.0%
Strategic Value Special Situations Fund	Special Situations Funds	2010	0.0	0.2	0.0%
Carlyle Europe Partners II	Large-cap Buyout Funds	2003	0.7	0.2	0.0%
Prospect Harbor Credit Partners	Special Situations Funds	2007	0.0	0.0	0.0%
Clessidra Capital Partners	Mid-cap Buyout Funds	2004	0.1	0.0	0.0%
Prospect Harbor Credit Partners	Special Situations Funds	2007	0.0	0.0	0.0%
Total Fund Portfolio			**$39.7**	**$107.6**	**12.6%**

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

APPENDIX | AIFMD DISCLOSURE ADDENDUM

NB PRIVATE EQUITY PARTNERS LIMITED (THE "FUND") AIFMD DISCLOSURE ADDENDUM TO THE 2017 ANNUAL REPORT (Unaudited)

1. CHANGES TO ARTICLE 23(1) DISCLOSURES

Directive 2011/61/EU on Alternative Investment Fund Managers ("AIFMD") requires certain information to be made available to investors in alternative investment funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF.

There have been no material changes (other than those reflected in the financial statements) to this information requiring disclosure.

2. LEVERAGE

For the purposes of this disclosure, leverage is any method by which an AIF's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

The AIFMD requires that each leverage ratio be expressed as the ratio between an AIF's exposure and its net asset value ("NAV"), and prescribes two required methodologies, the gross methodology and the commitment methodology, for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of the Fund as at 30 September 2017 is disclosed below:

Leverage calculated pursuant to the gross methodology: 1.14

Leverage calculated pursuant to the commitment methodology: 1.23

3. LIQUIDITY AND RISK MANAGEMENT SYSTEMS

Current risk profile risk management systems

The portfolio managers and risk management professionals of Neuberger Berman Alternative Advisers LLC (the "AIFM") regularly review the investment performance and the portfolio composition of the Fund in the light of the Fund's investment objective, policy and strategy; the principal risks and investment or economic uncertainties that have been identified as relevant to the Fund; internal risk measures and the interests and profile of investors.

The AIFM assesses the Fund's current and prospective need for liquidity on an on-going basis and ensures that liquidity is available when required. The risk profile of the Fund as at 30 September 2017 as reported to relevant EEA authorities was as follows:

3.1 Market Risk Profile

The market risk indicators contained in the Annex IV regulatory reporting template were not applicable to the Fund.

3.2 Counterparty Risk Profile

The Fund had a net counterparty credit exposure, measured as a % of NAV of the Fund, of 6.30 % to JP Morgan Chase Bank, N.A and 1.90% to U.S. Bank National Association.

As at 30 September 2017, the counterparty risk indicators contained in the Annex IV regulatory reporting template in respect of mark-to-market credit exposure to the Fund were not applicable.

APPENDIX | AIFMD DISCLOSURE ADDENDUM

3.3 Liquidity Profile

3.3.1 Portfolio Liquidity Profile

100 per cent of the portfolio is incapable of being liquidated within 365 days, i.e. it would take more than 365 days to liquidate any or all of the portfolio. The Fund had $67,030,052 unencumbered cash available to it as of 30 September 2017.

3.3.2 Investor Liquidity Profile

100 percent of investor equity can be redeemed within 2 to 7 days.

3.3.3 Investor Redemption

Does the Fund provide investors with withdrawal / redemption rights in the ordinary course? No

4.REPORT ON REMUNERATION

The Neuberger Berman Compensation Committee is responsible for the compensation practices within the Neuberger Berman group, and Neuberger Berman also operates a structure throughout the group to ensure appropriate involvement and oversight of the compensation process, so that compensation within the group rewards success whilst reflecting appropriate behaviours.

Neuberger Berman recognises the need to ensure that compensation arrangements do not give rise to conflicts of interest, and this is achieved through the compensation policies as well as through the operation of specific policies governing conflicts of interests.

Neuberger Berman's compensation philosophy is one that focuses on rewarding performance and incentivizing employees. Employees at Neuberger Berman may receive compensation in the form of base salary, discretionary bonuses and/or production compensation. Investment professionals receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including the aggregate investment performance of all strategies managed by the individual (including the three-year track record in order to emphasize long-term performance), effective risk management, leadership and team building, and overall contribution to the success of Neuberger Berman.

Neuberger Berman considers a variety of factors in determining fixed and variable compensation for employees, including firm performance, individual performance, overall contribution to the team, collaboration with colleagues across the firm, effective partnering with clients to achieve goals, risk management and the overall investment performance. Neuberger Berman strives to create a compensation process that is fair, transparent, and competitive with the market.

