For the year ended
31 December 2020

NB Private Equity Partners Limited

2020 Annual Financial Report and Consolidated Financial Statements

Generating Long-term Growth

NEUBERGER BERMAN

NB Private Equity Partners Limited

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Highlights
2020 Summary

NAV Growth

21.4%

NAV per Share Total Return (USD)

Portfolio Realisations

$199m

Received During 2020

Strong Exits

2.9x

Gross multiple of capital on five final/full exits during 2020

Dividends Paid

$0.58

per Share (USD) / **3.6% yield**

Chairman's Statement

The COVID pandemic has presented unprecedented challenges for economies, societies, and healthcare systems across the globe, and sadly for many, also personal loss. Against this backdrop and the uncertainty that impacted many businesses throughout 2020, NB Private Equity Partners ("NBPE" or the "Company") performed extremely well, reporting a 21.4% total return in NAV for the 12 months.

The Company's strong performance reflects the benefits of the private equity model and its ability to respond quickly to rapidly changing market conditions, and the resilience of the portfolio which delivered robust underlying revenue and EBITDA growth and realisations at significant uplifts to carrying value and cost.

While the pandemic and the resulting economic challenges were impossible to predict, the Manager's late cycle positioning of the portfolio in high-quality assets, backed by a number of long-term investment themes served the Company well. Even when the economic turmoil was at its height in the first half of the year, the portfolio demonstrated resilient performance. It went on to deliver very strong performance in the latter half of the year, as the economic rebound started to take shape.

The long-term growth of the Company is impressive with cumulative total return NAV growth of 41.3% and 83.6% over three and five years, respectively.

Share Price and Discount

The share price generated a total return of 0.5% in the year. It has increased by nearly 8% in 2021 and, in recent weeks, has been trading at record high levels. Nevertheless, the shares continue to trade at a discount to NAV, and the Directors firmly believe that the share price still does not fairly reflect the value of the Company's assets or, importantly, its prospects, and we remain focused on narrowing the discount further.

We believe the share price represents a very attractive entry point for investors to gain exposure to high quality private companies. Most of the independent directors have purchased further shares in the last seven months, amounting to 99,649 shares in aggregate including purchases by their immediate family members[2].

Dividend

The Board recognises that a reliable source of income is important to shareholders and is committed to distributing 3.0% of NAV to shareholders through a semi-annual dividend. In line with this commitment, $0.58 of dividends were paid to shareholders in 2020, a yield of 3.6% on the year-end share price.

Commitment to Sustainable and Responsible Investment

In August 2020, NBPE adopted a formalised ESG policy around responsible investment practices and sustainable investing. NBPE's policy is centred on delivering better investment outcomes through the consideration of ESG factors for assessing investment risks and opportunities.

The Manager has followed an ESG-integrated private equity investing policy since 2007, and while the NBPE policy was implemented in 2020, this was simply the formalisation of ESG Investing policies adopted by the Manager for some time. As a result, the portfolio has been constructed over the long-term with these processes in place and therefore the vast majority of the existing portfolio is positive or neutral. Neuberger Berman has been a signatory of the Principles for Responsible Investment ("PRI"), since 2012, and in its 2020 PRI Assessment, the Manager obtained the highest score, A+, for its overarching approach to ESG strategy and governance.

Board Evolution

Peter von Lehe, Managing Director and Head of Investment Solutions and Strategy at Neuberger Berman, will not stand for re-election at the forthcoming AGM in September. Peter has been a member of the board since the Company's inception in 2007, and on behalf of the Board, I would like to thank him for his contributions over the past 14 years. Peter's commitment to NBPE will remain unchanged in his capacity on the Investment Committee of the Manager and as Managing Director of Neuberger Berman and we look forward to continuing to work closely with him.

Accordingly, the board is going through the process of a new independent director search and further information will be announced in due course. Following this exercise, the board will comprise five independent directors.

Investor Relations Initiatives

Beginning in 2019, the Board and the Manager began an effort to increase the Company's profile among new and existing investors by expanding investor relations initiatives. While the impacts from COVID-19 resulted in a pause in early 2020, these efforts resumed in the latter part of the year. The Manager and the Board are currently accelerating these initiatives further, with the ultimate goal of increasing interest in the Company's shares.

Outlook

NBPE's 2020 performance is a demonstration of the quality and strength of the underlying portfolio.

Looking forward, market conditions for private equity, especially in the U.S., remain robust. NBPE's portfolio continues to produce impressive performance both in terms of growth and realisation potential and a strong pipeline of interesting investment opportunities is developing. While there remains some uncertainty about the long term macro-economic impact of the pandemic, we believe the portfolio is well-positioned to continue to generate significant value for shareholders.

William Maltby
Chairman
20 April 2021

1. *Assumes re-investment of dividends at the closing NAV on the ex-dividend date.*
2. *10,333 of these shares were purchased in February and March 2021.*

Our Investment Opportunity

Investing in private companies to generate long-term growth

A portfolio of direct investments in highly attractive private companies

- Primarily invested in the US, the largest, deepest private equity market
- Diversified across sectors, underlying private equity managers and size
- Benefitting from the skills and valuation creation initiatives of the private equity manager to drive value in the underlying companies

A strategy focused on co-investing alongside top tier private equity managers, in their core areas of expertise

- Leveraging the strength of Neuberger Berman's platform, relationships, deal flow and expertise to access the most attractive investment opportunities
- Control of capital deployment through co-investments
- Typically investing on a no management fee or carried interest basis

A highly selective and responsible investment approach

- A focus on sectors and companies that benefit from long term structural growth trends
- Underpinned by a strong focus on responsible investment, with ESG considerations fully integrated into the investment process

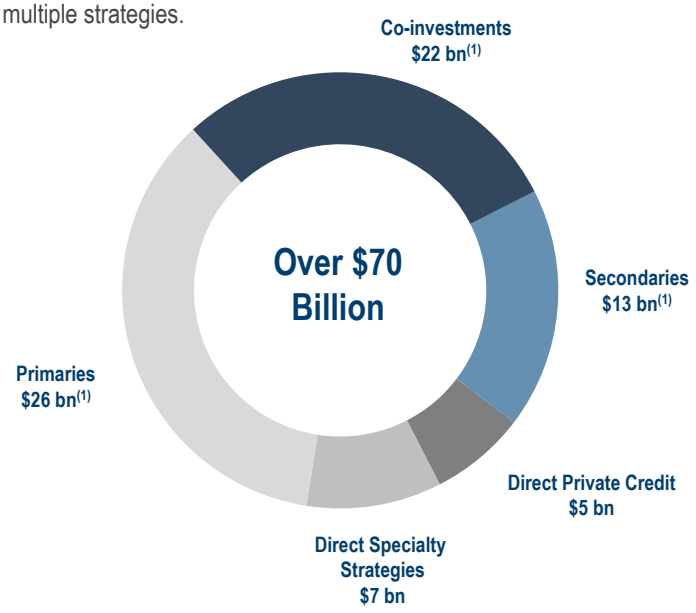
Strong Performance

- 17.9% Gross IRR from direct equity portfolio over five years
- 17.0% Gross IRR on realised direct equity investments – 2.1x multiple of cost since inception

Note: As of 31 December 2020.

Investment Manager Overview

NBPE is managed by NB Alternatives Advisers LLC (the "Manager" or the "Investment Manager"), the private equity group of Neuberger Berman, which manages over $70 billion of private equity assets across multiple strategies.



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 investment strategy.

Private Equity Assets Managed

$70 Bn

Across Multiple Strategies

Team

150+

Team Members working on primaries and co-investments

Experience

24 years

Average experience among senior leadership team

Industry Recognition

The Asset Management AWARDS 2020 WINNER PRIVATE EQUITY MANAGER OF THE YEAR

European Pensions AWARDS 2020 WINNER Private Equity Manager of the Year

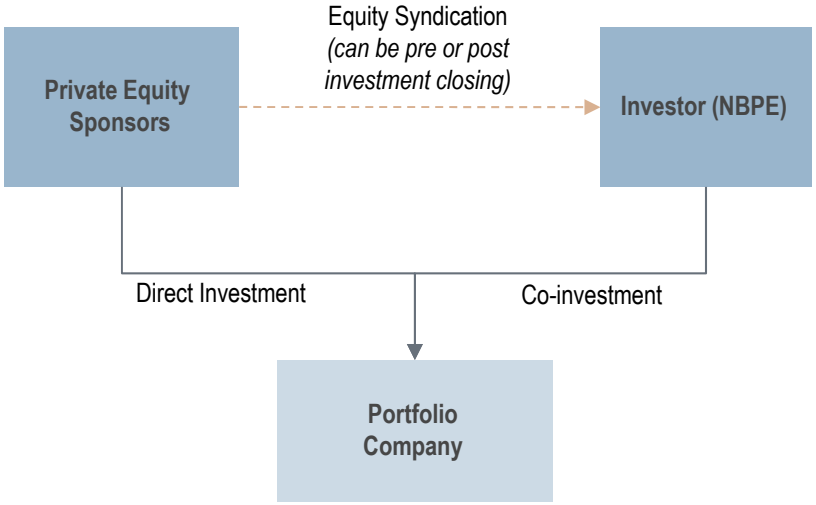
See endnote one related to AUM and Awards.

1. Includes estimated allocations of dry powder for diversified portfolios consisting of primaries, secondaries, and co-investments. Therefore, amounts may vary depending on how mandates are invested over time.

Investment Strategy

Direct private 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 private equity sponsors throughout the due diligence 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. 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 or growth capital typically helps finance an existing company's growth or M&A strategy.



Why General Partners Seek Co-investors

- Provide equity to complete transactions
- Extend LP relationships
- Manage portfolio exposure
- Familiarise investors with PE sponsors' investment process
- Provide independent valuation for mid-life situations

What the Manager Looks For[1]

- Sound business model, with sustainable competitive advantages and low sensitivity to cyclicality
- Multiple and clear options for value creation
- Prudent capital structure
- Invest with experienced lead sponsor in their core area of expertise

1. These are general characteristics that the team looks for in transactions but there is no assurance that the deals completed by NBPE will have all these characteristics

Manager's Statement

2020 Results

Peter von Lehe, Head of Investment Solutions and Strategy, Managing Director, Neuberger Berman commented: "2020 was a very successful year for NBPE. The portfolio performed well through a turbulent and rapidly changing economic backdrop, delivering a gross portfolio IRR of 21.3% over the year, illustrating the quality of the companies in the portfolio as well as the tactical positioning and portfolio construction that has been implemented."

Outlook

Paul Daggett, Managing Director, Neuberger Berman, added: "NBPE has a fully invested, maturing and well positioned portfolio. We continue to see a very high level of interesting deal flow on the Manager's platform and because of the promising outlook for liquidity in the portfolio, expect NBPE to be an active participant in new private equity investments during 2021."

Portfolio Overview

As of 31 December 2020, NBPE's direct equity portfolio had a total fair value of $1,092 million, and included 65 core investment positions (those greater than $5 million of value), made alongside 38 different private equity sponsors. While the portfolio is broadly diversified, the top twenty investments represented approximately 48% of fair value (see page 20).

2020 Performance

The portfolio delivered a 21.3% gross IRR growth over the year (which resulted in a NAV total return of 21.4% in 2020, assuming re-investment of dividends), driven by robust underlying revenue and earnings growth (6.2% and 6.1% respectively) and further reinforced by a high level of full and partial realisations (approximately 18% of opening portfolio value). 2020 produced the highest level of realisations from equity co-investments in NBPE's history and in total was in line with historical realisation averages across the broader portfolio. These realisations produced strong returns relative to cost – a 2.9x gross multiple of capital from five full/final exits in aggregate – and robust valuation uplift of 30% relative to carrying value three quarters prior to exit announcements.[1]

Investing in Key Themes & Portfolio Positioning

Over recent years, NBPE's portfolio was positioned for a late-cycle environment by investing in companies that benefit from key themes which the Manager believes have the ability to weather an economic downturn, such as technology and e-commerce, other secular growth trends, or in relatively non-cyclical sub-sectors or end markets.

Among the top 40 investments (representing 68% of value), technology and e-commerce was the largest growth theme, representing approximately 39% of value among the top 40 investments. NBPE's technology portfolio included a number of areas that the Manager believed offered attractive growth potential together with reasonable downside protection characteristics which included infrastructure software (Accedian and Solace Systems), security (Beyond Trust and By Light), education software (Final Site and Renaissance Learning) and other software businesses (Engineering). This theme also included two investments predicated on the long term secular trend around the changing retail business model: MHS, which provides e-commerce infrastructure and services and Autostore, a global robotic technology company. Both of these investments ultimately depend on the growing e-commerce trend.

Other investments made with a thesis depending on long-term secular growth trends represented an additional 21% of value among the top 40 positions. These businesses were diversified across sectors including healthcare (Agiliti and FV Hospital) and financial services (Duff and Phelps and Advisor Group), but each demonstrated compelling long term growth prospects for their product or services.

1. *Gross multiple includes the exit of Evoqua through multiple share sale transactions; however, this is excluded from the uplift.*

Manager's Statement (continued)

Finally, investments in sectors and end-markets expected to have relatively low cyclicality represented approximately 36% of the value among the top 40 positions. Investments in this area were diversified, with example end markets including communications (Telxius and Hivory), insurance (USI), medical devices (Drive Medical) and waste management (GFL). Approximately 4% of the value, or two companies, within the top 40 positions did not fit into any of the three themes, but were investments that the Manager believes had other attractive underlying investment characteristics.

Attractive vintage year maturity

The 2017 and 2018 direct equity vintages were the largest exposures within the portfolio representing over 50% of the portfolio's vintage year exposure. Importantly, this is the result of strong positive performance of the companies within these vintages resulting in valuation write-ups as value creation progresses within individual investments. With a weighted average age of approximately 3.3 years, the portfolio is within the window of the three to five year holding period that is typically targeted by most private equity sponsors, and given the strong performance of the portfolio, the Manager believes a number of companies are well positioned for near term exits.

Outlook

The Manager is pleased that the strong momentum experienced during 2020 has continued through the date of this report into 2021. A number of companies have announced transactions which will result in full or partial realisations to NBPE, which are expected to generate meaningful cash back and uplift relative to the year end valuations. The Manager expects these uplifts to be reflected in NBPE's NAV over the next few quarters.

With the strong expected realisation and uplift activity, the Manager believes the portfolio is well positioned in 2021 to date. The announced realisations are expected to return a significant amount of cash back to NBPE, which the Manager expects to re-deploy into new investments, while maintaining a prudent capital structure. The Manager is actively reviewing a high level of attractive new investment opportunities and expects NBPE to be active in new transactions during 2021.

NB Alternative Advisers
Investment Manager
20 April 2021

Environmental, Social & Governance

Neuberger Berman, the parent company of the Manager, is highly focused on integrating environmental, social and governance ("ESG") issues across its equity, fixed income and alternatives businesses and is continually striving to deepen its commitment to ESG integration both at the individual strategy level, and as a firm as a whole. 60% of the assets managed by Neuberger Berman consistently and demonstrably integrate ESG factors in portfolio construction and security analysis. Neuberger Berman coordinates these efforts through the ESG Committee, which is chaired by the Head of ESG Investing, Jonathan Bailey. This committee includes the firm's President and CIO-Equities, Joe Amato, and senior representatives from across the firm including private equity. Since 2012, Neuberger Berman is a signatory of the Principles for Responsible Investment ("PRI"). In its 2020 PRI Assessment, NB Private Equity obtained the highest score, A+, for our overarching approach to ESG strategy and governance, as well as for ESG integration across each of the four asset classes that Neuberger Berman manages as a firm. Overall, NB Private Equity rated above the peer median in every category, and have made meaningful improvements in its scores over recent years. In addition, Neuberger Berman is a signatory to the U.K. Stewardship Code, Japan Stewardship Code, and the U.S. Investor Stewardship Group, as well as the Global Investor Statement to Governments on Climate Change and the United Nations Global Compact. NB Private Equity works with like-minded institutions to advance the integration of ESG factors across markets, and Neuberger Berman is an active supporter of a range of industry groups including the Sustainability Accounting Standards Board ("SASB") Alliance as a founding member, US SIF, CDP, Global Impact Investing Network, Impact Management Project as an advisor, Task Force on Climate Related Financial Disclosure ("TCFD"), Transition Pathways Initiative, Ceres, FCLT Global, Council of Institutional Investors, and the World Benchmarking Alliance.

The firm's ESG 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 can be an important driver of investment returns. Neuberger Berman measures success through sustained improvement in ESG integration and building expertise across investment teams and central research capabilities. Over 150 professionals at Neuberger Berman are involved in ESG initiatives as part of their investment responsibilities or as part of working groups and committees.

The firm's policy statement and ESG annual report are 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 The Manager

The Manager believes that integrating ESG considerations throughout its investment process can lead to more consistent and better investment outcomes – by helping to identify both material risks and opportunities to drive value.

The Manager is focused on long-term partnerships and engages with its partners to promote ESG integration best practices and resources.

The Manager leverages the broader firm's ESG capabilities and resources, but the investment deal teams are responsible for conducting the ESG analysis and the Investment Committee evaluates ESG considerations as a part of their overall investment evaluation. ESG analysis is a part of every fund and direct investment due diligence. During the ownership period, investments are monitored for ESG risks as part of portfolio monitoring and management. Importantly, NB Private Equity engages with private equity sponsors to share ESG best practices and resources and plays an active leadership role in ESG-related industry collaborations, such as the Principles for Responsible Investing Private Equity Advisory Committee, the Thirty Percent Coalition to encourage diversity and inclusion, and the TCFD to better assess climate-related considerations.

In the most recent UN-backed Principles for Responsible Investment (PRI) assessment report for its overarching approach to ESG strategy and governance and integration across asset classes, including Private Equity[1]

1. *PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 1,119 for 2019, 1,120 for 2018 and 935 for 2017. For full footnote, see endnote two. 3. For full information see endnote 2.*

Responsible Investment

NBPE's Manager, Neuberger Berman, is a global leader in Environmental, Social, and Governance (ESG) investing. The Manager has been ESG-integrated in private equity investing since 2007 and was awarded an A+ Top Score in the most recent UN-supported Principles for Responsible Investment (PRI) assessment.

In August of 2020, NBPE formalised the Company's ESG policy. The Manager integrates ESG considerations throughout the investment process which it believes can lead to more consistent and better investment outcomes - by helping to identify both material risks and opportunities to drive value. The Manager is focused on long-term partnerships and engages with partners to promote ESG integration best practices. The Manager will endeavor not to invest in companies which are engaged in negative human rights, sanction-related exclusions, controversial weapons, and others. Further information on the investment exclusions and the detailed ESG policy is outlined within NBPE's website under ESG Principles.

As a value-add to its fundamental due diligence, the Manager seeks to assess company sustainability potential as further evidence of a company's ability to deliver long-term value during the due diligence process. The Manager believes responsible investing and the incorporation of material environmental, social, and governance considerations can help inform the assessment of overall investment risk and opportunities. NBPE also recognises that climate-related risk considerations are an increasingly important component of portfolio risk management.

The Manager analyses NBPE's portfolio through an additional sustainable lens. The Manager has conducted a sustainability potential assessment of NBPE's portfolio which determined that 99% of the portfolio does not have significant adverse sustainability potential and 27% of the portfolio[1] is deemed to have an overall positive sustainability potential or have an overall positive benefit to people or the environment.

The Manager integrates ESG factors into the investment process and believes material ESG factors are an important driver of long-term returns, offering potential for both opportunity and risk mitigation. NBPE integrates ESG factors into the investment process through a three-pillar approach: avoidance, assessment and amplification. This is a fundamental aspect of the Manager's due diligence.

Avoid

Ability to exclude particular companies or whole sectors from the investable universe

Assess

Considering the valuation implications of ESG risks and opportunities alongside traditional factors in the investment process

Amplify

Focusing on 'better' companies based on environmental, social and governance characteristics

1. *Based on direct investment portfolio fair value as of 31 December 2020; analysis excludes third party funds (which are past their investment period but which may call capital for reserves or follow-ons) and funds that are not deemed ESG integrated by the Manager. In aggregate these exclusions represent approximately 3.5% of fair value.*

Financial Summary

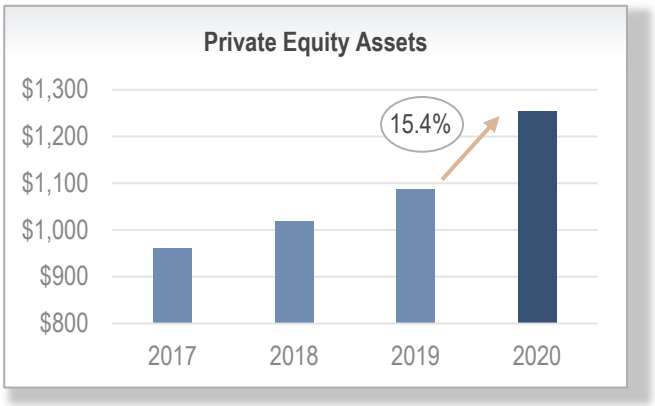
Net Asset Value of $1.05 billion

Assets

Private Equity Assets

$1.25 Billion

Primarily Direct Equity Investments



Liabilities[1]

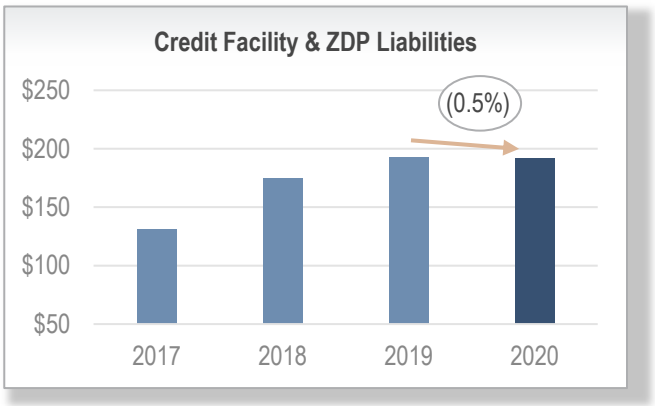
Credit Facility Drawn

$35 Million

With available capacity of $265 million

Zero Dividend Preference Shares

$157 Million

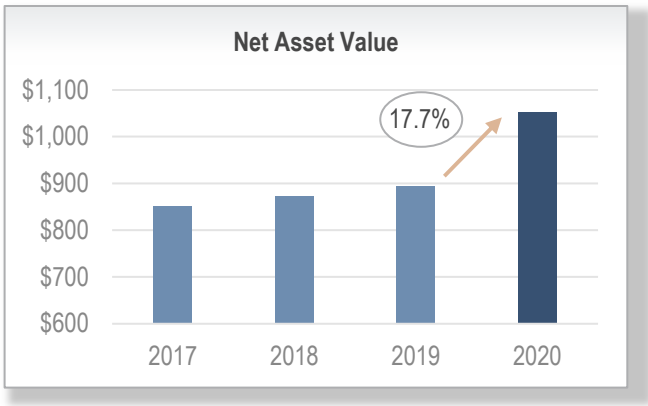


Net Asset Value

Net Asset Value[1]

$1.05 Billion

NAV per Share of $22.49 / £16.45



1. *NAV increase does not include the impact of dividends paid or reinvestment during the year.*

2020 Net Asset Value Results

As of 31 December 2020, NBPE's NAV per Share was $22.49, a $3.38 increase per share relative to the prior year. NBPE's gains from public positions (formerly private companies which completed IPOs) contributed an additional $41.2 million of gains. NBPE received cash and yield income of $9.5 million during the year.

Net Asset Value Increase

$157 Million

After $27 million dividend payments

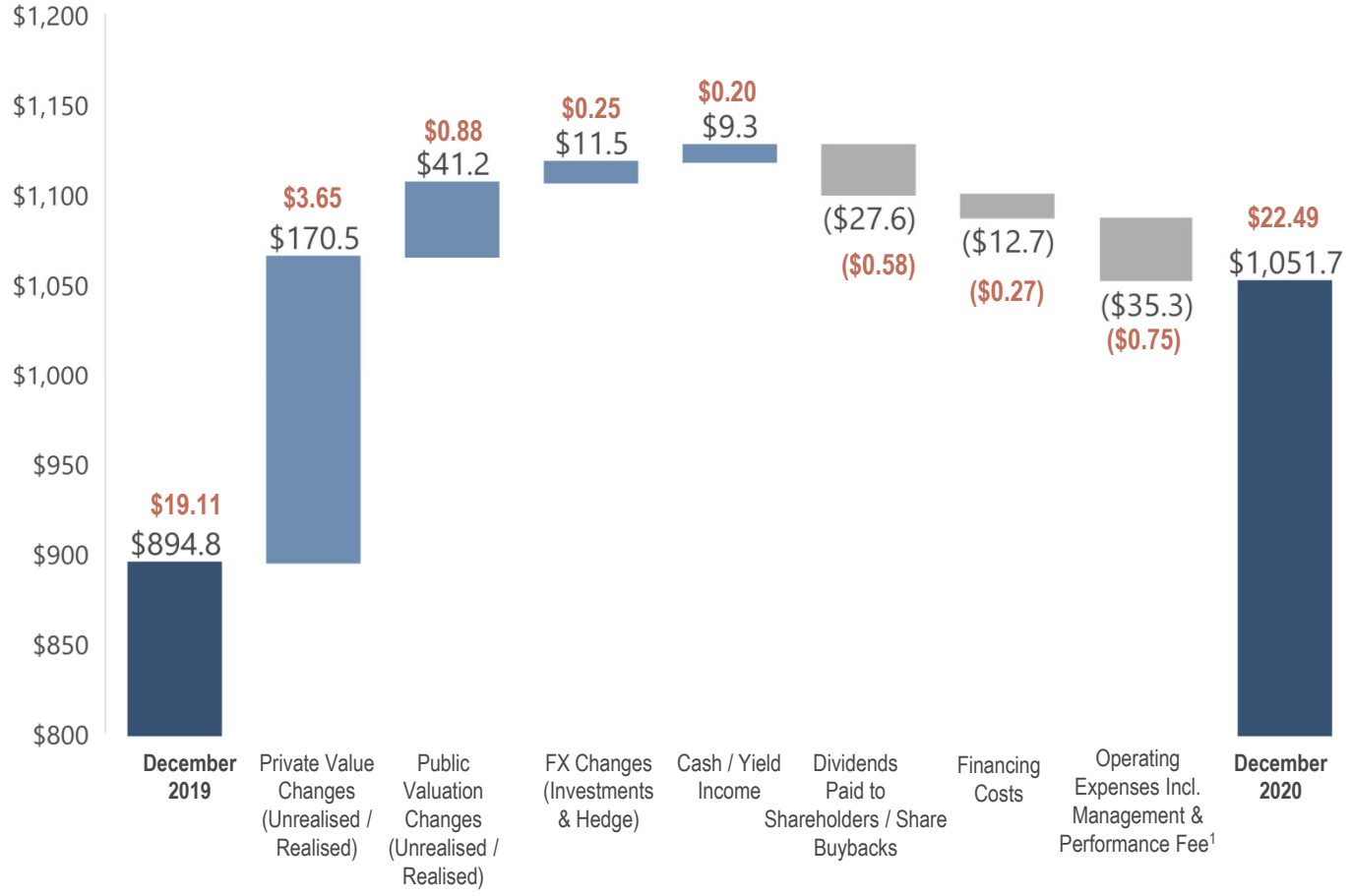
Valuation Gain

$212 Million

Gain in public and private investments

Change in Net Asset Value

$ in millions, per share amounts in brown



1. Includes $3.5 million of fund operating expenses.

New Direct Investments & Realisations

Healthy realisations and new investment pace

New Investments

New Direct Equity Investments

$73 Million

Across four new investments and two re-investments

ACTION · DUFF & PHELPS · StubHub · INNOVACARE HEALTH

RE-INVESTMENTS

ENGINEERING · ProAmpac

Realisations/IPOs

Full/Final Exits

$121 Million

From the sale/exit of five companies

LGC · ENGINEERING · ProAmpac · evoqua WATER TECHNOLOGIES · GALCO

Partial Sales, Re-capitalisations & Dividends

$44 Million

avantor · West Marine · VERTIV · Ingersoll Rand · Staples · QPARK

IPO Activity

$56 Million

Of value at 31 Dec 2020 from five 2020 IPOs

GFL environmental — *NYSE: GFL*

VERTIV — *NYSE: VRT*

Boa — *BVMF: BOAS3*

progenity — *NASDAQ: PROG*

UNIASSELVI — *NASDAQ: VTRU*

KPIs

The Board and the Manager believe the following KPIs are critical to monitor in order to assess NBPE relative to its investment objectives.

1. Total Return Net Asset Value Growth[1]

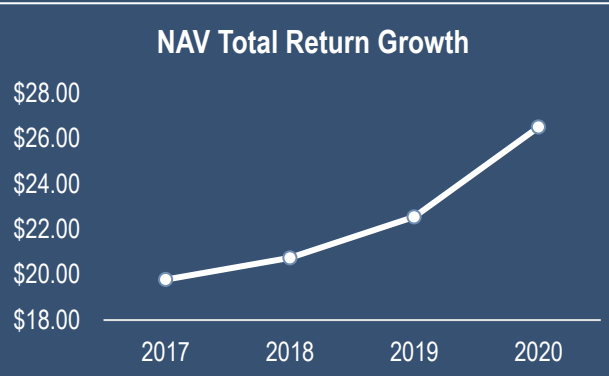
NBPE's objective is the growth of net asset value over time. The Manager believes selecting the most attractive investment opportunities which offer the potential for strong investment returns, while offering reasonable downside mitigation, is the key to delivering NAV growth over time. The Manager strives to build a portfolio of private equity investments backed by top tier private equity firms, to execute on this objective.

NAV Per Share

21.4%

Total Return

2019: 10.3%



NAV Growth

41.3%

Three Year Cumulative NAV Growth (USD)

2. Share Price Total Return Growth[1]

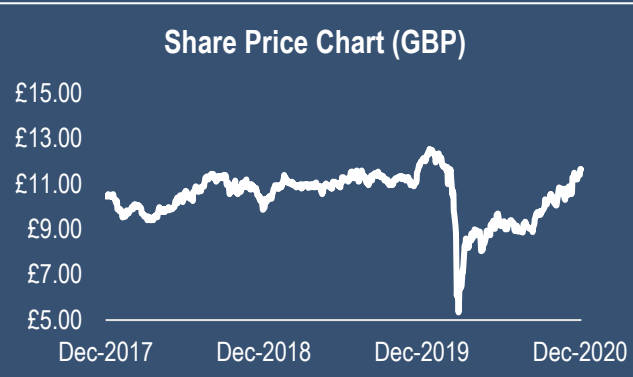
Unlike NAV growth, which the Manager believes it can directly influence through careful investment selection, share price growth is based on a number of external factors, including public market sentiment towards listed private equity, general market conditions, supply and demand for the stock, trading volume and liquidity and other external criteria. Nevertheless, the Manager and board closely monitors the share price, particularly in relationship to NAV, and strives to deliver long-term share price appreciation for shareholders.

Share Price

0.5%

Total Return

2019: 26.2%



Share Price

25.6%

Three Year Cumulative Growth (GBP)

1. *Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date.*

KPIs

The Board and the Manager believe the following KPIs are critical to monitor in order to assess NBPE relative to its investment objectives.

3. Dividend Growth Over Time

NBPE's dividend policy is to target an annualised payment ratio of 3.0% of NAV. The Manager notes that as NAV increases over time, dividend payouts should rise accordingly to be line with the target payout ratio. Consistent with this objective, the table below shows the cumulative dividends paid since NBPE began paying dividends in 2013. Since then, NBPE has returned approximately $4.02 per Share (approximately $194.5 million) to shareholders. Subsequent to this reporting period, in January 2021, NBPE raised the dividend per share to $0.31, bringing cumulative dividends per share to $4.33 to date.

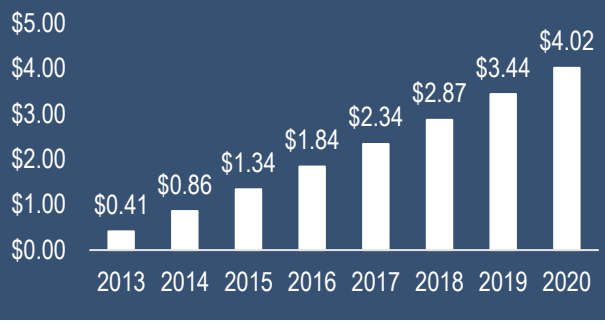
Dividend Yield

3.6%

On Share Price

2019: 3.6%

NBPE Cumulative Dividends



Total Dividends

$0.58

Dividends per Share

2019: $0.57 per Share

4. Maintain healthy pace of realisations and uplift on exit

Over the last ten years average annual liquidity (as a percentage of the opening portfolio value) was approximately 20%. During 2019 and 2020, the average liquidity as a percentage of the opening portfolio value was 16% and 18%, respectively. In addition to realisation levels, private equity assets are often held at discounts for illiquidity and other factors versus public comparables. As a result, upon exit there is often an uplift in the exit proceeds.

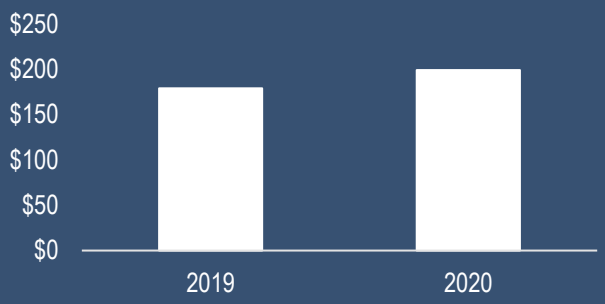
Realisations

$199

Million in 2020

2019: $179.0 million

Realisations



Average Uplift[1]

20.6%

Three quarters prior to exit since 2017

1. *As of 31 December 2020. Uplift analysis includes 15 IPOs and 21 full direct equity investment exits since January 2017. For investments which completed an IPO, the value is based on the closing share price on the IPO date. 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).*

KPIs

The Board and the Manager believe the following KPIs are critical to monitor in order to assess NBPE relative to its investment objectives.

5. Invest selectively in new investment opportunities over time

As investments are realised over time, NBPE can recycle capital into new investment opportunities. During 2020, NBPE invested $132 million, including follow-ons and investments through previous commitments in NB Programs. Approximately $73 million was invested into six new direct equity investments during 2020, $53 million was invested through NB Programs and $6 million was follow-on investments into existing investments. The Manager targets a prudent investment pace based on the level of portfolio realisations and the quality of new investments available.

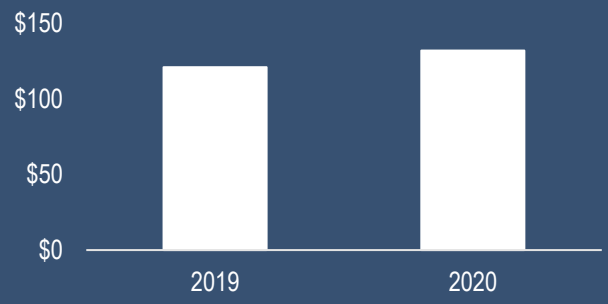
Invested Capital

$132

Million during 2020

2019: $121 million

New Investments



New Investments

6

$73 million invested

2019: 7 new investments / $86 million invested

6. Prudent and efficient balance sheet management

The Manager believes NBPE's balance sheet is healthy and has strong asset coverage. NBPE invests directly into private equity companies, without the need for significant long-term commitments (current unfunded commitments are primarily to NB Investment Programs and are declining over time). This means NBPE can make new investment decisions "real time" based on capital availability. In addition, NBPE has significant liquidity of $268 million (cash and available credit facility). The maturity profile of NBPE's ZDP securities and credit facility are well covered by assets, realisations and available credit facility.

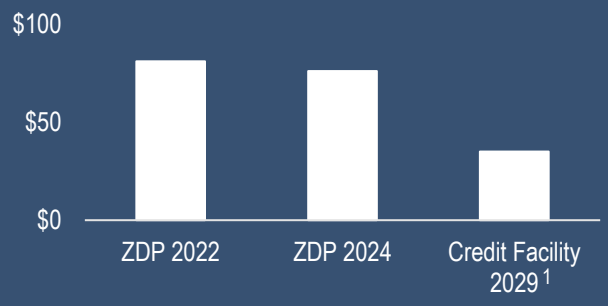
Total Liquidity

$268

Million Cash + Available credit facility

2019: $212.5 million

Maturity Profile



Commitment Coverage

276%

Adjusted commitment coverage ratio

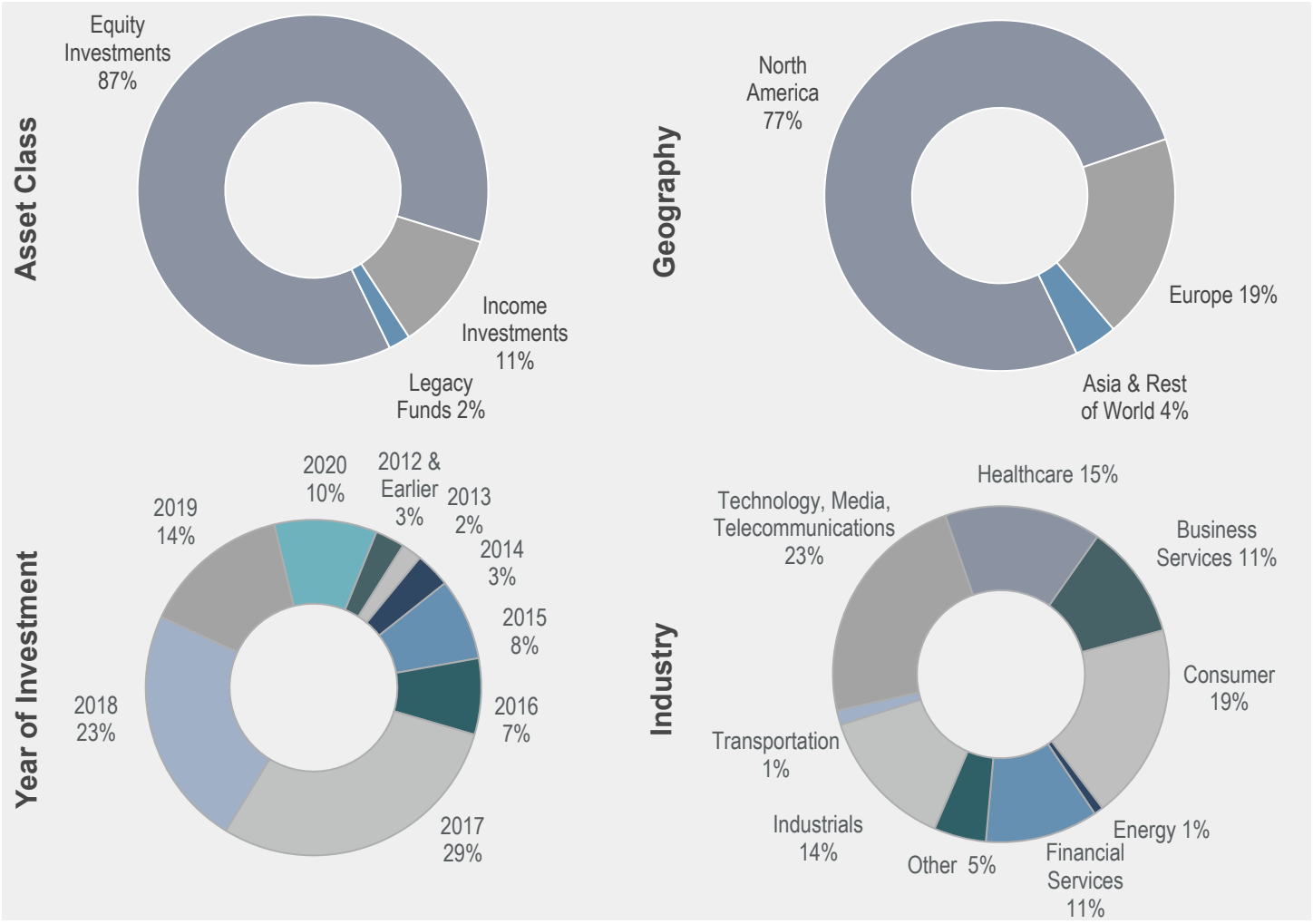
1. *Reflects the end of the borrowing availability period; however, the facility matures in 2031.*

Portfolio Overview

86 Direct equity Investments and 9 Income Investments with over $1.2 billion of value

The equity portfolio consists primarily of buyout investments and is diversified across industry, vintage year and sponsor. The portfolio includes investments with unique investment angles and the Manager seeks investments which have multiple value creation levers including: high-quality sponsors and management teams, industry growth or secular trends, growth of new markets or product offerings, operational enhancements or clear exit paths and the potential for shorter paths to liquidity. The portfolio is predominantly buyout investments and the weighted average holding period of equity investments is 3.3 years. Income investments (approximately 11% of fair value) include structured securities in PIK preferred instruments, second lien debt and commitments to the NB Credit Opportunities Program and Specialty Finance Program.

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 has generally offered the most attractive investment opportunities, but may adjust this strategy over time. Approximately 19% of NBPE's portfolio is invested in European companies and 4% in other parts of the world, primarily Asia and Latin America. 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 sponsors with favourable business characteristics in favoured sectors that the Manager believes can grow faster than gross domestic product.



Note: Numbers may not sum due to rounding.

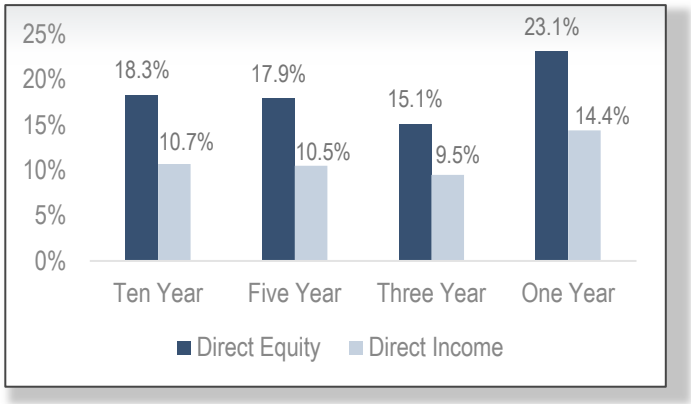
Direct Investment Performance

Strong IRR and Exits from Direct Equity Performance over the long-term

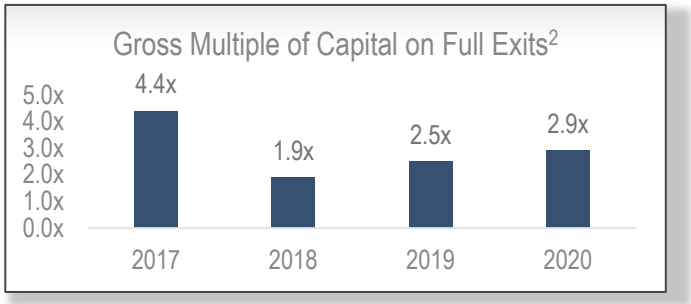
NBPE's direct equity investments generated a gross IRR of 23.1% during 2020. Given private equity investments are typically held for three to five years, the longer term five and ten year performance figures show the investment performance of both realised and unrealised investments, demonstrating the ability to achieve successful realisation outcomes, and re-deploy capital into other new attractive investment opportunities. With a ten year gross IRR from direct equity investments of 18.3% as of 31 December 2020, the Company's direct equity portfolio demonstrates highly attractive long-term investment performance.

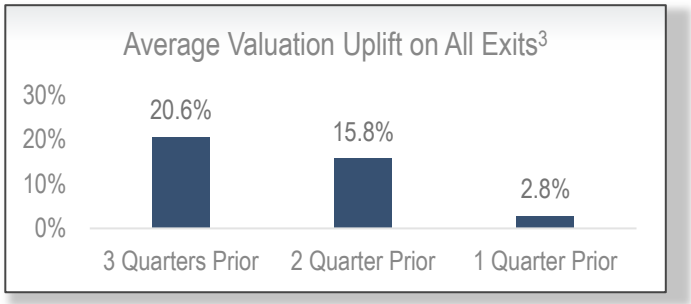
Direct income investments have also performed well over the time periods shown, particularly on a risk-adjusted basis, given those securities are higher in the capital structure than common equity.