A portion of bonuses may be awarded in the form of contingent or deferred cash compensation, including under the "Contingent Compensation Plan", which serves as a means to further align the interests of employees with the interest of clients, as well as rewarding continued employment. Under the Contingent Compensation Plan a percentage of a participant's compensation is awarded in deferred contingent form. Contingent amounts take the form of a notional investment based on a portfolio of Neuberger Berman investment strategies and/or a contingent equity award, and Neuberger Berman believes that this gives each participant further incentive to operate as a prudent risk manager and to collaborate with colleagues to maximise performance across all business areas.

APPENDIX | AIFMD DISCLOSURE ADDENDUM

The programs specify vesting and forfeiture terms, including that vesting is normally dependent on continued employment and contingent amounts can be forfeited in cases including misconduct or the participants participating in detrimental activity.

The proportion of the total remuneration of the staff of the AIFM attributable to the Fund, calculated with reference to the proportion of the value of the assets of the Fund managed by the AIFM to the value of all assets managed by the AIFM, was $2,064,717, representing $411,314 of fixed compensation and $1,653,404 of variable compensation. There were 112 of staff of the AIFM who shared in the remuneration paid by the AIFM.

Compensation by the AIFM to senior management and staff whose actions had a material impact on the risk profile on the Fund in respect of 2017 was $87,565,596 in relation to senior management and $1,614,841 in respect of 'risk takers'. The compensation figure for senior management has not been apportioned, while the compensation figure for risk takers has been apportioned by reference to the number of AIFs whose risk profile was materially impacted by each individual staff member.

Carried interest in respect of the year ended 31 December 2017 accrued to the Special Limited Partner amounted to $7,925,575.

April 2018

APPENDIX | VALUATION METHODOLOGY

Equity

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

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

Debt

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

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

APPENDIX | 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:

- future operating results;
- business prospects and the prospects of the Company's investments;
- the impact of investments the Company expects to make;
- the dependence of future success on the general economy and its impact on the industries in which the Company invests;
- the ability of the investments to achieve their objectives;
- differences between the investment objective and the investment objectives of the private equity funds in which the Company invests;
- the rate at which capital is deployed in private equity investments, co-investments and opportunistic investments;
- expected financings and investments;
- the continuation of the Investment Manager as the service provider and the continued affiliation with the Investment Manager of its key investment professionals;
- the adequacy of the Company's cash resources and working capital; and
- the timing of cash flows, if any, from the operations of the underlying private equity funds and the underlying portfolio companies.

In some cases, forward-looking statements may be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will," and "would," or the negative of those terms or other comparable terminology.
The forward-looking statements are based on the beliefs, assumptions and expectations of the future performance, taking into account all information currently available to the Manager. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to the Manager or are within the Manager's control. If a change occurs, the business, financial condition, liquidity and results of operations may vary materially from those expressed in the forward-looking statements. Factors and events that could cause the business, financial condition, liquidity and results of operations to vary materially include, among other things, general economic conditions, securities market conditions, private equity market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, outcome of legal proceedings, changes in currency values, inflation, credit ratings and the size, volume and timing of transactions, as well as other risks described elsewhere in this report and the prospectus relating to the Company's IPO and the Company's prospectus relating to the ZDP Shares.
The foregoing is not a comprehensive list of the risks and uncertainties to which the Company is subject. Except as required by applicable law, the Manager undertakes no obligation to update or revise any forward-looking statements to reflect any change in The Manager's expectations, or any changes in events, conditions or circumstances on which the forward-looking statement is based. In light of these risks, uncertainties and assumptions, the events described by the Company's forward-looking statements might not occur. The Manager qualifies any and all of the forward-looking statements by these cautionary factors.

APPENDIX | DIRECTORS, ADVISORS AND CONTACT INFORMATION

Ordinary Share Information
Trading Symbol: NBPE
Exchanges: The Premium Segment of the Main Market of the London Stock Exchange and the regulated market of Euronext Amsterdam N.V. Euronext Amsterdam Listing Date: 25 July 2007
Premium Segment Trading Admission: 2 May 2017
Traded Currency: GBP (LSE); USD (Euronext)
Bloomberg: NBPE NA, NBPE LN
Reuters: NBPE.AS, NBPE.L
ISIN: GG00B1ZBD492
COMMON: 030991001
Amsterdam Security Code: 600737
LEI: 2138000JH93NH810FQ77

ZDP Share Information
Trading Symbol: NBPP
Exchanges: Specialist Fund Segment of the London Stock Exchange
Date: 16 September 2016
Base Currency: GBP
Bloomberg: NBPP: LN
Reuters: NBPEO.L
ISIN: GG00BD0FRW63
SEDOL: BD0FRW6

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