Gross Internal Rate of Return ("IRR")[1]



Realised Multiples of Capital & Average Uplift





In terms of fully realised investments (not counting IPOs unless fully sold), the portfolio has generated strong realised multiples of invested capital. The five full/final exits in 2020 generated a gross realised multiple of invested capital of 2.9x (inclusive of prior partial realisations received before the final sale). Since 2017, the 27 full/final exits have generated over $425 million of cash which represented a weighted average gross multiple of 2.9x the aggregate invested capital of approximately $145 million across these 27 investments.

Generally, private equity investments are held at valuations which incorporate a discount for the inherent illiquidity and the uncertainty of timing of the exit. As a result, upon exit, typically there is meaningful uplift to the current carrying value. Across full exits since 2017, and including IPOs based on the closing share price at the date of IPO, NBPE's exits have generated average uplift of approximately 20.6% relative to the valuation three quarters prior to the ultimate exit.

1. *Fund IRRs are (8.6%), (0.5%), 4.4% and 7.7% over one, three, five and ten years, respectively. Total portfolio IRRs are 21.3%, 13.6%, 15.1%, 13.3% over one, three, five and ten years, respectively.*
2. *As of 31 December 2020. Includes full exits and equity investments only. Excludes partial exits, recapitalisations and IPOs until the stock is fully exited. Year represents the year of final exit. Exit year for public companies determined by the date of the final cash flow. Proceeds include funds that are currently in escrow, but are expected to be received. 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).*
3. *As of 31 December 2020. Analysis includes 15 IPOs and 21 full direct equity investment exits since January 2017. For investments which completed an IPO, the value is based on the closing share price on the IPO date; however NBPE remains subject to customary IPO lockup restrictions. 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).*

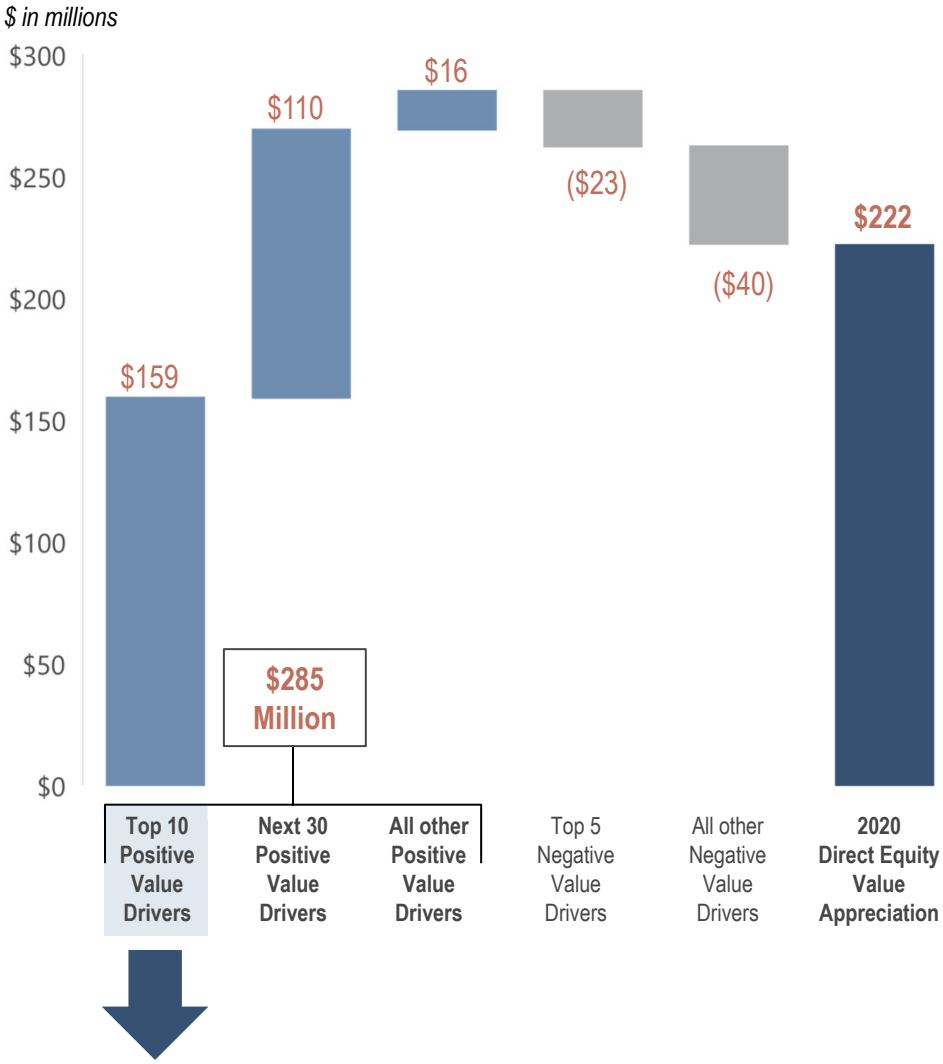
2020 Direct Equity Value Drivers

Ten companies generated gains of $159 million, with broad based gains across the portfolio

2020 Value Changes

$222 Million

Of Net Investment Appreciation From Direct Equity Investments



These ten investments have generated a **2.3x gross multiple to date** and **returned 40% of invested capital** through partial sales and re-capitalisations over their holding period.

PETSMART chewy.com, agiliti, ProAmpac, West Marine, GFL, Holley, BeyondTrust, AutoStore, Business Services Co.*, ACTION

*Note: Numbers may not sum due to rounding. *Undisclosed company due to confidentiality provisions.*

Operating Performance

Revenue Growth

6.2%

LTM 31 December 2020

EBITDA Growth

6.1%

LTM 31 December 2020

Valuation & Leverage

Valuation Multiple

15.5x

EV / LTM EBITDA

Leverage Multiple

5.8x

Net Debt / LTM EBITDA

Portfolio Company Metrics

Commentary

The Manager is pleased with the portfolio's performance during 2020, which was a function of robust aggregate underlying company revenue and EBITDA growth, despite the challenging environment.

The largest sector drivers of portfolio revenue growth were **financial services**, **industrials**, and **healthcare**. Revenue growth among **financial services** companies was driven by a transformative acquisition at one of the portfolio companies. Other drivers within financials were the result of organic growth, particularly within insurance and advisory segments of the portfolio. **Healthcare** companies also saw significant revenue gains, particularly driven by healthcare services, delivery and life sciences. **Technology, media & telecommunications** is the portfolio's largest industry exposure and growth was driven by software and security and remote access technology companies and offset somewhat by certain communications and media businesses. Revenue of **consumer** companies declined less than one percent year over year in aggregate, with positive performance driven by e-commerce, and certain leisure companies, offset by businesses which relied on retail, live entertainment or physical store locations.

In terms of year over year EBITDA growth, **financial services, healthcare and technology, media & telecommunications** saw the largest overall increases. **Financial services** EBITDA growth was driven by the aforementioned acquisition. **Healthcare** EBITDA performance was primarily driven by a healthcare delivery company and healthcare services company while **technology, media & telecommunications** growth was concentrated in security and software and services. Software sector exposure is focused on companies that the Manager believes offered mission-critical, differentiated and sticky product offerings; in particular the portfolio has meaningful exposure to infrastructure software and education software, which further contributed to the portfolio's overall positive EBITDA performance. **Industrials** showed an overall EBITDA decline year over year; however, the Manager notes this was impacted by two companies in particular which were continuing to invest in growth over profitability as they focused on expansion. **Business services** and **consumer** showed negative EBITDA growth year over year, primarily driven by reduced business to business activity and consumer businesses.

The Manager notes the portfolio's valuation multiple increased from 12.1x to 15.5x; however the Manager believes this is attributable to the portfolio's concentration in growing businesses in favoured sectors which are generally commanding higher price premiums in the market.

1. Analysis based on 75 private companies. Excludes Petsmart / Chewy from the analysis as value is predominantly impacted by the public value of Chewy. Data represents 80% of direct equity investment fair value and excludes public companies, equity invested alongside healthcare credits, financial services companies valued on a multiple of book value or other income metrics, E&P companies valued on acreage or reserves and escrow value (ie companies valued on metrics other than EBITDA). Revenue and EBITDA of companies denominated in foreign currency are converted to US Dollars at the daily average US Dollar exchange rate for the 12 months from 31/12/20 through 31/12/19 and prior period. Portfolio company operating metrics are based on the most recently available (unaudited) financial information for each company and based on as reported by the lead private equity sponsor. Where necessary, estimates were used, which include pro forma adjusted EBITDA and other EBITDA adjustments, pro forma revenue adjustments, run-rate adjustments for acquisitions, annualised quarterly operating metrics and all data is based on LTM periods as of 31/12/20 and 30/9/20. LTM Revenue and LTM EBITDA growth statistics based on NBPE's ownership of these metrics on an underlying basis and includes the impact of acquisitions. Enterprise value multiples and net debt multiples weighted by fair value; when enterprise value is based on revenue, DCF, forward multiples or other metrics, these multiples have been excluded from the portfolio calculation and weighted fair value.

	Investment	Inv. Date	Industry	Description	Fair Value ($m)	% of Value
1	agiliti	2019	Healthcare	Medical equipment management and services	$47.1	3.8%
2	MHS	2017	Industrials	Systems/solutions utilised in distribution centres	44.7	3.6%
3	PETSMART chewy.com	2015	Consumer	Online and offline pet supplies retailer	44.4	3.5%
4	GFL	2018	Business Services	Waste management services	35.5	2.8%
5	ACTION	2020	Consumer	European discount retailer	35.2	2.8%
6	USI	2017	Financial Services	Insurance brokerage and consulting services	34.0	2.7%
7	AutoStore	2019	Industrials	Provider of warehouse automation technology	33.6	2.7%
8	Business Services Co.*	2017	Business Services	Undisclosed business services company	33.1	2.6%
9	BeyondTrust	2018	Technology	Privileged access management / remote support software	30.7	2.4%
10	MARQUEE BRANDS	2014	Consumer	Portfolio of consumer branded IP assets	29.9	2.4%
11	COTIVITI	2018	Healthcare	Payment accuracy and solutions for the healthcare industry	29.3	2.3%
12	TELXIUS	2017	Communications	Telecom towers / fibre optic cables and infrastructure	27.7	2.2%
13	DUFF & PHELPS	2020	Financial Services	Multi-national financial consultancy firm	27.0	2.2%
14	EXCELITAS TECHNOLOGIES	2017	Technology	Sensing, optics and illumination technology	24.5	2.0%
15	AG Advisor Group	2019	Financial Services	Large network of independent wealth management firms	23.4	1.9%
16	BCA	2019	Business Services	Provider of vehicle remarketing services	22.6	1.8%
17	Holley	2018	Consumer	Automotive performance company	21.3	1.7%
18	West Marine	2017	Consumer	Specialty retailer of boating supplies	21.0	1.7%
19	QPARK	2017	Transportation	European parking services operator	17.3	1.4%
20	FV HOSPITAL	2017	Healthcare	Leading hospital provider in Vietnam	16.9	1.3%
	Top 20 Investments				**$599.2**	**47.8%**

Note: Numbers may not sum due to rounding.

Online and Offline Pet Supplies Retailer

Petsmart is a pet retailer of specialty products and services for pets, with over 1,650 stores across the U.S., Canada and Puerto Rico. NBPE invested in Petsmart alongside BC Partners in June 2015.

Investment Summary

Year of Investment

2015

Fair Value

$44 million

Investment Thesis

- Attractive pet market tailwinds
- Full range of services offered under one roof
- Strong financial performance and cash flow generation profile
- Experienced management team

Investment Overview

Petsmart is the largest U.S. specialty pet retailer with a strong brand recognition and customer awareness. The company is a trusted retailer for many pet supply vendors and some of the largest brand names in food, which rely on Petsmart to access end customers (in some cases with exclusivity). The Manager believes Petsmart represented a stable and attractive investment opportunity due to the gradual "humanisation" of pets and adoption. The Company helps customers care for their pets through a range of product offerings and services, including training, grooming, boarding, day camp and adoption.

In 2017, Petsmart acquired the e-commerce business, Chewy, for $3.4 billion which became a subsidiary of Petsmart. This acquisition provided Petsmart exposure to the rapidly growing e-commerce segment of pet supplies. This transformative acquisition combined the largest store retailer with a fast-growing online platform.

In 2019, Chewy completed an IPO on the New York Stock Exchange which valued initially the e-commerce business at approximately $8.8 billion.

Note: Numbers may not sum due to rounding.

ProAmpac

Leading global flexible packaging company

ProAmpac provides packaging solutions which extend shelf life, are easy to transport, have better shelf appeal and less waste versus rigid packaging. NBPE invested in ProAmpac alongside Pritzker Private Capital in 2016 and re-invested in 2020, following the successful realisation outcome.

Recent Exit

Year of Investment

2016

Exit Proceeds

$49 million

Investment Thesis

- Favourable segment of packaging which has seen significant growth tailwinds
- Long-term customers
- M&A opportunities
- Multiple exit opportunities

Investment Overview

ProAmpac provides packaging solutions across paper, plastic and foil products. The packaging is used across a range of end-markets including food & beverage, hospitality, home & garden, pet and retail. The company offers a complete suite of packaging needs including advanced extrusion and lamination, pouch and bag converting, graphics and printing, and package design.

In December 2020, NBPE re-invested in ProAmpac following the successful realisation of its original investment made in 2016. The Manager believes ProAmpac's end-markets remain highly attractive and growing at above-market rates. In addition, under Pritzker's ownership, ProAmpac has completed 13 add-on acquisitions, which helped drive growth and add additional scale to the business. Continued M&A, combined with organic growth, represent an attractive continuing investment opportunity for NBPE.

Note: Amounts inclusive of NBPE's debt investment.

Innovacare

Innovacare provides integrated health care services through a portfolio of health plans, medical service organisations and clinical networks. Innovacare operates Medicare advantage and Medicaid plans in Puerto Rico and Florida. NBPE invested in Innovacare alongside Summit Partners.

New Investment

Year of Investment

2020

Fair Value

$11 million

Investment Thesis

- Large scale and strong competitive position in Medicare Advantage
- Significant growth opportunities
- Strong management team and operations
- Attractive risk vs. reward profile

Investment Overview

Innovacare is an integrated healthcare provider and operates Puerto Rico's leading Medicare Advantage plan, which is one of the fastest growing integrated healthcare organisations in the U.S.. Innovacare also operates a number of businesses that integrate delivery of care to its members.

The Manager's investment thesis was based on the company's strong position in the Puerto Rico market, covering more than 267,000 members.

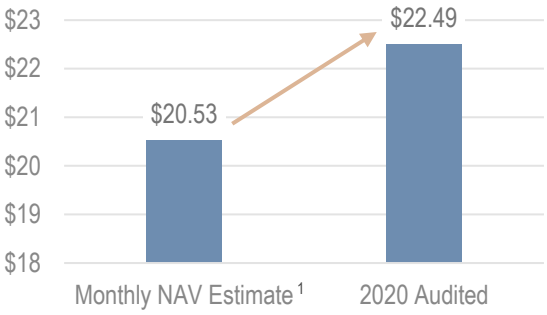
Innovacare's Puerto Rico business was in a strong competitive position, earning the island's first 4.5 star quality rating since 2017. This strong positioning, combined with favourable risk-return dynamics and a leading management team and sponsor made this an attractive investment opportunity. In addition, the Manager believed the company offered highly attractive ESG characteristics, aimed at improving lives.

Subsequent to this reporting period, in February 2021, Anthem, Inc. announced an agreement to acquire the Puerto Rico-based subsidiary of Innovacare. The transaction is expected to close in 2021. Post-transaction, NBPE's investment will retain its share in the other portions of the business. This provides NBPE with a significant partial realisation while offering additional upside in the remaining assets of the business.

Note: Fair value as of 31 December 2020, which doesn't reflect the announced but not closed partial exit.

Valuation

Significant NAV uplift from Q4 valuation information



NAV per Share Uplift

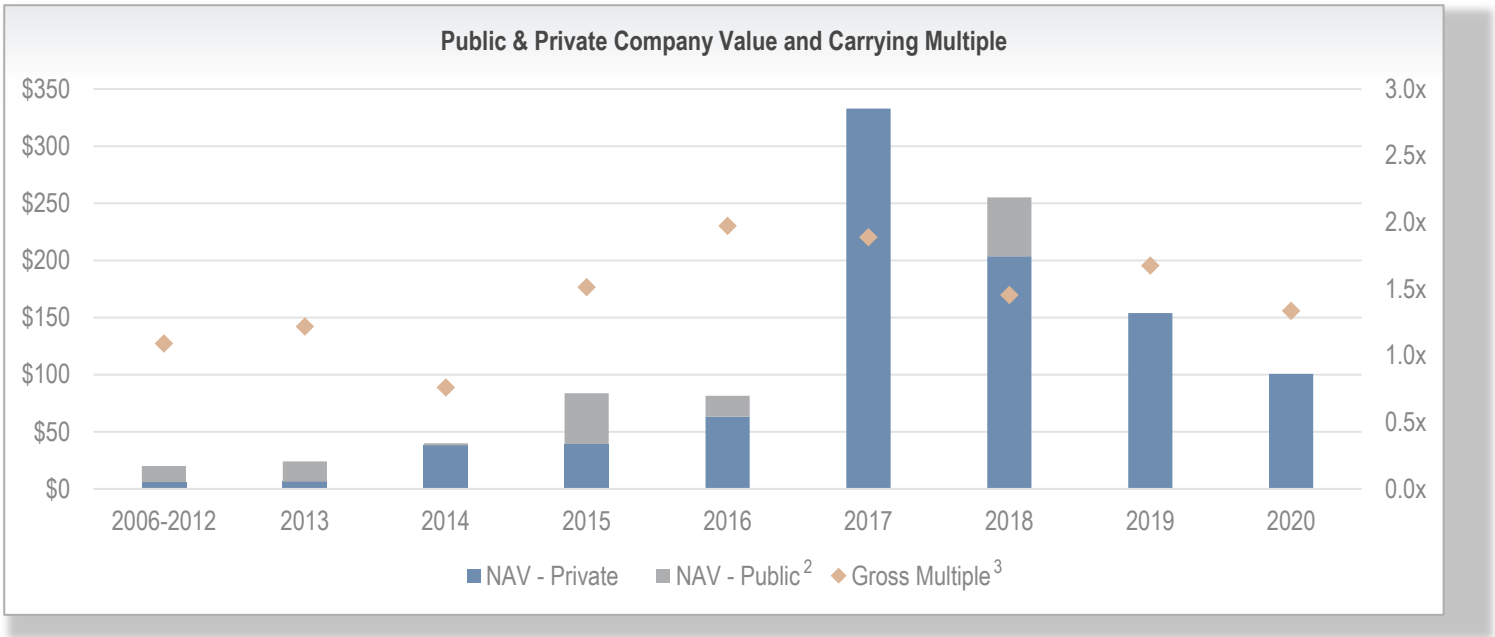
$1.96

From the receipt of Q4 2020 valuation information

NBPE's monthly NAV per share estimates provide the most up to date valuation information available by incorporating changes in public valuations, foreign exchange and the impact of expenses. However, until the receipt of updated quarterly private company valuation information (typically received one to three months after a quarter-end) the majority of assets are held at the prior quarter valuation, until updated information is received.

As a result, the quarterly, semi-annual and annual reports include this updated information, which results in an updated NAV relative to the monthly estimate. As of 31 December 2020, NBPE's NAV increased $1.96 per share versus the original estimate.

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 1.5x current cost as of 31 December 2020. $588 million of fair value is represented by 2017 and 2018 vintages which are maturing well and held at a gross carrying multiple of 1.9x and 1.5x, respectively.



Note: Numbers may not sum due to rounding. Please refer to page 91 for a detailed description of the valuation methodology.

1. *As reported in the Monthly NAV estimate.*
2. *Public valuation includes investments that are held indirectly. Includes Petsmart / Chewy as value is predominantly impacted by the public value of Chewy.*
3. *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).*

Capital Position

Strong balance sheet with significant available liquidity

As a direct private equity focused fund, NBPE is able to effectively manage its balance sheet without the need for significant long-term off-balance sheet commitments. On an adjusted basis, NBPE has $97 million of unfunded commitments, primarily to NB investment programs, which are nearly three times covered by available liquidity.

Capital Position Calculation

Total Liquidity

$268 million

$3m of cash and $265 million of borrowing availability

−

Adjusted Unfunded Commitments

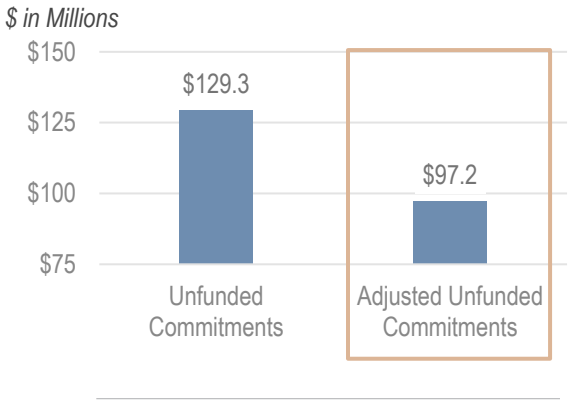
$97 million

=

Excess Capital Resources

$171 million

276% coverage ratio of capital resources to adjusted unfunded commitments



Adjustments to Unfunded Commitments

Unfunded commitments were adjusted by removing unfunded commitments past their investment period (adjustment of $32.1 million), except for reserves which may be called for follow-ons. Following these adjustments, the unfunded commitments were $97.2 million as of 31 December 2020.

Note: Numbers may not sum due to rounding.

Summary Balance Sheet	At 31 December 2020	At 31 December 2019
$ in millions		
Direct Equity Investments[1]	$1,091.6m	$945.1m
Income Investments	$140.5m	$104.4m
Fund Investments	$22.5m	$37.5m
Total Private Equity Fair Value	$1,254.6m	$1,087.0m
Private Equity Investment Level	119%	121%
Cash and Cash Equivalents	$3.0m	$9.5m
Credit Facility Borrowings Drawn	($35.0m)	($47.0m)
2022 & 2024 ZDP Share Liabilities (Dollar equivalent liabilities)	($157.0m)	($146.1m)
Net Other Liabilities	($14.0m)	($8.6m)
NAV of the Ordinary Shares	**$1,051.7m**	**$894.8m**
NAV per Ordinary Share (USD)	$22.49	$19.11
NAV per Ordinary Share (GBP)	£16.45	£14.43
NAV per Ordinary Share including dividends paid during financial period	**$23.07**	**$19.68**
ZDP Shares (2022 / 2024)	£59.2m / £55.7m	£56.9m / £53.4m
Net Asset Value per ZDP Share (2022 / 2024)	118.35p / 111.38p	113.79p / 106.83p
Dividends per Ordinary Share:		
Dividends paid during financial period	$0.58	$0.57
Cumulative dividends paid since inception	$4.02	$3.44

Note: Numbers may not sum due to rounding.

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

Market Review

Buyouts

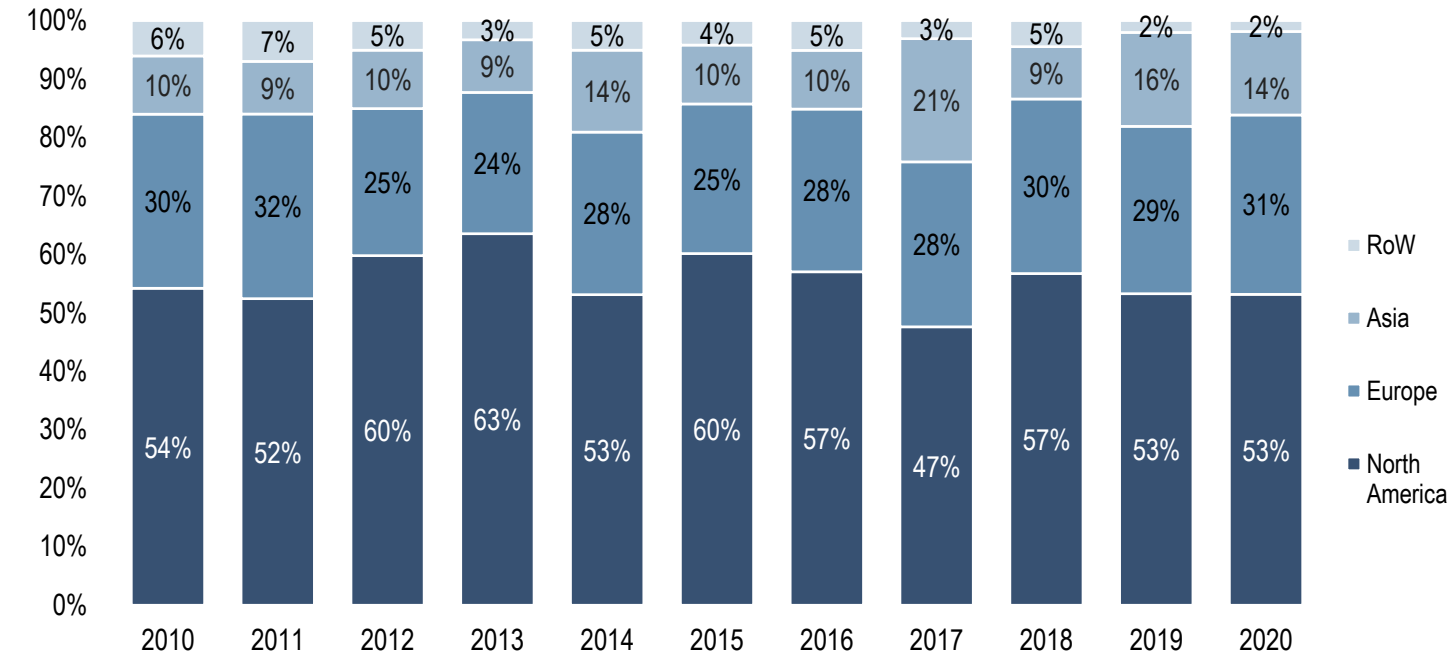
The COVID-19 pandemic resulted in a tumultuous 2020 for the leveraged buyout (LBO) market. Buyout activity for new platforms effectively froze in April / May 2020 but bounced back quickly in the second half of 2020 to finish the year on a high note. Fundraising activity also slowed compared to 2019, as pandemic-related disruptions, such as performing due diligence via videoconference, delayed many fundraising efforts. However, experienced funds targeting key themes, such as technology and healthcare, continued to raise significant amounts of capital.

Overall investment activity declined in 2020, largely driven by pandemic-related market disruptions in the second and third quarters. Private equity sponsors exercised caution when making new investments as seen in transaction volume declines from the 2019 levels, and the onset of the global pandemic hindered many sponsors' ability to conduct in-person diligence on new investments and also required additional assessment of COVID-19's near term and long term impact on company performance. Many companies performed well throughout the year, but initially sponsors were not able to predict this with any certainty and therefore took on an even more supportive role to their existing portfolio companies. This included ensuring that companies had ample liquidity to weather any near-term market disruptions, where necessary helping portfolio companies identify cost-saving solutions to mitigate revenue shortfalls, and in some cases looking for ways to take advantage of opportunities to gain market share organically and through M&A. Exit activity followed a similar trajectory to investment activity but fell even more during the crisis only to rebound more strongly.

Investment Activity

$186 billion was invested in 2020 for the U.S. LBO market, representing a 26% decrease from 2019. Relative to other geographies, the North American private equity market attracted the same level of investment as 2019, as measured by the value of private equity backed deals. Over the longer-term, the North American private equity market has been the largest market for private equity backed investments. Since 2010, the North American private equity market has attracted the largest amounts of capital relative to other geographies, based on the value of private equity backed deals.

Value of PE-Backed Deals by Geography



Source: Preqin Quarterly Update: Private Equity & Venture Capital 2020 Q4. Data includes Private Equity only.

Market Review (continued)

Investment Activity (continued)

Deal activity started the year strong but was severely impacted by the onset of the pandemic, which resulted in depressed activity in Q2 and Q3. During this period, some sponsors pivoted to put capital to work in minority transactions and public companies. Some PE firms pursued PIPEs (private investment in public equity) during the downturn as these types of investments are usually structured as preferred stock instruments which offer investors the potential for attractive returns while maintaining downside protections. Deal activity rebounded quickly in late Q3, reaching pre-COVID levels of deal volume by Q4, driven primarily by economic policies enacted by central banks. These policy actions backstopped economies, letting investors feel comfortable taking on risk and ultimately led to a rebound in stock market prices and buyout activity.

Valuations and Leverage

U.S. LBO valuations remained steady at an average of 11.4x EBITDA in 2020. Despite the pandemic, private equity sponsors remained active in deploying capital in a competitive M&A market, especially in high quality, recession resilient assets, which contributed to the increase in market valuations. Notably, sponsors invested more heavily in technology companies with attractive characteristics such as a recurring revenue base and strong cash flow generation, however, technology companies also traded at higher multiples. The debt markets continued to support PE investment activity throughout the year. Total leverage multiples declined slightly to 5.7x EBITDA in 2020. Sponsors contributed 43.0% of equity as a percentage of total consideration for LBOs in 2020, a decline from the 2019 peak but a 250bps increase from 2018.

Fundraising Environment

U.S. Buyout fundraising slowed down in 2020 due to two main factors. First, as many of the Mega-cap funds closed in 2019, making 2019 a record-breaking fundraising year and a high bar to compare to. Second, COVID-19 resulted in pandemic-related difficulties early in the year that delayed many fundraising efforts. As a result, fundraising for Buyout funds ended the year with a total of $165 billion raised, representing a 43% decline from 2019 but a 33% increase from 2018. In the last 5 years, U.S. leveraged buyout firms have collected an aggregate of $912 billion from LPs. The average fundraise size declined as well from $2.0 billion in 2019 to $1.3 billion in 2020.

Outlook for 2021

The U.S. LBO market ended the year on a high note, with Q4 activity rebounding to almost pre-COVID levels. Looking ahead, there still lies a considerable amount of uncertainty with regards to COVID-19. However, we expect 2021 to be a busy year for Private Equity. In the wake of the pandemic, we have seen structural changes across industries and geographies, most notably the accelerated adoption of digitisation. The sectors that have proven most resilient to the pandemic are technology (especially enterprise software), industrial goods (including building products and packaging), financial services (especially fintech and payments) and healthcare (especially services) which accounted for over 65% of all transactions on a global level in 2020 and are likely set to host much of the activity in 2021. On the fundraising side, we expect 2021 to continue the positive trends seen in the second half of 2020. We remain optimistic that the PE market will continue to offer attractive investment opportunities to investors going forward. With record high levels of dry powder, robust credit markets and recovering economies, the Manager expects that sponsors will continue to actively deploy capital in 2021.

Credit Facility

$300 million credit facility with borrowing availability through December 2029

On 23 December 2019 NBPE entered into a ten year $200 million credit facility with MassMutual, which has since been increased to a total size of $300 million. The borrowing availability period ends on 23 December 2029. The facility is secured by a security interest in the underlying cash flows from investments. As of 31 December 2020, there was $35.0 million borrowed under the MassMutual Facility (and a cash balance of $3.0 million).

Under the MassMutual Facility, the interest rate is calculated as LIBOR plus 287.5 basis points per annum (275 basis points per annum prior to 1 May 2020). The company is required to pay a fee of 55 basis points per annum on any undrawn amounts. Beginning 18 months after the closing date, the facility has a minimum draw requirement (being charged at the interest rate on drawn amounts whether the funds are drawn or not), of $90 million ($60 million in the prior year).

The Company is required to meet a LTV test on drawn amounts, based on anniversary dates of the MassMutual Facility. The LTV ratios are as follows: 45% through the 8th anniversary, 35% from the 8th anniversary to the 9th anniversary, 25% from the 9th anniversary to the 10th anniversary and 0% thereafter to maturity. The Company is subject to a number of diversification and portfolio concentration tests which limits the exposure the Company may have in certain areas. The Company is permitted to pay dividends, provided the Company satisfies the LTV ratio test and meets the requirements under the Facility agreement. The facility may not be terminated until the end of the availability period.

The MassMutual Facility also has a borrowing base concept. The borrowing base is the maximum amount NBPE can drawdown and is the lesser of: 30% of investment value plus cash or the total facility size. As of 31 December 2020, the Company met all the requirements under the MassMutual Facility.

Ongoing Charges & Fee Analysis

2.24% ongoing charges ratio. 96% of the direct investment portfolio charges no management fee / carry at the underlying sponsor level

NBPE's rate of ongoing charges, as defined by the Association of Investment Companies ("AIC") ratio, was 2.24% for the year ended 31 December 2020. The ongoing charges were 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 82, which was prepared in conformity with US GAAP. The complete methodology can be found on the AIC's website.

Total ongoing expenses in 2020 were $20.0 million, or 2.24%, based on the average 2020 NAV. Note that percentages of ongoing charges are based on the average 2020 NAV and may differ from contractual rates which is based on 2020 private equity fair value. 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.

Ongoing Charge	Value ($ in m)	% Ongoing Charge
Management Fee	$16.6m	1.85%
Fund Administration Fee	$1.1m	0.13%
Other Expenses	$2.3m	0.26%
Total Ongoing Charges	**$20.0m**	**2.24%**

The Company's direct equity investments are included in the portfolio generally with no management fee and no carried interest due to underlying sponsors. Approximately 96% of the direct investment portfolio (measured on 31 December 2020 fair value) is on a no management fee, no carried interest basis at the underlying sponsor level.

At the Company level, NBPE's management fee is 1.5% of private equity fair value (payable quarterly) and a 7.5% performance fee after a 7.5% hurdle rate. The directors believe these fees are 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).

The directors believe the fee efficiency from the Company's co-investment strategy provides investors private equity access at a lower total cost than most other listed private equity vehicles.

Risk Management

Principal Risks and Uncertainties

The board considers external risks, investment & strategic risks, financial risks, and operational risks to be the principal risks and uncertainties of the Company. Within each of the four principal risks 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. Not all risks can be eliminated; therefore, there is only a reasonable assurance against fraud, misstatements or losses to the Company.

The board is ultimately responsible for the identification and assessment of risk as well as monitoring the key risks to the Company on an ongoing basis. 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 categorised by the principal risks and uncertainties.

The table below shows a summary of the key underlying risks within each of the four principal risks and uncertainties identified by the board. The status below shows whether the principal risks are increasing, decreasing, or not changing compared to the previous year.

Key Risk	Key Controls	Assessment
External Risks • Market, Economic & Political Environment • Reputational • Regulatory • COVID-19 emerging risks	• General awareness of environment; consultation with advisors and external counsel • Monitoring of publications and investor materials • Feedback on messaging effectiveness; brokers' reports; quarterly review by board of information releases and public filings • Assessments of underlying portfolio companies to understand potential exposure and degree of impact of COVID-19 and ongoing operations	
Investment & Strategic Risks • Investment decisions & performance • Valuations & Accounting • Meeting business objectives • Share price discount • Investment objective in current environment	• 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 • Share buyback programme; strategic efforts from portfolio construction to dividend payment • Strategic investor relations programme • Periodic review of appropriateness of investment objective and policy	
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 • Review of third party service providers	

Principal Risk and Uncertainties – COVID-19

During 2020, the Board held four quarterly board meetings to discuss financial reports, strategy and other Company matters. As part of the quarterly board meetings, the Board reviewed the risk matrix prepared by the Investment Manager to facilitate discussion regarding the key risks to the Company and controls available to mitigate risks. Given the highly uncertain economic environment surrounding COVID-19 and lockdowns which began late in the first quarter, the Board was highly focused on the potential impact of COVID-19 on the underlying key risks to the Company. The Board noted the underlying key risks within external, investment and strategic risks, financial, operational and emerging risks each had varying degrees of impact as a result of COVID-19. To understand this and facilitate discussion, the Manager categorised the potential impact due to COVID-19 as low, medium or high for each of the underlying key risks within the four principal risk and uncertainty categories. In some of the key risks, it was determined COVID-19 would have no impact or was not applicable (for example, with certain risks related to legal or compliance) and in these instances the impact was noted as not applicable.

It was noted that COVID-19 was the key emerging risk to the Company, which was external in nature and outside the Company's control. However, the board recognised this could negatively impact other risk categories, potentially significantly. As a result, the Manager identified the underlying key risks with the highest potential impact due to COVID-19. These underlying key risks were identified as investment performance, meeting return objectives, financial risks and ongoing operations.

In terms of investment performance and meeting return objectives, the Board recognised the portfolio's strong performance continued during 2020 and the Manager's portfolio positioning in sectors and themes which were generally more resilient and less impacted by COVID-19. The Manager noted early in the pandemic that there was minimal exposure to sectors with significant COVID-19 risk such as travel and leisure, energy, and brick and mortar consumer retail. The board believes the Company is effectively mitigating these risks.

The key underlying financial risks with high potential impact due to COVID-19 were and remain maintaining sufficient liquidity, compliance with LTV ratio and coverage tests and meeting the ZDP liability in September 2022. The Manager noted $35.0 million of borrowings were drawn as of 31 December 2020 and the Company had further borrowing availability of $265.0 million and was in compliance with all LTV ratio and coverage tests. In addition, the Company had significant cushion under both of these tests, should a decline in asset values occur. The Company received approximately $199 million of distributions during 2020 and subsequent to this reporting date, four exits were announced in 2021 which would generate further liquidity for the Company. As a result, the Manager noted the ZDPs could be repaid through ongoing realisation activity. In addition, the final capital entitlement of the 2022 ZDP could be fully or partially repaid with the credit facility, subject to borrowing availability. However, the Manager noted any renewed lockdowns or resurgence in the virus could impact realisation activity, potentially significantly, and the impact of COVID-19 on financial risks to the company remained elevated. Nevertheless, the board believes the Company has managed financial risks effectively as of this report date and will continue to closely monitor the Company's financial position.

The Manager noted that business continuity plans remained in effect throughout 2020 and most teams continued to work remotely. In addition, the Manager held numerous meetings throughout the year with key service providers remotely and by video conference. Subsequent to this reporting date, in early 2021 most of the Investment Manager's staff continued to work remotely, but had the flexibility to go to offices if needed. The board was notified longer-term return to office plans were still in development and therefore Neuberger Berman was continuing to closely monitoring network infrastructure, systems and technology to maintain remote work capabilities. The Investment Manager confirmed that no significant issues with remote work arose during 2020 or through the date of this report which would have a material impact on the Company. Further, it was noted that the Manager was able to conduct business with other key service provides who had similar business continuity plans in place and that no major issues arose which could impact the Company.

Board of Directors

Directors' Biographies

William Maltby (Chairman of the Board, Independent Director) / Appointed 21 March 2019

Relevant Experience:

- **Over 25 year career in investment banking**
- **Experience chairing listed investment companies**
- **Began career at Morgan Grenfell in 1984**

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

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

Mr. Maltby is also chairman of Ekins Guinness LLP and a non-executive director of Pension SuperFund Capital GP II Limited. He qualified as a Chartered Accountant with Peat Marwick and has a law degree from the University of Cambridge.

Trudi Clark (Chairman of the Management Engagement & Nomination and Remuneration Committees, Independent Director) / Appointed 24 April 2017

Relevant Experience:

- **Extensive financial experience including audit, corporate finance and alternative investments since 1987**
- **Sits on a number of listed and non-listed company boards**
- **Former CEO of Schroders Channel Islands**

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

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

Relevant Experience:

- **Extensive valuation and corporate finance advisory experience**
- **Experience as a non-executive director of London listed companies**
- **Formerly worked at The International Stock Exchange on its launch**

John Falla, a resident of Guernsey, is an Associate of the Institute of Chartered Accountants in England and Wales. Mr. Falla 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. Mr. Falla qualified as a Chartered Accountant with Ernst and Young in London, before transferring to their Corporate Finance Department, specialising in the valuation of unquoted shares and securities, including private equity holdings. On Mr. Falla's return to Guernsey in 1996 he worked for an International Bank before joining The International Stock Exchange (formerly Channel Islands Stock Exchange) in 1998 on its launch as a member of the Market Authority. In 2000 Mr. Falla 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. Mr. Falla was also a director of a number of Edmond de Rothschild operating and investment entities. Mr. Falla 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:

- CIP Merchant Capital Limited
- Marble Point Loan Financing Limited

Directors' Biographies (continued)

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

Relevant Experience:

- **Over 35 years of private equity, investment banking and management experience**
- **Board experience as a non-executive director of a number of companies**
- **Former CEO of Deutsche Beteiligungs AG**

Wilken von Hodenberg is a businessperson with 38 years of experience in private equity, investment banking and senior management. Mr. von Hodenberg has been at the head of five different entities and until recently occupied the position of Chairman of German Private Equity & Venture Capital Association.

Mr. von Hodenberg was a member of the Supervisory Board for Deutsche Beteiligungs AG since 2013 and left this position in February 2020. He is also a Non-Executive Director of Sloman Neptun AG, Schloss Vaux AG and Wepa SE.

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

Mr. von Hodenberg is a lawyer in Hamburg and holds a Law degree from the University of Hamburg.

Peter von Lehe (Director) / Appointed 22 June 2007

Relevant Experience:

- **Currently serves as Head of Investment Solutions and Strategy & Managing Director of Neuberger Berman**
- **Sits on a number of the Investment Manager's Investment Committees**
- **27 years of industry experience**

Peter von Lehe, JD, 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, as well as a member of the NB Insurance-Linked Strategies Underwriting Committee and a Chairman of NB Reinsurance Ltd. 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 BS with Honors in Economics from the University of Iowa and a JD with High Distinction, from the University of Iowa College of Law. He is a member of the New York Bar.

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Directors' Report

The directors present their annual financial report and consolidated financial statements of NB Private Equity Partners Limited and its subsidiaries for the year ended 31 December 2020.

Principal Activity

NBPE is a closed-ended investment company registered in Guernsey. The Company's registered office is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 4LY. The Company's Class A Ordinary Shares are listed and admitted to trading on the Main Market under the symbol "NBPE" and "NBPU", corresponding to the Sterling and Dollar quotes, respectively. NBPE has 2022 ZDP Shares and 2024 ZDP Shares admitted to trading on the Specialist Fund Segment under the symbol "NBPP" and "NBPS", respectively (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 is managed by the Manager pursuant to an Investment Management Agreement, dated 2 May 2017. Subject to the board's overall strategic direction and instructions, the Investment Manager makes all of the Company's investment decisions. The Manager has been appointed since 2007, and remains appointed, unless terminated by the Company with 30 days 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.

The Manager makes the decisions regarding individual investments in line with the investment strategy set by the board. The Manager's team of professionals are 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 91. 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's Guernsey administration is managed by Ocorian Administration (Guernsey) Limited ("Ocorian" or the "Guernsey Administrator"). The Company utilises Ocorian for certain administrative functions relating to corporate services as well as Guernsey regulatory matters which could affect the Company. Ocorian is responsible for the day-to-day administration of the Company and acts as the company secretary and Guernsey administrator. The Company pays Ocorian a fee for these services as invoiced by Ocorian and as disclosed on page 79.

Administrator

MUFG Capital Analytics LLC ("Capital Analytics" or "Administrator") 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. Fees for their services can be found on page 30.

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
- Ocorian Administration (Guernsey) Limited, as Company Secretary and Guernsey Administrator
- Link Market Services, as the Company's registrar
- Jefferies and Stifel, as the Company's joint corporate brokers

Investment Objective

The Company's investment objective is to produce attractive returns by investing mainly in the direct equity of private equity-backed companies while managing investment risk through diversification across asset class, vintage year, geography, industry and sponsor. The vast majority of direct investments are made with no management fee / no carried interest payable to third-party private equity sponsors, offering greater fee efficiency than other listed private equity companies. NBPE seeks capital appreciation through growth in net asset value over time while returning capital by paying a semi-annual dividend.

Investment Policy

The Company invests in private equity assets, which primarily consists of direct equity investments and, to a lesser extent, income investments. Direct equity investments are direct investments in underlying private companies and are made alongside private equity sponsors. Direct equity investments represent the vast majority of assets and new investments are predominantly to direct equity investments. The Company expects to continue to fund its previous commitment to the NB Specialty Finance Program, a portfolio of small business, short duration direct loans, through the remainder of 2021. Other income investments currently include first and second lien debt and PIK preferred securities of private equity-backed companies. As direct income investments are realised over time, the Company expects to deploy capital to new direct equity investments. The fund portfolio is a legacy portfolio of remaining private equity funds in realisation mode and represent less than 2.0% of the portfolio value. 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 intends to target an annualised dividend yield of 3.0% or greater on NAV, with the goal to maintain or progressively increase the level of dividends over time.

Historically, a dividend has been paid semi-annually in line with NBPE's dividend target. Prior to each dividend announcement, the board reviews the appropriateness of the dividend payment in light of macro-economic activity and the financial position of the Company. In times of extraordinary circumstances, the board does not guarantee a dividend, but rather evaluates the suitability of a dividend payment based on the magnitude of the situation.

Dividends are 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. Please reference pages 73 and 74 for the credit facility and ZDP terms regarding dividends.

Corporate Social Responsibility

The Company does not have a formal Corporate Social Responsibility ("CSR") policy, but instead relies on Neuberger Berman's policy related to CSR for new investments. Neuberger Berman, the parent company of the Investment Manager, is a signatory of the PRI and diligently addresses ESG issues with regard to investing. 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 CSR and PRI can be found under the ESG Investing 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 is unaware of any circumstances during 2020 that arose in the portfolio which would impact the PRI and ESG investment policies. Further information on NBPE's policy on Sustainable and Responsible investing can be found on page 9.

Results and Dividends

The financial results for the year ended 31 December 2020 are included in the consolidated financial statements, beginning on page 59. As of 31 December 2020, the net asset value attributable to the Class A Shares was $1,051.7 million, which represents an increase of $156.9 million relative to the net asset value attributable to the Class A Shares of $894.8 million as of 31 December 2019. On 15 January 2020, the Company declared the first semi-annual dividend of the year of $0.29 per Share and on 29 June 2020 declared an interim dividend of $0.29 per Share. Both dividends were approved in line with NBPE's dividend policy and resulted in total dividends of $0.58 per share ($27.1 million) paid during 2020. Including the dividend payments, the NAV total return for the year was 21.4%[1].

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. NBPE held its third annual Capital Markets Day via Zoom Webinar on 1 October 2020 to update shareholders and research analysts on the Company's performance and investment activities during the year.

1. *Assumes re-investment of dividends at the closing NAV on the ex-dividend date.*

Section 172

As a member of the AIC, the Company is obliged to report against Section 172 of the UK Companies Act 2006, which imposes a general duty on the Company's directors to act in the way they consider to be in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. With this in mind, directors must take into consideration the impact NBPE has on the community, the interests of wider stakeholders, and maintain high standards of business conduct; all of which are in conjunction with the implicit responsibilities that the board and Manager abide by. The board provides appropriate training to all new directors, which includes training on their duties, including those under Section 172, and provides refresher courses from time to time. More details on director induction and board evaluation can be found on pages 40 and 41. When a new director joins the board, they receive regular and ongoing training, including details of all regulatory and legal duties as a director of a Guernsey domiciled investment company listed on the Main Market of the London Stock Exchange. Furthermore, the Chairman reviews the training and development needs of each director during the annual board evaluation process to evaluate if additional training is needed.

The Company is committed to maintaining good communications and building positive relationships with all stakeholders, including: shareholders, service providers, debt providers, analysts, potential investors, suppliers and the wider communities in which the Group and its investee companies operate. Regular feedback is provided to the board to ensure they understand the views of stakeholders, which is then communicated to the Investment Manager for consideration in the investment decision making process.

Decision Making

As a director of a Guernsey domiciled investment company listed on the Main Market of the London Stock Exchange, directors are required, in making their decisions and choices and in setting policies and strategy, to have regard to a non-exhaustive list of factors, including the interests of and how the actions and behaviours of the company affect customers, suppliers, the community and the environment, as well as the Company's reputation.

The Company places a large emphasis on the flow of information from the Manager to the board, ensuring that the directors have relevant information to make informed decisions for the benefit of the shareholders. The board holds quarterly board meetings throughout the year to discuss relevant information, and often meets on an ad hoc basis as needed to discuss other Company matters, such as dividend payments. The Manager provides the board with key information regarding the underlying investments, ideas for new initiatives that will help drive shareholder value and continual feedback from shareholders. The board gives feedback on all relevant items discussed to help achieve success for the benefit of shareholders as a whole. Furthermore, the board has access to the advice and services of the Company Secretary if needed. The board recognises that much of the decision making, particularly with respect to underlying investments, is granted to the Investment Manger as per the IMA; however, the board regularly reviews information to ensure decisions are in-line with the overall strategy set by the board. The board also reviews service provider contracts, including the Investment Manager, annually to ensure terms of the contract are executed and remain in the best interest of shareholders. The Manager has an excellent track record and has the Company's reputation and benefit to shareholders at the forefront of all decision making.

Culture

The board and Manager have a strong culture, which has been firmly ingrained since the inception of the Company. The Company's culture consists of communication, respect and trust. This culture is also an integral aspect of the Manager's identity, which enhances the relationship that the board has with the Manager. The board continues to monitor the Group's culture on an ongoing basis via feedback from shareholders, the Manager, or input from other advisers. As part of this culture, the board and Investment Manager both believe impact investing can help enhance society and assess overall investment risk and opportunities. Neuberger Berman rated above the peer median in every category of the 2020 Principles for Responsible Investment Assessment, referenced on page 9.

The purpose and value of the Company's culture is that it bolsters the ability to perform and assists in an accurate flow of information from the Manager, to the board, and to shareholders.

Community & Environment

The board recognises that it has an obligation to its shareholders, stakeholders, and broader society as a whole. This encompasses a desire to invest in businesses with quality ESG characteristics, while also seeking to grow NBPE's shareholders capital by investing in the best opportunities available. Neuberger Berman is a signatory of the Principles for Responsible Investment. In the 2020 PRI Assessment, Neuberger Berman obtained the highest score, A+, for their overarching approach to ESG strategy and governance. The board closely monitors investment activity to ensure that the Company is acting in the best interests of the community, environment, and stakeholders. Details on Neuberger Berman ESG can be found on page 8 and NBPE's ESG Policy can be found on page 9 of this report.

Shareholders

The Company welcomes the views of shareholders and places great importance on communication with all of its shareholders. The Investment Manager is available at all times to meet with shareholders and sector analysts. The Chairman, Senior Independent Director and other directors are also available to meet with shareholders if needed.

The Capital Markets Day of the Company provides a forum for shareholders to meet and discuss issues with the directors and Investment Manager, as shareholder feedback is very important to NBPE. Shareholders also have the opportunity to put questions to the Company at the registered address. These actions are all an effort to be in regular communication and keep shareholders up-to-date on NBPE.

The board receives comprehensive shareholder reports at all quarterly board meetings and regularly monitors the views of shareholders and the shareholder profile of the Company. The board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager.

Relations with Other Stakeholders

The Company also 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 and other stakeholders 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. This provides an opportunity for the board and Investment Manager to have discussions with analysts and investors both in one on one and group settings. In addition to these presentations, the Investment Manager meets regularly with analysts and investors to provide further updates with how the Company and the investment portfolio are performing.

The directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the board by the Company's PR and marketing advisors. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the board, the Investment Manager or the Company Secretary, where applicable. The Company recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator ensures all payments are processed as timely as possible.

The Company, via its Investment Manager, has important long-term relationships with its underlying investment portfolio. Representatives of the Investment Manager communicate with private equity sponsors on a regular basis regarding company and investment performance, fundraising, sourcing new opportunities and other dialogues important to private equity investing. Maintaining these private equity relationships are an important aspect of sourcing quality deals from trusted sponsors. The directors recognise that the long-term success of the Company is linked to the success of the communities in which the Company, and its investee companies, operate. Further details on the ESG elements pursued by NB, as the Investment Manager, is available on page 8.

Shareholders and wider stakeholders may also find Company information or contact the Company through its website.

Major Shareholders

As of 31 December 2020, insofar as is known to NBPE, the shareholders below held, either directly or indirectly, greater than 3.0% of the Class A Shares in issue (excluding Class A Shares held in treasury). Note that the amounts below have subsequently fluctuated after 31 December 2020:

Shareholder	Class A Shares	% of A Shares Outstanding
Quilter Cheviot Investment Mgmt.	7,759,618	16.6%
Smith & Williamson Investment Mgmt.	5,078,609	10.9%
American Depositary Shares	3,420,500	7.3%
City of London Investment Mgt Co	3,032,528	6.5%
Schroder Investment Mgt	2,098,177	4.5%
Cathay Life Insurance	2,000,000	4.3%
LGT Capital Mgt	1,765,000	3.8%

Board Information

As of 31 December 2020, the board has four independent directors: William Maltby, Wilken von Hodenberg, Trudi Clark, and John Falla. Peter von Lehe, director, is deemed not independent as he is employed by a Neuberger Berman group company.

The board believes that Mr. von Lehe brings a significant amount of experience and expertise to the board; however, as a non-independent director, he does not sit on the Audit Committee and is 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.

Shareholdings of the Directors

The shareholdings of the directors as of the date of this report, 31 December 2020 and 31 December 2019 is as follows:

Director	2021 to Date	31/12/2020	31/12/2019
William Maltby	17,833	9,500	9,500
John Falla	8,000	6,000	6,000
Trudi Clark	6,433	6,433	6,433
Wilken von Hodenberg[1]	89,316	89,316	N/A
Peter von Lehe	7,500	7,500	7,500

Board Committees

The terms of reference for all committees described below are available on the Company's website.

Management Engagement Committee

The Management Engagement Committee ("MEC") is comprised of Ms. Clark as Chairman, Mr. Falla, Mr. von Hodenberg, and Mr. Maltby. The principal function of the MEC is to review annually the terms of the Investment Management Agreement between the Company and the Investment Manager. The MEC also reviews annually the performance and terms of engagement of key services providers. The MEC meets at least once a year and at other times as required by the board.

Audit Committee

The Audit Committee is comprised of Mr. Falla as Chairman, Ms. Clark, Mr. Maltby and Mr. von Hodenberg. 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. The Audit Committee ensures that a framework for solid 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 Main Market and any other applicable law or regulation. Full details of the Audit Committee Report can be found beginning on page 50.

1. *Total includes a closely associated person related to Wilken von Hodenberg who holds 44,658 shares of the Company.*

A full copy of the Audit Committee terms of reference are available on the Company's website and from the Company Secretary. All members of the audit committee are independent directors. Although the Chairman is also a member of the Audit Committee, the board believes this does not compromise the Chairman's independence or objectivity. All directors on the committee bring relevant experience and perspectives and are an appropriate composition given the Company's size and strategy.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") is comprised of Ms. Clark as Chairman, Mr. Maltby, Mr. Falla, and Mr. von Hodenberg. The NRC is responsible for identifying and nominating, for approval by the board, suitable candidates to fill board vacancies as and when they arise. The NRC also puts in place plans for the succession of directors, in particular with respect to the Chairman. The Committee agrees with the board policy for the remuneration of the directors; they review and consider any additional ad hoc payments in relation to duties undertaken over and above normal business.

Peter von Lehe has been a valued member of the board since the Company's inception in 2007. Peter will remain highly involved with NBPE in his capacity as Managing Director of Neuberger Berman; however, he will not stand for re-election as a director at the Company's next AGM. Accordingly, the board is going through the process of a new director search and further information will be announced in due course. Following Mr. von Lehe's departure, the board will still be comprised of five directors but all will be independents.

Tenure of Non-Executive Independent 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.

The Company's policy on Chair tenure is that the Chair should normally serve no longer than nine years as a director and Chair, but when it is in the best interests of the Company, shareholders and stakeholders, the Chair may serve for a limited time beyond that. In such circumstances, the independence of the other directors will ensure that the board as a whole remains independent.

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 to refresh their skills and knowledge and keep up with changes within the investment company industry.

When a new director is appointed to the board, he/she is provided with 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. The induction process covers a number of key business areas and teams, including: meetings with the board and Chairman to discuss all aspects of the Company's business, operations and governance; meetings with the Company's investment advisor in New York to look at all aspects of the Company's portfolio, investment management and operations; meetings with the Company's administrator to discuss legal and regulatory obligations and requirements, processes and governance generally; meetings with the Company's corporate brokers to discuss investor perceptions, capital markets, and the development of the Company's shareholder base; and meetings with the Company's auditors and PR advisors.

Board Meetings and Meeting Attendance

The board meets at least four times a year to discuss Company developments and ongoing activities. This includes 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. In addition to the four quarterly board meetings, there were other ad hoc board meetings throughout the year to approve various documentation, dividend payments, and other matters. Attendance by the directors at the quarterly board meetings and other committee meetings during 2020 was as follows:

Director	Board Meeting	Audit Committee	MEC	NRC
William Maltby	4/4	4/4	1/1	2/2
John Falla	4/4	4/4	1/1	2/2
Trudi Clark	4/4	4/4	1/1	2/2
Wilken von Hodenberg	4/4	4/4	1/1	2/2
Peter von Lehe	4/4	N/A	N/A	N/A

Performance Evaluation

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

The evaluations are completed through the form of questionnaires and discussion. Following the last evaluation in 2020, 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 Policy

The board acknowledges the importance of diversity of gender, experience, and approach, 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 values diversity of business skills and experience because the board believes directors with diverse skill sets, capabilities and experience gained from different geographical backgrounds helps ascertain a wide range of perspectives that provide value during the collaboration process. 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, priority is based on merit, but will be influenced by the desire to enhance the board's diversity, including gender. The board diversity policy sets out the approach that will be adopted to ensure that board membership remains appropriately balanced, and relevant to the Company's operations. In line with this the board and NRC commit to the implementation of the measures set out below, which seek to promote responsible and sustainable leadership of the Company, through supporting and embracing an inclusive board culture. The composition of the board and its committees will be subject to annual review by the NRC and will include monitoring the skills, knowledge, experience, and diversity (including gender). Prior to any new appointments, the NRC will review the current composition and diversity of the board and identify any specific skills or qualities which are required to ensure the continued effective operation of the board. The desired selection criteria will be set out to ensure a formal and transparent appointment process. Should the board choose to use an external adviser to facilitate the search, the NRC will work with those deemed to best provide a pool of diverse and experienced candidates aligned to the board's needs. Following the creation of a shortlist of candidates, the board and its committees will operate in a respectful and inclusive manner.

The decision making process will be based on merit, with due consideration of the criteria identified and consideration that the candidate's appointment will enhance the overall capability of the board. The board and its committees will monitor external views in relation to diversity and ensure that these are considered by the board and the NRC when succession planning or recruiting a new director.

Directors' Appointment

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.

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

NBPE Succession Plan

The aim of the Company's succession plan is to preserve continuity by phasing the retirement of the directors so that they do not all retire at once. It is also to ensure the board's skills and experience are regularly refreshed and benefits of a diverse board are further enhanced, in terms of age, gender and diversity of background. In order to ensure the Succession Plan is executed smoothly, the NRC will monitor and report on succession annually.

Role of Senior Independent Director

The Senior Independent Director ("SID") works closely with the Chairman, ensures each of the non-executive directors' concerns are heard, and attends meetings with a range of major shareholders to understand potential concerns. Wilken von Hodenberg fills this role. The following outlines the SID responsibilities, in line with the SID Roles and Responsibilities Policy. In common with all non-executive directors, the Senior Independent Director has the same general legal responsibilities to the Company as any other director.

- Duties relating to the Chair: work closely with the Chairman, serving as a sounding board and providing support through acting as an intermediary for other directors and shareholders by identifying issues and trying to mediate and build a consensus; hold annual meetings with non-executive directors, without the Chairman present, to discuss the Chairman's performance and on such other occasions as are deemed appropriate; and having discussed the Chairman's performance with the non-executive directors, provide feedback to the Chairman on this matter
- Duties relating to the board: ensure that the views of each non-executive director are given due consideration and make themselves available for confidential discussions with non-executive directors who may have concerns, which they believe have not been properly considered by the board as a whole; and have the authority to call a meeting of the non-executive directors if deemed necessary
- Duties relating to members: be available to shareholders if they have reason for concern when contact through normal channels have failed to resolve the concern, and attend meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders

Company Performance Evaluation

In order to evaluate the ongoing performance of the Company's investments, the directors utilised various sources of information. The board received formal reports from the Investment Manager and the Company's corporate brokers, which helps the board evaluate the performance of the Company. The Investment Manager's report to the board included:

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

The board regularly received 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 objectives are described on page 35 of the report, and the Group's financial position is stated on page 59 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 73 and 74 of the report, the Group's liquidity and available borrowing facilities are described.

The Group's cash flows are provided on page 63 of the report. Given the Group's cash flows and financial position, the directors believe the Group has the financial resources to meet its financial commitments as they fall due.

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.

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 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
- The two classes of ZDP shares mature in 2022 and 2024. The Group's ability to refinance or repay these financings are a medium-term risk and the maturity of the 2022 ZDP's are within the three year period

The board believes the Company is in a healthy financial position and able to meet upcoming liabilities when they mature. The Directors note $35 million was drawn on the Company's $300 million revolving credit facility as of 31 December 2020, providing significant availability of $265 million. Further, the borrowing availability period extends to 2029, beyond the maturity of both classes of ZDP shares. The board noted the credit facility could be used in whole or in part (based on availability) to repay the 2022 ZDP shares.

The Company's 2022 ZDP shares mature on 30 September 2022 and have a final capital entitlement of approximately $89 million, based on current GBP/USD exchange rates. To evaluate the Company's financial position in relationship to this upcoming maturity, the Directors reviewed a financial model prepared by the Investment Manager. The financial model includes detailed forward projections of cash flows, expenses, and liabilities as well as NAV growth assumptions to evaluate loan to value and coverage test ratios.

The Manager discussed the key financial assumptions and findings of the model with the board. The model forecasts returns and cash flows on an asset by asset basis to evaluate cash and investment pacing considerations and the Manager selected two cases to evaluate the viability of the Company over the three year window. Both cases included expected realisations in 2021 from signed but not yet closed transactions, contractual cash income from debt investments as well as funding previously committed to NB investment programs.

The base case made further assumptions of NAV growth and additional realisations, both of which were below the long-term averages of the Company. The model also assumed a certain pace of re-investment, based on the level of realisations from the portfolio. The Manager views this as a reasonable case to evaluate the prospects of the Company assuming a normal economic environment.

However, the Directors recognise the Company is susceptible to overall market conditions, which is a continued risk and uncertainty facing the Company. In light of this, the Manager prepared a second forecast case which was a downside case scenario. This case assumed a 10% NAV decline in Q4 2021 and no growth in 2022 and 2023. Further, this case assumed no additional realisations in 2021 beyond the signed transactions and contractual cash income from debt investments or new investments (other than to prior commitments and NB-affiliated investment programs). 2022 and 2023 assumed only a limited amount of realisations below historical averages and new investments through NB-affiliated investment programs.

The key findings from this analysis and discussions with the Manager was that in both cases, NBPE could continue to fund its existing commitments, pay dividends and ongoing expenses and have borrowing capacity available to fully repay the 2022 ZDPs at maturity, if needed. The downside case showed a higher investment level in later periods of the forecast (as a result of the decline in valuations). Nevertheless, the higher investment level was generally consistent with the elevated period experienced during the first half of 2020. Over the forecast period of the downside case, NBPE maintained ample liquidity and LTV and ZDP coverage cushion. In light of this analysis, the directors concluded the Company could continue to operate over the three year viability window.

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 the law they have chosen 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 controls 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 confirmed that, so far as they were each aware, there is no relevant audit information of which the Company's auditor was unaware; and each director took all the steps that he/she ought to have taken as a director to make himself/herself 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 confirmed 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 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, 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

William Maltby
Director

John Falla
Director

Date: 20 April 2021

Compliance with the AIC Code

The board of NBPE has considered the principles and recommendations of the 2019 AIC Code of Corporate Governance ("AIC Code"). The AIC Code 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, as an investment company.

The board considered that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders. Copies of the AIC Code 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 role of the chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

The board considered 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 were 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.

Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee met twice during 2020. The Nomination and Remuneration Committee is led by its Chairman, Trudi Clark, and is responsible for identifying and nominating suitable candidates to fill board vacancies as and when they arise. Over the course of the year, discussion ensued regarding the current compensation levels of the Directors and Senior Independent Director. It was noted that current levels were in line with independent evaluations and industry comparative companies. Following discussion, it was suggested that ongoing consideration be given with regard to the proposal of a new remuneration policy at the 2021 AGM to facilitate inflationary increases, in addition to incremental increases for the SID and all committee chairs in line with industry standards. The Chairman confirmed that she would undertake a project to analyse remuneration levels across the Committees and board and consult with an external consultant in order to formulate a suitable proposal for consideration of the Committee.

During 2020, the Chairman informed the Committee that they had commenced the nomination process and had requested proposals from three separate external search agencies to assist with the appointment. It was noted that a Selection Committee represented by the Committee Chair, Chairman of the board and Mr von Lehe had been formed, which would consider the agency proposals, select the most appropriate firm to work with and carry out interviews with potential candidates. They would then bring forward one or two suitable candidates for consideration by the Committee, so that the Committee could make a final recommendation to the board of a candidate suitable for appointment.

The board was satisfied with the new efforts undertaken by the Nomination and Remuneration Committee during 2020.

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 2020, the Company paid the independent directors a total of $294,374 (£230,000). The Company Chairman's total remuneration amount was $89,834 (£70,000). The Audit Committee Chairman received $76,983 (£60,000). The Senior Independent Director received $63,388 (£50,000) for 2020. The MEC & NRC Chairman received $64,169 (£50,000). The Company did not pay any director fees to Mr. von Lehe during 2020. Please refer to page 79 for more details on the directors' remuneration.

Audit Committee Chairman's Letter

Dear Shareholder,

During 2020, the Audit Committee met four times to discuss a number of important topics including detailed discussions surrounding portfolio valuation, reviewing and approving the 2020 semi-annual financial statements, audit planning and discussing key audit matters related to the 2020 annual accounts.

The Audit Committee was involved with monitoring the recovery in valuations, improvement of valuation ratios and evaluating the Company's capital position as the economy improved throughout 2020. In addition, the Audit Committee reviewed detailed analysis prepared by the Investment Manager which detailed future cash flows forecasts to evaluate the impact on the Company's capital position. As economies recovered, the Audit Committee reviewed and discussed valuation analysis prepared by the Investment Manager quarterly which detailed the recovery in valuations and the strong year to date performance of the Company.

The Audit Committee also conducted a detailed review of auditor independence, effectiveness, and reviewed and planned the year end audit with the Manager and KPMG. In addition, the Audit Committee reviewed and held detailed discussions on the Annual Report and Consolidated Financial Statements before its approval.

As Audit Committee Chairman, I was pleased with the work performed during the year. In addition, I was satisfied with the level of work performed by the Manager and KPMG in relation to the preparation of the Company's Consolidated Financial Statements and the year end audit process.

I am pleased to present the Audit Committee report which details the main issues that arose during the year and how these issues were resolved by the Audit Committee.

John Falla

Audit Committee Chairman

20 April 2021

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.

Committee meetings

The Audit Committee meets at least three times a year and met four times in 2020. 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, who is currently KPMG, is also invited on a regular basis. The Audit Committee determines, in conjunction with the external auditor, whether it is to meet with the Auditor.

Financial Statements and Reporting Matters

The Committee assisted 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 managed the Company's relationship with KPMG. Meetings of the Audit Committee generally take place prior to the Company board meeting. The Audit Committee reported 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, MUFG Capital Analytics and KPMG the appropriateness of the semi-annual 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
- any correspondence from regulators in relation to financial reporting.

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

In early 2020, the Audit Committee reviewed the risk matrix prepared by the Investment Manager, noting that the matrix had been considerably updated to address risks posed by the COVID-19 pandemic. Furthermore, the Audit Committee discussed the additional uncertainty surrounding COVID-19 and the impact it could have on NBPE's investments at the onset of the pandemic. The risk matrix considered the key risks and uncertainties facing the Company and analysed these risks in the context of COVID-19. The Audit Committee also reviewed the viability statement and undertook a robust assessment of the principal risks and the assumptions supporting the viability statement.

During the year under review and in the course of preparing this Annual Financial Report, the Audit Committee has continued to focus on the principal and emerging risks facing the Company, its performance, liquidity and how these feed into the model prepared by the Investment Manager underlying the Viability Statement. Following their review the committee confirmed that they were happy with the Viability Statement.

The Audit Committee viewed the valuation of private equity investments as the key issue arising in the preparation of the 2020 Annual Financial Report and Consolidated Financial Statements. With the portfolio's consistent level of direct equity investments in 2020 relative to the prior year, the Audit Committee focused particularly on the valuation methodologies and the assumptions used to value these direct equity investments.

The Audit Committee noted the Manager's valuation methodology for direct equity investments 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 was consistent with the prior year. 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. The external auditor reviewed the supporting financial information for investments valued under the practical expedient methodology.

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, the Manager utilised valuation models to analyse the company's enterprise value, a method consistent with prior years. In these instances, the Manager evaluated the company's enterprise value based on chosen valuation multiples, which are dependent upon many factors including historical financial performance, business and industry characteristics, as well as public and private market comparables. The external auditor reviewed the Manager's valuation models and assumptions used.

The Audit Committee noted that the two principal risks in relation to the income investments had remained materially unchanged during the year. The two primary risks were credit risk and market risk and the Audit Committee noted they had designed forward looking procedures to cover both types of risk. To analyse credit risk, the Audit Committee noted that 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 Audit Committee considered that market risk was related to yield and this was compared to other observable yields in the market. Further, the Audit Committee 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 selected 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.

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.

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 2020 and through the approval date 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.

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 2020 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 $170,000 in relation to the 2020 annual audit (2019 fee: $170,000). They received fees of $30,000 in relation to their review of the interim financial statements, which was unchanged from the prior year.

Auditor Effectiveness

The Audit Committee received a detailed audit plan from the auditors, identifying their assessment of the key risks. For the 2020 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 MUFG Capital Analytics on the effectiveness of the audit process. For the 2020 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.

External Audit

KPMG is NBPE's External Auditor. KPMG 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.

Auditor Independence and Appointment

The Audit Committee understands the importance of auditor independence and during 2020, the Audit Committee reviewed the independence and objectivity of KPMG. 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 only non-audit services performed during 2020 consisted of the interim financial statement review by KPMG. 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.

There was no other non-audit work performed by the KPMG 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.

Our opinion is unmodified

We have audited the consolidated financial statements of NB Private Equity Partners Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated balance sheet and the consolidated condensed schedule of private equity investments as at 31 December 2020, the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2020, and of the Group's financial performance and cash flows for the year then ended;
- are prepared 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 consolidated 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 consolidated 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 (unchanged from 2019):

Valuation of private equity investments

$1,254,644,523; (2019: $1,087,004,345)

Refer to page 50 of the Audit Committee Report, pages 60 to 61 of the consolidated condensed schedule of private equity investments, note 2 accounting policy and note 3 disclosures

The Risk

Basis:

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 (2020: 119.1%; 2019: 121.3%). The investment portfolio is comprised of direct equity and fund investments ("Private Equity Investments") and Income Investments (together the "Investments").

Private Equity Investments, representing 76% of the fair value of Investments, are valued using the net asset value as practical expedient in conformity with U.S. 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 12% of the fair value of Investments, are valued using comparable company multiples, third party valuation or listed prices, as applicable.

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"). Any remaining Income Investments are valued using third party data sources.

Risk:

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 judgments 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, limited partner capital account statements, lead sponsor or co-investor information or other information provided by the underlying funds' general partners, investee managers or similar.*
- *For investments using a revenue multiple approach, we obtained the sponsor valuation independently and assessed assumptions based on observable market data. We assessed the quality and the reliability of information obtained.*
- *For unaudited information we either obtained the information directly or assessed the Investment Manager's process for obtaining this information and conducted retrospective testing to confirm its reliability.*
- *For audited information, we assessed the appropriateness of the accounting framework utilized and whether the audit opinion was modified.*
- *For listed Private Equity Investments we independently priced these to a third party source.*

For a selection of Income Investments, chosen on the basis of their fair value, 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 3) in relation to the use of estimates and judgments regarding the fair value of investments and the Group's investment valuation policies adopted and the fair value disclosures in note 2 and note 3 for conformity with U.S. GAAP.

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

Materiality for the consolidated financial statements as a whole was set at $20,500,000, determined with reference to a benchmark of net assets of $1,053,176,491, of which it represents approximately 2.0% (2019: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Group was set at 75.0%% (2019: 75.0%) of materiality for the financial statements as a whole, which equates to $15,400,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $1,025,000, 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 revenue, total group profit before tax, and total group assets and liabilities.

Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments;
- The ability of the Group to comply with debt covenants; and
- The ability of the Company to repay the outstanding Zero Dividend Preference shares upon their maturity

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Group and the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Company's use of that basis for the going concern period, and that statement is materially consistent with the consolidated financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud:

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of in this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual financial report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the consolidated financial statements and our audit knowledge. we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement (page 44) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the viability statement (page 44) 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.

We are also required to review the viability statement, set out on page 44 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the consolidated financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the consolidated financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the consolidated financial statements and our audit knowledge:

- the directors' statement that they consider that 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 Group's position and performance, business model and strategy;
- the section of the annual financial report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual financial report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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 consolidated 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 45 and 46, the directors are responsible for: the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company'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 liquidation is imminent.

Auditor's responsibilities:

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. 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.

Neale Jehan
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

20 April 2021

Assets	2020	2019
Private equity investments		
Cost of $878,840,550 at 31 December 2020 and $844,911,961 at 31 December 2019	$ 1,254,644,523	$ 1,087,004,345
Cash and cash equivalents	3,044,990	9,536,568
Other assets	9,106,692	4,450,174
Distributions and sales proceeds receivable from investments	627,801	1,463,074
Total assets	**$ 1,267,424,006**	**$ 1,102,454,161**
Liabilities and share capital		
Liabilities:		
ZDP Share liability	$ 157,014,827	$ 146,133,209
Credit facility loan	35,000,000	47,000,000
Carried interest payable to Special Limited Partner	15,181,843	6,889,792
Payables to Investment Manager and affiliates	4,616,314	3,930,403
Accrued expenses and other liabilities	2,434,531	2,586,813
Total liabilities	**$ 214,247,515**	**$ 206,540,217**
Share capital:		
Class A Shares, $0.01 par value, 500,000,000 shares authorised, 49,911,438 shares issued and 46,761,030 shares outstanding at 31 December 2020 49,950,292 shares issued and 46,799,884 shares outstanding at 31 December 2019	$ 499,115	$ 499,503
Class B Shares, $0.01 par value, 100,000 shares authorised, 10,000 shares issued and outstanding	100	100
Additional paid-in capital	496,559,065	497,092,749
Retained earnings	563,841,429	406,423,662
Less cost of treasury stock purchased (3,150,408 shares)	(9,248,460)	(9,248,460)
Total net assets of the controlling interest	**1,051,651,249**	**894,767,554**
Net assets of the noncontrolling interest	1,525,242	1,146,390
Total net assets	**$ 1,053,176,491**	**$ 895,913,944**
Total liabilities and net assets	**$ 1,267,424,006**	**$ 1,102,454,161**
Net asset value per share for Class A Shares and Class B Shares	**$ 22.49**	**$ 19.11**
Net asset value per share for Class A Shares and Class B Shares (GBP)	**£ 16.45**	**£ 14.43**
Net asset value per 2022 ZDP Share (Pence)	**118.35**	**113.79**
Net asset value per 2024 ZDP Share (Pence)	**111.38**	**106.83**

The consolidated financial statements were approved by the board of directors on 20 April 2021 and signed on its behalf by

William Maltby **John Falla**

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

Private equity investments	Cost	Fair Value	Unfunded Commitment	Private Equity [1] Exposure
2020				
Direct equity investments				
NB Alternatives Direct Co-investment Program A	$ 59,117,340	$ 45,124,705	$ 18,817,937	$ 63,942,642
NB Alternatives Direct Co-investment Program B*	102,702,561	160,075,296	22,386,300	182,461,596
NB Renaissance Programs	16,909,909	18,304,758	18,804,650	37,109,408
NB Healthcare Credit Investment Program (Equity)	2,576,084	2,579,932	4,146,718	6,726,650
Marquee Brands	25,464,414	29,927,308	4,024,452	33,951,760
Direct equity investments[2]	503,282,327	835,576,537	4,245,021	839,821,558
Total direct equity investments	$ 710,052,635	$ 1,091,588,536	$ 72,425,078	$ 1,164,013,614
Income Investments				
NB Credit Opportunities Program	40,333,271	47,418,066	6,745,403	54,163,469
NB Specialty Finance Program	22,847,195	22,815,420	28,500,000	51,315,420
Income investments	78,350,466	70,286,055	-	70,286,055
Total income investments	$ 141,530,932	$ 140,519,541	$ 35,245,403	$ 175,764,944
Fund investments	27,256,983	22,536,446	21,671,287	44,207,733
Total investments	**$ 878,840,550**	**$ 1,254,644,523**	**$ 129,341,768**	**$ 1,383,986,291**
2019				
Direct equity investments				
NB Alternatives Direct Co-investment Program A*	$ 59,924,709	$ 52,262,393	$ 19,509,732	$ 71,772,125
NB Alternatives Direct Co-investment Program B*	106,682,429	159,242,334	34,512,194	193,754,528
NB Renaissance Programs	18,530,920	20,966,550	22,491,249	43,457,799
NB Healthcare Credit Investment Program (Equity)	2,759,742	6,357,213	4,146,718	10,503,931
Marquee Brands	24,087,001	31,009,493	4,964,063	35,973,556
Direct equity investments[2]	485,200,798	675,251,272	4,374,961	679,626,233
Total direct equity investments	$ 697,185,599	$ 945,089,255	$ 89,998,917	$ 1,035,088,172
Income Investments				
NB Credit Opportunities Program	13,349,161	16,686,609	31,565,209	48,251,818
NB Specialty Finance Program	7,724,060	7,985,945	42,500,000	50,485,945
Income investments	91,467,667	79,749,393	-	79,749,393
Total income investments	$ 112,540,888	$ 104,421,947	$ 74,065,209	$ 178,487,156
Fund investments	35,185,474	37,493,143	22,393,700	59,886,843
Total investments	**$ 844,911,961**	**$ 1,087,004,345**	**$ 186,457,826**	**$ 1,273,462,171**

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

[1]: *Private equity exposure is the sum of fair value and unfunded commitment.*

[2]: *Includes direct equity investments into companies and co-investment vehicles.*

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

Geographic diversity of private equity investments [1]		Fair Value 2020		Fair Value 2019
North America	$	973,088,498	$	806,968,541
Europe		234,882,061		230,062,667
Asia / rest ofworld		46,673,964		49,969,917
Not classified		-		3,220
	$	**1,254,644,523**	**$**	**1,087,004,345**

Industry diversity of private equity investments [2]	2020	2019
Technology / IT	18.1%	18.7%
Healthcare	14.5%	16.5%
Industrials	14.3%	19.4%
Consumer	18.9%	14.6%
Financial services	11.1%	8.2%
Business services	10.9%	11.0%
Energy	0.8%	1.9%
Communications / media	5.0%	6.3%
Diversified / undisclosed / other	5.0%	1.6%
Transportation	1.4%	1.8%
	100.0%	**100.0%**

Asset class diversification of private equity investments [3]	2020	2019
Mid-cap buyout co-invest	43.0%	44.9%
Large-cap buyout co-invest	31.0%	27.3%
Special situation co-invest	9.0%	10.1%
Growth equity co-invest	5.0%	4.6%
Income investments	11.0%	9.6%
Growth / venture	1.0%	1.6%
Special situation	0.0%	1.1%
Mid-cap buyout	0.0%	0.6%
Secondary purchases	0.0%	0.1%
Large-cap buyout	0.0%	0.1%
	100.0%	**100.0%**

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

[2]: Industry diversity is based on underlying portfolio companies and direct co-investments which may be held through either co-investments or NB-managed vehicles.

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

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

	2020	2019
Interest and dividend income	$ 9,454,166	$ 12,451,592
Expenses		
Investment management and services	16,659,208	15,254,491
Carried interest	15,181,843	6,889,792
Finance costs		
Credit facility	6,331,701	8,529,445
ZDP Shares	6,396,999	5,993,404
Administration and professional fees	3,451,058	3,724,587
	48,020,809	40,391,719
Net investment income (loss)	**$ (38,566,643)**	**$ (27,940,127)**
Realised and unrealised gains (losses)		
Net realised gain (loss) on investments and forward foreign exchange contracts, net of tax expense (benefit) of $1,867,420 for 2020 and $1,280,782 for 2019	$ 90,221,599	$ 33,852,880
Net change in unrealised gain (loss) on investments and forward foreign exchange contracts, net of tax expense (benefit) of $0 for 2020 and ($795,688) for 2019	133,280,131	72,083,598
Net realised and unrealised gain (loss)	223,501,730	105,936,478
Net increase (decrease) in net assets resulting from operations	$ 184,935,087	$ 77,996,351
Less net (increase) decrease in net assets resulting from operations attributable to the noncontrolling interest	(378,852)	(96,516)
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$ 184,556,235**	**$ 77,899,835**
Net assets at beginning of period attributable to the controlling interest	894,767,554	872,221,210
Less dividend payment	(27,138,468)	(27,268,843)
Less cost of stock repurchased and cancelled (38,854 shares for 2020 and 1,990,680 shares for 2019)	(534,072)	(28,084,648)
Net assets at end of period attributable to the controlling interest	**$ 1,051,651,249**	**$ 894,767,554**
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	***$ 3.95***	***$ 1.64***
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest (GBP)	***£ 3.08***	***£ 1.28***

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

	2020	2019
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 184,556,235	$ 77,899,835
Net increase (decrease) in net assets resulting from operations attributable to the noncontrolling interest	378,852	96,516
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	(90,221,599)	(33,852,880)
Net change in unrealised (gain) loss on investments and forward foreign exchange contracts, net of tax expense	(133,280,131)	(72,083,598)
Contributions to private equity investments	(53,713,300)	(51,397,562)
Purchases of private equity investments	(72,657,471)	(69,628,202)
Distributions from private equity investments	73,261,751	119,940,268
Proceeds from sale of private equity investments	117,224,388	50,353,022
In-kind payment of interest income	(4,676,480)	(3,957,885)
Amortisation of finance costs	691,869	(859,043)
Amortisation of purchase premium/discount (OID), net	(405,423)	(712,159)
Change in other assets	(603,760)	14,704,573
Change in payables to Investment Manager and affiliates	8,977,962	7,154,772
Change in accrued expenses and other liabilities	4,557,339	2,170,718
Net cash provided by (used in) operating activities	34,090,232	39,828,375
Cash flows from financing activities:		
Dividend payment	(27,138,468)	(27,268,843)
Stock repurchased and cancelled	(534,072)	(28,084,648)
Borrowings from credit facility	228,000,000	182,617,634
Payments to credit facility	(240,000,000)	(175,617,634)
Settlement of the forward foreign exchange contract and ongoing hedging activity	(909,270)	(4,950,355)
Net cash provided by (used in) financing activities	(40,581,810)	(53,303,846)
Net increase (decrease) in cash and cash equivalents	**(6,491,578)**	**(13,475,471)**
Cash and cash equivalents at beginning of period	9,536,568	23,012,039
Cash and cash equivalents at end of period	**$ 3,044,990**	**$ 9,536,568**
Supplemental cash flow information		
Interest paid	**$ 5,924,412**	**$ 3,727,069**
Net taxes paid (refunded)	**$ 924,590**	**$ 697,829**

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

Note 1 – Description of the Group

The Group is a closed-ended investment company registered in Guernsey. The registered office is Floor 2, Trafalgar Court, St Peter Port, Guernsey, GY1 4LY. The principal activity of the Group is to invest in direct private equity investments by co-investing alongside leading private equity sponsors in their core areas of expertise. From time to time, the Group also invests in income oriented investments, primarily the debt of private equity backed companies. The Group's fund investments are legacy assets, non-core to the current strategy and are in realisation mode. The Group may also make other opportunistic investments, as appropriate. The Company's Class A Shares are listed and admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange ("Main Market") under the symbols "NBPE" and "NBPU" corresponding to Sterling and U.S. dollar quotes, respectively. NBPE has two classes of Zero Dividend Preference ("ZDP") Shares maturing in 2022 and 2024 (see note 5) which are listed and admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("Specialist Fund Segment") under the symbols "NBPP" and "NBPS", respectively.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

Principles of Consolidation

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

Partially owned subsidiary, NB PEP Investments, LP (incorporated) is incorporated in Guernsey.

Wholly-owned subsidiaries, NB PEP Holdings Limited, NB PEP Investments I, LP, NB PEP Investments LP Limited and NB PEP Investments Limited are incorporated in Guernsey.

Wholly-owned subsidiary, NB PEP Investments DE, LP is incorporated in Delaware and operating in the United States.

NB PEP CCPI LLC and NB PEP TPFG Holdings LLC which were dissolved on 19 July 2019.

Use of Estimates and Judgements

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

The following estimates and assumptions were used at 31 December 2020 and 31 December 2019 to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents - The carrying value reasonably approximates fair value due to the short-term nature of these instruments.
- Forward currency contracts are revalued using the forward exchange rate prevailing at the Consolidated Balance Sheet date.
- Other assets (excluding Forward currency contracts) - The carrying value reasonably approximates fair value.
- Distributions and sales proceeds receivable from investments - The carrying value reasonably approximates fair value.
- ZDP Share liability - The carrying value reasonably approximates fair value.
- Credit facility Loan - The carrying value reasonably approximates fair value.
- Carried interest payable to Special Limited Partner - The carrying value reasonably approximates fair value.
- Payables to Investment Manager and affiliates - The carrying value reasonably approximates fair value.
- Accrued expenses and other liabilities - The carrying value reasonably approximates fair value.
- Private equity investments – Further information on valuation is provided in the Fair Value Measurements section below.

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.

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

Level 1:	Quoted prices are available in active markets for identical investments as of the reporting date.
Level 2:	Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
Level 3:	Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of the fair value require significant management judgement or estimation.

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

Realised Gains and Losses on Investments

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

Net Change in Unrealised Gains and Losses on Investments

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

Foreign Currency

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

The Group's investments of which capital is denominated in foreign currency are translated into U.S. dollars based on rates of exchange at the reporting date. The cumulative effect of translation to U.S. dollars has increased the fair value of the Group's foreign investments by $11,943,593 for the year ended 31 December 2020. The cumulative effect of translation to U.S. dollars decreased the fair value of the Group's foreign investments by $645,410 for the year ended 31 December 2019.

Other than the ZDP Shares denominated in Sterling (see note 5 and note 6), the Group has unfunded commitments denominated in currencies other than U.S. dollars. At 31 December 2020, the unfunded commitments that are in Euros amounted to €15,990,363 (31 December 2019: €20,721,425). They have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rates in effect at 31 December 2020 and 31 December 2019. The effect on the unfunded commitment of the change in the exchange rates between Euros and U.S. dollars was an increase in the U.S. dollar obligations of $1,519,710 for the year ended 31 December 2020 and a decrease in the U.S. dollar obligations of $506,849 for the year ended 31 December 2019.

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 incurs 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 the 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 2020, total interest and dividend income was $9,454,166, of which $92,718 was dividends, $9,344,607 was interest income, and $16,841 was other forms of income. For the year ended 31 December 2019, total interest and dividend income was $12,451,592, of which $333,896 was dividends, $11,662,946 was interest income, and $454,750 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 2020 and 31 December 2019, cash and cash equivalents consisted of $3,044,990 and $9,536,568 of cash, respectively, primarily held in operating accounts with Bank of America Merrill Lynch. Cash equivalents are held for the purpose of meeting short-term liquidity requirements, rather than for investment purposes. As of 31 December 2020 and 2019, there were no cash equivalents. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation SIPC limitations.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Group an exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the Group has been charged an annual exemption fee of £1,200 (2019: £1,200). Generally, income that the Group derives from the investments may be subject to taxes imposed by the U.S. or other countries and will impact the Group's effective tax rate.

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

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

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

Investments made in entities that generate business income that is effectively connected with a U.S. trade or business may subject the Group to certain U.S. federal and state income tax consequences. Generally, the U.S. imposes withholding tax on effectively connected income at the highest U.S. rate (generally 21%). In addition, the Group may also be subject to a branch profits tax which can be imposed at a rate of up to 23.7% of the after-tax profits treated as effectively connected income associated with a U.S. trade or business. As such, the aggregate U.S. tax liability on effectively connected income may approximate 44.7% given the two levels of tax.

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

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

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

Forward Foreign Exchange Contracts

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

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

Dividends to Shareholders

The Group pays dividends semi-annually to shareholders from net investment income and net realised gains on investments upon approval by the board of directors subject to the passing of the ZDP Cover Test (see note 5) and the solvency test under Guernsey law. Liabilities for dividends to shareholders are recorded on the ex-dividend date.

Operating Expenses

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

Carried Interest

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

Note 3 – Investments

The Group invests in a diversified portfolio of direct private equity companies (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 companies 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 company are classified as Level 1. As of 31 December 2020, there were two marketable securities held by the Group. As of 31 December 2019, there were three marketable securities held by the Group.

The following table details the Group's financial assets and liabilities that were accounted for at fair value as of 31 December 2020 and 31 December 2019 by level and fair value hierarchy.

	Assets (Liabilities) Accounted for at Fair Value				
As of 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Investments measured at net asset value[1]**	**Total**
Common stock	$ 483,337	$ 6,195,161	$ -	$ -	$ 6,678,498
Private equity companies	-	947,397	216,675,547	1,030,343,081	1,247,966,025
Forward foreign exchange contract	-	4,994,199	-	-	4,994,199
Totals	**$ 483,337**	**$ 12,136,757**	**$ 216,675,547**	**$1,030,343,081**	**$1,259,638,722**
As of 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Investments measured at net asset value[1]**	**Total**
Common stock	$ 11,717,709	$ 7,820,304	$ -	$ -	$ 19,538,013
Private equity companies	-	608,072	239,489,333	827,368,927	1,067,466,332
Forward foreign exchange contract	-	496,923	-	-	496,923
Totals	**$ 11,717,709**	**$ 8,925,299**	**$ 239,489,333**	**$ 827,368,927**	**$1,087,501,268**

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

The following table summarises the changes in the fair value of the Group's Level 3 private equity investments for the year ended 31 December 2020.

(dollars in thousands) For the Year Ended 31 December 2020	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2019	$ 23,559	$ 100,593	$ 20,150	$ 16,237	$ 78,950	$ 239,489
Purchases of investments and/or contributions to investments	-	291	744	590	-	1,625
Realised gain (loss) on investments	-	264	1,343	-	(1,241)	366
Changes in unrealised gain (loss) of investments still held at the reporting date	7,980	14,951	4,081	3,364	(35)	30,341
Changes in unrealised gain (loss) of investments sold during the period	-	-	(1,404)	-	3,801	2,397
Distributions from investments	(6,290)	(264)	(2,189)	-	(12,141)	(20,884)
Transfers into level 3	-	-	-	-	-	-
Transfers out of level 3	-	(35,815)	-	(843)	-	(36,658)
Balance, 31 December 2020	**$ 25,249**	**$ 80,020**	**$ 22,725**	**$ 19,348**	**$ 69,334**	**$ 216,676**

There were no transfers into Level 3. Investments were transferred out of Level 3 into Investments Measured at Net Asset Value.

The following table summarises changes in the fair value of the Company's Level 3 private equity investments for the year ended 31 December 2019.

(dollars in thousands) For the Year Ended 31 December 2019	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2018	$ -	$ 99,249	$ 21,343	$ 20,218	$ 119,509	$ 260,319
Purchases of investments and/or contributions to investments	-	19,019	-	614	2,277	21,910
Realised gain (loss) on investments	-	14,435	-	71	12,646	27,152
Changes in unrealised gain (loss) of investments still held at the reporting date	2,588	1,170	830	(4,595)	(2,163)	(2,170)
Changes in unrealised gain (loss) of investments sold during the period	-	(6,394)	-	-	(1,197)	(7,591)
Distributions from investments	-	(21,122)	(2,023)	(71)	(50,781)	(73,997)
Transfers into level 3	20,971	1,613	-	-	-	22,584
Transfers out of level 3	-	(7,377)	-	-	(1,341)	(8,718)
Balance, 31 December 2019	**$ 23,559**	**$ 100,593**	**$ 20,150**	**$ 16,237**	**$ 78,950**	**$ 239,489**

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

The following table summarises the valuation methodologies and inputs used for private equity investments categorised in Level 3 as of 31 December 2020.

(dollars in thousands)						
Private Equity Investments	Fair Value 31 December 2020		Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments						
Large-cap buyout	$	25,249	Market Approach	LTM EBITDA	11.6x	Increase
Mid-cap buyout		80,020	Escrow Value	Escrow	1x	Increase
			Market Approach	LTM EBITDA	6.8x -15.3x (11.3x)	Increase
			Market Approach	LTM Net Revenue	3.6x -8.4x (5.3x)	Increase
Special situations		22,725	Market Approach	LTM EBITDA	8.3x -9.5x (8.5x)	Increase
			Market Approach	LTM Net Revenue	3.1x	Increase
Growth / venture		19,348	Market Approach	LTM Net Revenue	3.0x -44.1x (12.9x)	Increase
Income investments		69,334	Expected sales proceeds	N/A	N/A	Increase
			Market comparable companies	LTM EBITDA	9.6x -14.6x (10.4x)	Increase
			Market Approach	LTM EBITDA	9.8x -18.2x (15.5x)	Increase
Total	$	216,676				

(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 2019.

(dollars in thousands)						
Private Equity Investments	Fair Value 31 December 2019		Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments						
Large-cap buyout	$	23,559	Market Approach	LTM EBITDA	10.5x	Increase
Mid-cap buyout		100,593	Escrow Value	Escrow	1x	Increase
			Market Approach	LTM EBITDA	5.9x -18.4x (11.7x)	Increase
			Recent transaction value	N/A	N/A	Increase
Special situations		20,150	Market Approach	LTM EBITDA	8.1x -11.7x (8.8x)	Increase
			Market Approach	LTM Net Revenue	2.3x	Increase
Growth / venture		16,237	Recent transaction value	N/A	N/A	Increase
			Market Approach	LTM Net Revenue	1.3x -5.2x (4.4x)	Increase
Income investments		78,950	Market comparable companies	LTM EBITDA	7.3x -13.3x (9.8x)	Increase
			Market Approach	LTM EBITDA	15.7x	Increase
Total	$	239,489				

(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 2019, 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.

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. 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 Group's fund investments are legacy assets, non-core to the current strategy and are in realisation mode.

Note 4 – Credit Facility

As of 31 December 2020, a subsidiary of the Company had an active secured revolving credit facility with Massachusetts Mutual Life Insurance Company ("MassMutual"). The MassMutual Facility's availability was initially up to $200.0 million plus a $50.0 million accordion subject to certain restrictions with a ten year borrowing availability period unless terminated earlier. On 20 March 2020, the accordion feature was exercised increasing the MassMutual Facility to $250.0 million. On 1 May 2020, the MassMutual Facility was amended to increase the availability up to $300.0 million. The ten year borrowing availability period of the MassMutual Facility expires on 23 December 2029, while the MassMutual Facility matures on 23 December 2031. On 23 December 2019, the same subsidiary terminated its revised senior secured revolving credit facility agreement with JP Morgan (the "JPM Credit Facility"). The JPM Credit Facility, entered into on 7 June 2016, had an availability up to $150.0 million (including a $25.0 million accordion) and was to expire on 7 June 2021. The outstanding balances of the MassMutual Facility were $35.0 million at 31 December 2020 and $47.0 million at 31 December 2019.

Under the MassMutual Facility, the Group is required to meet certain portfolio concentration tests and certain loan-to-value ratios not to exceed 45% through its 8th anniversary with step-downs each year thereafter until reaching 0% on its 10th anniversary and through maturity. In addition, the MassMutual Facility limits the incurrence of loan-to-value ratios above 45%, additional indebtedness, asset sales, acquisitions, mergers, liens, portfolio asset assignments, or other matters customarily restricted in such agreements. The MassMutual Facility defines change in control as a change in the Company's ownership structure of certain of its subsidiaries or the event in which the Group is no longer managed by the Investment Manager or an affiliate. A change in control would trigger an event of default under the MassMutual Facility. At 31 December 2020, the Group met all requirements under the MassMutual Facility. The MassMutual Facility is secured by a security interest in the cash flows from the underlying investments of the Group.

Under the MassMutual Facility, the interest rate was calculated as the greater of either LIBOR or 1% plus 2.875% (2.75% prior to 1 May 2020) per annum. The Group is required to pay a commitment fee calculated as 0.55% per annum on the average daily balance of the unused facility amount. The Group is subject to a minimum utilisation of 30% of the facility size, or $90.0 million, beginning eighteen months after the closing date or 23 June 2021. Under the JPM Credit Facility, the interest rate was calculated as LIBOR plus 3.75% per annum and the Group was required to pay a commitment fee calculated as 1.25% per annum on the daily balance of the unused facility amount.

The following table summarises the Group's finance costs incurred and expensed under the MassMutual Facility and the JPM Credit Facility for the years ended 31 December 2020 and 2019.

		31 December 2020		31 December 2019
Interest expense	$	5,044,555	$	2,654,442
Undrawn commitment fees		835,328		1,035,623
Servicing fees and breakage costs		204,066		1,250,000
Amortisation of capitalised debt issuance costs		247,752		1,107,783
Minimum utilisation fees		-		2,481,597
Total Credit Facility Finance Costs	**$**	**6,331,701**	**$**	**8,529,445**

As of 31 December 2020 and 2019, unamortised capitalised debt issuance costs (included in Other assets on the Consolidated Balance Sheets) were $2,905,903 and $2,392,863, respectively. Capitalised amounts are being amortised on a straight-line basis over the terms of the applicable credit facility.

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

As of 31 December 2020, there were 50,000,000 ZDP Shares (the "2022 ZDP Shares") outstanding which were issued at a Gross Redemption Yield of 4.00%. 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 2020, there were 50,000,000 ZDP Shares (the "2024 ZDP Shares") outstanding at a Gross Redemption Yield of 4.25%. The 2024 ZDP Shares were issued pursuant to the Initial Placing and Offer for Subscription at a price per 2024 ZDP Share of 100 pence. The holders of the 2024 ZDP Shares will have a final capital entitlement of 130.63 pence on the repayment date of 30 October 2024.

The 2022 ZDP Shares and 2024 ZDP Shares rank prior to the Class A and Class B Shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and their entire return takes the form of capital. The 2022 ZDP Shares and 2024 ZDP Shares require the Company to satisfy their respective ZDP Cover Test (the "Test") prior to taking certain actions. In summary, the Test requires that for the 2022 ZDPs the Gross Assets divided by liabilities adjusting for the final 2022 ZDP liability should be greater than 2.75, and that for the 2024 ZDPs the Gross Assets divided by the liabilities adjusting for the final 2022 and 2024 ZDP liabilities should be greater than 2.75. The details of the restrictions and the Tests are set out in the ZDP Prospectuses. Unless the Test is satisfied, the Company is not permitted to pay any dividend or other distribution out of capital reserves. A voluntary liquidation or winding-up of the Company would require ZDP Shareholder approval where such winding-up is to take effect prior to the relevant ZDP repayment date.

The following table reconciles the liability for ZDP Shares, which approximates fair value, for the years ended 31 December 2020 and 2019.

ZDP Shares	Pounds Sterling	U.S. Dollars
Liability, 31 December 2018	£ 105,947,471	$134,934,698
Net change in accrued interest on 2022 ZDP Shares	2,186,572	2,787,977
Net change in accrued interest on 2024 ZDP Shares	2,175,986	2,774,468
Currency conversion	-	5,636,066
Liability, 31 December 2019	£ 110,310,029	$146,133,209
Net change in accrued interest on 2022 ZDP Shares	2,280,319	2,980,085
Net change in accrued interest on 2024 ZDP Shares	2,274,737	2,972,797
Currency conversion	-	4,928,736
Liability, 31 December 2020	£ 114,865,085	$157,014,827

The total liability related to the 2022 ZDP Shares was £59,174,336 (equivalent of $80,888,358) and £56,894,017 (equivalent of $75,370,349) as of 31 December 2020 and 31 December 2019, respectively. The total liability balance related to the 2024 ZDP Shares was £55,690,749 (equivalent of $76,126,469) and £53,416,011 (equivalent of $70,762,860) as of 31 December 2020 and 31 December 2019, respectively.

As of 31 December 2020, the 2022 ZDP Shares and the 2024 ZDP Shares were the only outstanding ZDP Share classes.

Capitalised offering costs are being amortised using the effective interest rate method. The unamortised balance of capitalised offering costs of the 2022 and 2024 ZDP Shares at 31 December 2020 was $1,094,292 and the unamortised balance of capitalised offering costs of the 2022 and 2024 ZDP Shares at 31 December 2019 was $1,538,409.

Note 6 – Forward Foreign Exchange Contracts

The Group utilises rolling forward foreign currency contracts to economically hedge, in part, the risk associated with the sterling contractual liability for the issued ZDP Shares (see note 5).

The below table presents the Group's forward foreign currency contracts held and their effect on the Consolidated Statements of Operations and Changes in Net Assets during the year ended 31 December 2020.

For the year ended 31 December 2020								
Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealised gain (loss)		Realised gain (loss)
£	75,000,000	$	97,585,125	Westpac Banking Corporation	14 April 2021	$ 4,994,199	$	-
£	75,000,000	$	93,340,500	Westpac Banking Corporation	21 October 2020	-		4,148,250
£	65,000,000	$	85,898,020	Westpac Banking Corporation	7 May 2020	(496,923)		(5,057,520)
Total						$ 4,497,276	$	(909,270)

The below table presents the Group's forward foreign currency contracts held and their effect on the Consolidated Statements of Operations and Changes in Net Assets during the year ended 31 December 2019.

For the year ended 31 December 2019											
Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealised gain (loss)		Realised gain (loss)			
£	65,000,000	$	85,898,020	Westpac Banking Corporation	7 May 2020	$	496,923	$	-		
£	55,000,000	$	66,967,450	JP Morgan	27 December 2019		-		5,413,045		
£	70,000,000	$	89,154,000	JP Morgan	30 August2019		-		(4,288,900)		
£	30,000,000	$	40,705,500	JP Morgan	31 May 2019		2,306,460		(2,669,225)		
£	40,000,000	$	54,108,000	JP Morgan	31 May 2019		2,911,233		(3,405,275)		
Total						$	5,714,616	$	(4,950,355)		

Note 7 – Income Taxes

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

		31 December 2020		31 December 2019
Current tax expense	$	1,867,420	$	1,280,782
Deferred tax expense (benefit)		-		(795,688)
Total tax expense (benefit)	**$**	**1,867,420**	**$**	**485,094**

		31 December 2020		31 December 2019
Gross deferred tax assets	$	8,730,532	$	7,467,040
Valuation allowance		(8,726,226)		(7,458,533)
Net deferred tax assets		4,306		8,507
Gross deferred tax liabilities		(4,306)		(8,507)
Net deferred tax assets (liabilities)	**$**	**-**	**$**	**-**

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

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

Note 8 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 184,556,235	$ 77,899,835
Divided by weighted average shares outstanding for Class A Shares and Class B Shares of the controlling interest	46,777,829	47,529,840
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	**$ 3.95**	**$ 1.64**

In accordance with Article 104(2) of the Commission Delegated Regulation (EU) No 231/2013 (and the UK version of this regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018), the Group is required to disclose additional information on the classification of the balances presented within the net realised gain (loss) on investments and forward foreign exchange contracts, and net change in unrealised gain (loss) on investments and forward foreign exchange contracts presented on the Consolidated Statements of Operations and Changes in Net Assets. For the years ended 31 December 2020 and 2019, the balances include the following:

Classification of Realised Gain (Loss) and Unrealized Gain (Loss) [1]	31 December 2020	31 December 2019
Realised gain on investments and forward foreign exchange contracts	$ 105,698,197	$ 71,636,689
Realised loss on investments and forward foreign exchange contracts	(13,609,178)	(36,503,027)
Net realised gain (loss) on investments and forward foreign exchange contracts	$ 92,089,019	$ 35,133,662
Unrealised gain on investments and forward foreign exchange contracts	$ 233,160,582	$ 155,602,571
Unrealised loss on investments and forward foreign exchange contracts [2]	(99,880,451)	(84,314,661)
Net unrealised gain (loss) on investments and forward foreign exchange contracts	$ 133,280,131	$ 71,287,910

(1) Above amounts are presented gross and, as such, exclude the tax expense (benefit) reported on the Consolidated Statements of Operations and Changes in Net Assets
(2) Includes unrealised gain reversal of $52,984,908 as a result of realised investment transactions.

Note 9 – Share Capital, Including Treasury Stock

Class A Shareholders have the right to vote on all resolutions proposed at general meetings of the Company, including resolutions relating to the appointment, election, re-election and removal of directors. The Company's Class B Shares, which were issued at the time of the initial public offering to a Guernsey charitable trust, whose trustee is First Directors Limited ("Trustee"), usually carry no voting rights at general meetings of the Company. However, in the event the level of ownership of Class A Shares by U.S. residents (excluding any Class A Shares held in treasury) exceeds 35% on any date determined by the directors (based on an analysis of share ownership information available to the Company), the Class B Shares will carry voting rights in relation to "Director Resolutions" (as such term is defined in the Company's articles of incorporation). In this event, Class B Shares will automatically carry such voting rights to dilute the voting power of the Class A Shareholders with respect to Director Resolutions to the extent necessary to reduce the percentage of votes exercisable by U.S. residents in relation to the Director Resolutions to not more than 35%. Each Class A Share and Class B Share participates equally in profits and losses. There have been no changes to the legal form or nature of the Class A

Shares nor to the reporting currency of the Company's consolidated financial statements (which will remain in U.S. dollars) as a result of the Main Market quote being in Sterling as well as U.S. dollars.

The following table summarises the Company's shares at 31 December 2020 and 2019.

	31 December 2020	31 December 2019
Class A Shares outstanding	46,761,030	46,799,884
Class B Shares outstanding	10,000	10,000
	46,771,030	46,809,884
Class A Shares held in treasury - number of shares	3,150,408	3,150,408
Class A Shares held in treasury - cost	$ 9,248,460	$ 9,248,460

The Company currently has shareholder authority to repurchase shares in the market, the aggregate value of which may be up to 14.99% of the Class A Shares in issue (excluding Class A Shares held in treasury) at the time the authority is granted; such authority will expire on the date which is 15 months from the date of passing of this resolution or, if earlier, at the end of the Annual General Meeting ("AGM") of the Company to be held on 15 September 2021. The maximum price which may be paid for a Class A Share is an amount equal to the higher of (i) the price of the last independent trade and (ii) the highest current independent bid, in each case, with respect to the Class A Shares on the relevant exchange (being the Main Market).

During 2020, the Company has purchased and cancelled a total of 38,854 shares of its Class A stock (0.08% of the issued and outstanding shares as of 31 December 2019) pursuant to general authority granted by shareholders of the Company and the share buy-back agreement with Jefferies International Limited. On 26 March 2020, the Company announced a temporary suspension of the share buy-back agreement with Jefferies International Limited.

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

Management and Guernsey 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 fair value of the private equity and opportunistic investments. For purposes of this computation, the fair value is reduced by the fair value 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 2020 and 2019, the management fee expenses were $16,659,208 and $15,254,491, respectively, and are included in Investment management and services on the Consolidated Statement of Operations and Changes in Net Assets. If the Company terminates the Investment Management Agreement without cause, the Company shall pay a termination fee equal to: seven years of management fees, plus an amount equal to seven times the mean average incentive allocation of the three performance periods immediately preceding the termination, plus all underwriting, placement and other expenses borne by the Manager or affiliates in connection with the Company's Initial Public Offering.

The Group pays to Ocorian Administration (Guernsey) Limited ("Ocorian"), 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 Ocorian. The Group paid Ocorian $158,046 and $197,441 for the years ended 31 December 2020 and 2019, respectively, for such services. The Group also paid MUFG Capital Analytics LLC, an independent third party fund administrator, $1,140,272 and $1,057,367 for the years ended 31 December 2020 and 2019, respectively, for administrative and accounting services. These fees are included in Administration and professional fees on the Consolidated Statements of Operations and Changes in Net Assets.

Directors' fees are denominated and paid in Sterling and they are based on each director's position on the board as follows: Chairman receives £70,000 annually (£17,500 quarterly), Audit Chairman receives £60,000 annually (£15,000 quarterly), and Non-executive independent directors each receive £50,000 annually (£12,500 quarterly).

For the years ended 31 December 2020 and 2019, the Group paid the independent directors a total of $294,374 and $318,600, respectively. On 21 March 2019, the Company appointed two additional independent, Non-executive directors. The total fees paid to the new directors during the year ended 31 December 2019 were $107,608.

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

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 31 December 2020 and 2019, the noncontrolling interest of $1,525,242 and $1,146,390, respectively, represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation.

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 2020 and 2019.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2018	**$ 872,221,210**	**$ 1,049,874**	**$ 873,271,084**
Net increase (decrease) in net assets resulting from operations	77,899,835	96,516	77,996,351
Dividend payment	(27,268,843)	-	(27,268,843)
Cost of stock repurchased and cancelled (1,990,680 shares)	(28,084,648)	-	(28,084,648)
Net assets balance, 31 December 2019	**$ 894,767,554**	**$ 1,146,390**	**$ 895,913,944**
Net increase (decrease) in net assets resulting from operations	184,556,235	378,852	184,935,087
Dividend payment	(27,138,468)	-	(27,138,468)
Cost of stock repurchased and cancelled (38,854 shares)	(534,072)	-	(534,072)
Net assets balance, 31 December 2020	**$ 1,051,651,249**	**$ 1,525,242**	**$ 1,053,176,491**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5% of the Group's consolidated net increase in net assets resulting from operations, adjusted by withdrawals, distributions and capital contributions, for a fiscal year in the event that the Group's internal rate of return for such period, based on the NAV, exceeds 7.5%. For the purposes of this computation, the value of any private equity fund investment in NB Funds in respect of which the Investment Manager or an affiliate receives a fee or other remuneration shall be excluded from the calculation of the incentive allocation payable to the Special Limited Partner. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the changes in net assets calculations for future periods. 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 in the subsequent year. As of 31 December 2020 and 31 December 2019, carried interest of $15,181,843 and $6,889,792 was accrued, respectively.

Private Equity Investments with NBG Subsidiaries

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

NB-Affiliated Investments (dollars in millions)	Fair Value	Committed	Funded	Unfunded
2020				
NB-Affiliated Programs				
NB Alternatives Direct Co-investment Programs	$ 205.2	$ 275.0	$ 233.8	$ 41.2
NB Renaissance Programs	18.3	40.0	21.2	18.8
Marquee Brands	29.9	30.0	26.0	4.0
NB Healthcare Credit Investment Program	2.6	50.0	45.9	4.1
NB Credit Opportunities Program	47.4	50.0	43.3	6.7
NB Specialty Finance Program	22.8	50.0	21.5	28.5
Total investments in NB-Affiliated Programs	$ 326.2	$ 495.0	$ 391.7	$ 103.3
NB-Affiliated Funds				
NB Fund of Funds Secondary 2009	$ -	$ 10.4	$ 10.4	$ -
NB Crossroads Fund XVIII	2.7	75.0	63.1	11.9
Total investments in NB-Affiliated Funds	$ 2.7	$ 85.4	$ 73.5	$ 11.9
Total NB-Affiliated Investments	**$ 328.9**	**$ 580.4**	**$ 465.2**	**$ 115.2**
2019				
NB-Affiliated Programs				
NB Alternatives Direct Co-investment Programs	$ 211.5	$ 275.0	$ 221.0	$ 54.0
NB Renaissance Programs	21.0	40.0	17.5	22.5
Marquee Brands	31.0	30.0	25.0	5.0
NB Healthcare Credit Investment Program	6.4	50.0	45.9	4.1
NB Credit Opportunities Program	16.7	50.0	18.4	31.6
NB Specialty Finance Program	8.0	50.0	7.5	42.5
Total investments in NB-Affiliated Programs	$ 294.6	$ 495.0	$ 335.3	$ 159.7
NB-Affiliated Funds				
NB Fund of Funds Secondary 2009	$ 0.4	$ 10.4	$ 10.0	$ 0.4
NB Crossroads Fund XVIII	11.6	75.0	63.1	11.9
Total investments in NB-Affiliated Funds	$ 12.0	$ 85.4	$ 73.1	$ 12.3
Total NB-Affiliated Investments	**$ 306.6**	**$ 580.4**	**$ 408.4**	**$ 172.0**

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

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

Credit Risk

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

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

Liquidity Risk

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

Contingencies

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

Other Matters

The outbreak of the coronavirus in many countries has, among other things, disrupted global travel and supply chains, and adversely impacted global commercial activity. The impact of the virus may continue to affect the economies of many nations, individual companies and the global securities and commodities markets, including liquidity and volatility, in ways that cannot necessarily be foreseen at the

present time. The fluidity of the situation precludes any prediction as to its ultimate impact, which may have a continued effect on the economic and market conditions. Such conditions, which may be across industries, sectors, or geographies, have impacted and may continue to impact the Company's portfolio companies.

Note 12 – Financial Highlights

The following ratios with respect to the Class A Shares and Class B Shares have been computed for the year ended 31 December 2020 and 2019:

Per share operating performance (based on average shares outstanding during the year)		**For the Year Ended 31 December 2020**		**For the Year Ended 31 December 2019**
Beginning net asset value	$	19.11	$	17.87
Net increase in net assets resulting from operations:				
Net investment income (loss)		(0.83)		(0.59)
Net realised and unrealised gain (loss)		4.79		2.23
Dividend payment		(0.58)		(0.57)
Stock repurchased and cancelled		-		0.17
Ending net asset value	**$**	**22.49**	**$**	**19.11**

Total return (based on change in net asset value per share)	**For the Year Ended 31 December 2020**	**For the Year Ended 31 December 2019**
Total return before carried interest	22.40%	10.91%
Carried interest	(1.67%)	(0.78%)
Total return after carried interest	**20.73%**	**10.13%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	**For the Year Ended 31 December 2020**	**For the Year Ended 31 December 2019**
Net investment income (loss), excluding carried interest	(2.71%)	(2.37%)
Expense ratios:		
Expenses before interest and carried interest	2.52%	2.85%
Interest expense	1.27%	0.93%
Carried interest	1.75%	0.78%
Expense ratios total	**5.54%**	**4.56%**

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.

Note 13 – Subsequent Events

On 26 February 2021, the Group paid a dividend of $0.31 per Ordinary Share to shareholders of record on 29 January 2021.

The Investment Manager and the board of directors have evaluated events through 20 April 2021, the date the financial statements are available to be issued and has determined there were no other subsequent events that require adjustment to, or disclosure in the financial statements.

Direct Investments	Principal Geography	Investment Date	Description	Fair Value $ M
NB Alternatives Credit Opportunities Program	Global	Sep-19	Diversified credit portfolio	47.4
Agiliti	U.S.	Jan-19	Medical equipment management and services	47.1
Material Handling Systems	U.S./Europe	Apr-17	Systems and solutions utilised in distribution centres	44.7
Petsmart / Chewy (NYSE: CHWY)	U.S.	Jun-15	Online and offline pet supplies retailer	44.4
GFL (NYSE: GFL)	U.S. / Canada	Jul-18	Waste management services	35.5
Action	Europe	Jan-20	European discount retailer	35.2
USI	U.S.	Jun-17	Insurance brokerage and consulting services	34.0
AutoStore	Europe	Jul-19	Leading provider of automation technology	33.6
Business Services Company*	U.S.	Oct-17	Business services company	33.1
BeyondTrust	U.S.	Jun-18	Cyber security and secure access solutions	30.7
Marquee Brands	Global	Dec-14	Portfolio of consumer branded IP assets, licensed to third parties	29.9
Cotiviti - fka Verscend (PIK Preferred)	U.S.	Aug-18	Payment accuracy and solutions for the healthcare industry	29.3
Telxius	Europe	Oct-17	Telecommunications infrastructure including fibre-optic cables and telecom towers	27.7
Duff & Phelps	Global	Mar-20	Multi-national financial consultancy firm	27.0
Excelitas	U.S.	Nov-17	Sensing, optics and illumination technology	24.5
Advisor Group	U.S.	Jul-19	Independent broker dealer	23.4
NB Specialty Finance Program	Global	Oct-18	Small balance loan portfolio	22.8
Constellation Automotive (fka BCA)	U.K.	Nov-19	Provider of vehicle remarketing services	22.6
Holley	U.S.	Oct-18	Automotive performance company	21.3
West Marine	U.S.	Sep-17	Specialty retailer of boating supplies	21.0
Qpark	Europe	Oct-17	European parking services operator	17.3
FV Hospital	Vietnam	Jun-17	Leading hospital provider in Vietnam	16.9
Hivory	France	Dec-18	Owner of telecom towers in France	16.8
Staples	U.S.	Sep-17	Provider of office supplies through a business to business platform and retail	16.6
Omega	U.S.	Feb-17	Leading distributor and assembler of climate control components	16.2
Accedian	U.S.	Apr-17	Network testing equipment and software	15.3
Branded Cities Network	U.S.	Nov-17	North American advertising media company	14.6
Italian Mid-Market Buyout Portfolio	Italy	Jun-18	Portfolio of Italian mid-market buyout companies	14.6
Bylight	U.S.	Jun-17	Provider of IT and technology infrastructure cyber solutions	13.9
Drive Medical	U.S.	Jan-17	Global distributor of durable medical equipment	13.8
Final Site	U.S.	Nov-16	Communications and learning management software	13.4
Renaissance Learning	U.S.	Jun-18	K-12 educational software & learning solutions	12.8
Lasko Products	U.S.	Nov-16	Manufacturer of portable fans and ceramic heaters	12.7
Solace Systems	U.S. / Canada	Apr-16	Enterprise messaging solutions	11.8
CH Guenther	U.S.	May-18	Supplier of baking mixes, snacks and meals and other value-added food products for consumers	11.7
Leaseplan	Europe	Apr-16	Fleet management services	11.4
Innovacare	U.S.	Apr-20	Operates leading Medicare Advantage plan and Medicaid plan	11.3
Digital River (Equity)	U.S.	Feb-15	Digital eCommerce, payments and marketing solutions	11.2
Viant	U.S.	Jun-18	Outsourced medical device manufacturer	10.7
Branded Toy Company*	U.S.	Jul-17	Specialty toy company	10.6
SolarWinds (NYSE: SWI)	U.S.	Feb-16	Provider of enterprise-class IT and infrastructure management software	10.3
Plaskolite	U.S.	Dec-18	Largest manufacturer of thermoplastic sheets in North America	9.8
Schumacher (Debt)	U.S.	Oct-15	Third largest national provider of integrated emergency department and hospital medicine services	9.7
Carestream Dental Equipment (Debt)	U.S.	Aug-18	Utilises digital imaging equipment and captures two billion images annually	9.5
Compliance Solutions Strategies	U.S.	Apr-17	Provider of compliance solutions to the financial services sector	8.8

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

Direct Investments	Principl Geography	Investment Date	Description	Fair Value $ M
Exact	Netherlands	Aug-19	Accounting and ERP software for small / medium size businesses	8.7
ZPG	U.K.	Jul-18	Digital property data and software company	8.6
Ingersoll Rand (NYSE: IR)	U.S.	Jul-13	Maker of industrial equipment	8.5
Ellucian	U.S.	Sep-15	Developer of higher education ERP software	8.5
Verifone	Global	Aug-18	Electronic payment technology	8.2
Vertiv (NYSE: VRT)	U.S.	Nov-16	Provider of data center infrastructure	8.1
MHS	U.S.	Mar-17	Provider of repair, maintenance and fleet management services	7.9
Tandem - fka Groupo Cortefiel	Spain	Oct-17	Spanish apparel retailer	7.8
StubHub	U.S.	Feb-20	Ticket exchange and resale company	7.6
Wind River Environmental	U.S.	Apr-17	Waste management services provider	7.1
Clearent	U.S.	Jun-18	Credit card payment processing	7.1
Hub	Global	Mar-19	Leading global insruance brokerage	6.9
Edelman	U.S.	Aug-18	Independent financial planning firm	6.8
Uber (NYSE: UBER)	Global	Jul-18	Undisclosed consumer technology company	6.6
Concord Bio	India	Jun-16	Active pharmaceutical ingredients manufacturer	6.4
CSC Service Works	U.S.	Mar-15	Provider of outsourced services to laundry & air vending markets	6.3
Healthcare Company - In-home Devices	U.S.	Jun-18	Provider of pump medications and in-home intravenous infusion	6.2
Healthcare Services Company	NA	Feb-18	Healthcare services company	5.8
Brightview (NYSE: BV)	U.S.	Dec-13	Commercial landscape and turf maintenance	5.8
Centro	U.S.	Jun-15	Provider of digital advertising management solutions	5.4
ProAmpac	U.S.	Dec-20	Leading global supplier of flexible packaging	5.3
Vitru (NASDAQ: VTRU)	Brazil	Jun-18	Post secondary education company	5.2
Nextlevel	U.S.	Aug-18	Designer and supplier of fashion-basic apparel	5.1
BK China	U.S.	Aug-18	Franchise of over 800 Burger King locations in mainland China	5.0
Snagajob	U.S.	Jun-16	Job search and human capital management provider	5.0
Destination Restaurants	U.S.	Nov-19	U.S. restaurant chain	4.7
All Other Investments (26 Investments <$5m)				97.0
Net Other Assets, incl. Escrow / (Liabilities)				8.4
Total Direct Investments				**$1,232.1**

Note: Numbers may not sum due to rounding.

1. Note: As of December 31, 2020. Represents aggregate committed capital since inception in 1987, including commitments in the process of documentation or finalization. Total commitments exclude commitments to private equity sponsor Manager Stakes funds. The Asset Management Awards' judging is undertaken by a group of judges with expertise across the UK institutional and retail asset management spaces. Each judge reviews submitted entry material and then scores the entries out of a total of score of 10 providing their reasoning as to why they have submitted that score. Two judges analyze each category and the firm with the highest overall score wins that category. Votes are verified by Insurance Asset Management's editorial team. NB Private Equity did not pay a fee to participate. Awards and ratings referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Awards and ratings are not indicative of the past or future performance of any Neuberger Berman product or service. European Pensions, a leading publication for pension funds across Europe, launched these awards to give recognition to and honor the investment firms, consultancies and pension providers across Europe that have set the professional standards in order to best service European pension funds over the past year. Judging is undertaken by a group of judges with expertise across the UK institutional and retail asset management spaces. Each judge reviews submitted entry material and then scores the entries out of a total of score of 10 providing their reasoning as to why they have submitted that score. Two judges analyze each category and the firm with the highest overall score wins that category. Votes are verified by the European Pensions' editorial team. NB Private Equity did not pay a fee to participate. Awards and ratings referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Awards and ratings are not indicative of the past or future performance of any Neuberger Berman product or service. Please note that on December 23rd, 2020, Neuberger Berman and its Dyal Capital Partners business, and the Owl Rock Capital Group, a private credit provider, announced that they had entered into a definitive business combination agreement with Altimar Acquisition Corporation, to form Blue Owl Capital Inc., an alternative asset management firm that will have over $45.0 billion in assets under management. Following the closing of the agreement, Neuberger Berman will own a meaningful minority equity position in Blue Owl Capital Inc. and will have representation on its Board of Directors.
2. Sustainability Potential of Investments: Companies may have a range of effects on employees, the community, and the environment through their operations and products and services. The Manager believes that companies that exhibit leadership in managing material environmental, social, and governance considerations, are also often more resilient, competitively positioned, and exhibit lower risk profiles. Furthermore, companies that contribute positively to solutions addressing sustainability challenges are by their nature, essential. These business models may benefit from macroeconomic and demographic trends while also contributing meaningfully to addressing global social and environmental challenges, such as outlined by the United Nations Sustainable Development Goals ("UN SDGs"). Sustainable companies, by their nature, seek to manage risks, not only related to adverse social outcomes, but also ones that might harm their license to operate.

   The Investment Manager defines sustainability potential as:

   – Adverse sustainability potential as companies whose operations or products/services contribute to significant adverse outcomes for people or the environment, such as outlined by the United Nations Global Compact ("UNGC"), United Nations Guiding Principles ("UNGP"), and OECD Guidelines for Multinational Enterprises ("OECD Guidelines");
   – Positive sustainability potential as companies that have an overall positive benefit to people or the environment, such as outlined by the UNGC, UNGP, OECD Guidelines for Multinational Enterprises;
   – Significantly positive sustainability potential as companies whose products or services offer solutions to long-term sustainability challenges such as outlined by the UN SDGs.

   The Investment Manager strives to identify and invest in companies that are deemed to have positive sustainability potential while avoiding exposure to companies that have known ESG-related controversies or business models deemed to have adverse sustainability potential as defined by the Exclusions outlined herein.

3. Principles for Responsible Investment (PRI) Scores: For illustrative and discussion purposes only. PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 1,924 for 2020, 1,119 for 2019, 1,120 for 2018 and 935 for 2017. All signatories are eligible to participate and must complete a questionnaire to be included. The underlying information submitted by signatories is not audited by the PRI or any other party acting on its behalf. Signatories report on their responsible investment activities by responding to asset-specific modules in the Reporting Framework. Each module houses a variety of indicators that address specific topics of responsible investment. Signatories' answers are then assessed and results are compiled into an Assessment Report. The Assessment Report includes indicator scores – summarizing the individual scores achieved and comparing them to the median; section scores – grouping similar indicator scores together into categories (e.g. policy, assurance, governance) and comparing them to the median; module scores – aggregating all the indicator scores within a module to assign one of six performance bands (from E to A+). Awards and ratings referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Awards and ratings are not indicative of the past or future performance of any Neuberger Berman product or service. Moreover, the underlying information has not been audited by the PRI or any other party acting on its behalf. While every effort has been made to produce a fair representation of performance, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for damage caused by use of or reliance on the information contained within this report.

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, real estate and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 24 countries, Neuberger Berman's diverse team has over 2,300 professionals. For seven consecutive years, the company has been named first or second in Pensions & Investments Best Places to Work in Money Management survey (among those with 1,000 employees or more). In 2020, the PRI named Neuberger Berman a Leader, a designation awarded to fewer than 1% of investment firms for excellence in Environmental, Social and Governance (ESG) practices. The PRI also awarded Neuberger Berman an A+ in every eligible category for our approach to ESG integration across asset classes. The firm manages $405 billion in client assets as of December 31, 2020. For more information, please visit our website at www.nb.com.

NB PRIVATE EQUITY PARTNERS LIMITED (THE "FUND") AIFMD DISCLOSURE ADDENDUM TO THE 2020 ANNUAL REPORT (Unaudited)

1. 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 these 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 2020 is disclosed below:

Leverage calculated pursuant to the gross methodology: 1.14

Leverage calculated pursuant to the commitment methodology: 1.15

3. LIQUIDITY AND RISK MANAGEMENT SYSTEMS

Current risk profile risk management systems

The portfolio managers and risk management professionals of NB 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 assessed as at 30 September 2020 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

As at 30 September 2020, the counterparties to which the Fund had the greatest mark-to-market net counterparty credit exposure, measured as a % of the NAV of the Fund are listed in the table below:

Ranking	Name of Counterparty	NAV percentage of the total exposure value of the counterparty
First counterparty exposure	Bank of America Merrill Lynch	1.1
Second counterparty exposure	Westpac Banking Corporation	0.39
Third counterparty exposure	US Bank	0.1

As at 30 September 2020, 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.

3.3 Liquidity Profile

3.3.1 Portfolio Liquidity Profile

100 percent of the portfolio is incapable of being liquidated within 365 days.

The Fund had USD 11,323,208 unencumbered cash available to it.

3.3.2 Investor Liquidity Profile

100 percent of investor equity is incapable of being redeemed within 365 days. Investors do not have any withdrawal or redemption rights in the ordinary course. However, shares are freely traded on the London Stock Exchange.

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. 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 USD 2,463,755, representing USD 462,234 of fixed compensation and USD 2,001,522 of variable compensation. There were 215 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 2020 was USD 162,722,103 in relation to senior management and USD 1,280,072 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 accrued to the Special Limited Partner for the years ended 31 December 2020 and 31 December 2019 was USD 15,181,843 and USD 6,889,797, respectively. Carried interest is paid in the year subsequent to the year in which it was accrued.

April 2021

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 practical expedient is applicable to an investment, the Manager will value the Fund's investment based primarily on the value reported to the Fund by the investment or by the lead investor of a direct co-investment as of each quarter-end, as determined by the investments in accordance with its own valuation policies.

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

Debt

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

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

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

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

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

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

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

The forward-looking statements are based on the beliefs, assumptions and expectations of the future performance, taking into account all information currently available to the Manager. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to the Manager or are within the Manager's control. If a change occurs, the business, financial condition, liquidity and results of operations may vary materially from those expressed in the forward-looking statements. Factors and events that could cause the business, financial condition, liquidity and results of operations to vary materially include, among other things, general economic conditions, securities market conditions, private equity market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, macro-economic factors (including but not limited to war, civil unrest, natural disasters, pandemics, or epidemics) 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.

One Year NAV Total Return Calculation	NAV per share (USD)		Dividend	Dividend Compounding Factor
NAV per ordinary share at year end as per Statement of Financial Position in December 2019 (A)	$19.11		-	
Semi-annual dividend per ordinary share declared in respect of year	$18.82		$0.29	1.0154
Semi-annual dividend per ordinary share declared in respect of year	$17.99		$0.29	1.0161
NAV per ordinary share at end of year as per Statement of Financial Position In December 2020 (B)	$22.49		-	
2020 NAV total return per ordinary share [(B/A)*C] - 1	**21.4%**	**Product of Dividend Compounding (C)**		**1.0318**

Total Realisation Calculation	$ in millions
Proceeds from sale of private equity investments (A)	$117
Distributions from private equity investments (B)	$73
Interest and dividend income (C)	$9
2020 Portfolio Realisations (A+B+C)	**$199**

Multiple of Capital Calculation	
Exit Proceeds from Five Full Exits (A)	$121.2
Invested Capital into Five Full Exits (B)	$42.2
2020 Multiple on Invested Capital (A/B)	**2.9x**

Three Year NAV Total Return Calculation	NAV per share (USD)	Dividend (USD)	Dividend Compounding Factor
NAV per ordinary share at year end as per Statement of Financial Position in December 2017 (A)	$17.45	-	
2018 Semi-annual Dividend	$17.20	$0.25	1.0145
2018 Semi-annual Dividend	$17.75	$0.28	1.0158
2019 Semi-annual Dividend	$17.79	$0.28	1.0157
2019 Semi-annual Dividend	$18.83	$0.29	1.0154
2020 Semi-annual Dividend	$18.82	$0.29	1.0154
2020 Semi-annual Dividend	$17.99	$0.29	1.0161
NAV per ordinary share at end of year as per Statement of Financial Position in December 2020 (B)	$22.49	-	
NAV total return per ordinary share [(B/A)*C] - 1	**41.3%**	**Product of Dividend Compounding (C)**	**1.0967**

Three Year Share Price Total Return Calculation	Share price (GBP)	Dividend (GBP)	Dividend Compounding Factor
Share price at year end as per the London Stock Exchange on 31 December 2017 (A)	£10.45		
2018 Semi-annual Dividend	£9.88	£0.18	1.0177
2018 Semi-annual Dividend	£10.70	£0.21	1.0199
2019 Semi-annual Dividend	£10.90	£0.21	1.0196
2019 Semi-annual Dividend	£11.25	£0.23	1.0207
2020 Semi-annual Dividend	£11.95	£0.22	1.0185
2020 Semi-annual Dividend	£9.30	£0.23	1.0245
Share price at year end as per the London Stock Exchange on 31 December 2020 (B)	£11.65		
Share price total return per ordinary share [(B/A)*C] - 1	**25.6%**	**Product of Dividend Compounding (C)**	**1.1271**

Realisation Uplift Calculation	
Percentage Uplift Relative to Carrying Value Three Quarters Prior	722%
Total Observations	35
Average Upllift	**20.6%**

Adjusted Commitment Coverage	
Cash + Undrawn Committed Credit Facility (A)	$268
Adjusted Unfunded Private Equity Exposure (B)	$97
Adjusted Commitment Coverage Ratio (A/B) - 1	**276%**

Board of Directors
William Maltby (Chairman)
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John Falla
Wilken von Hodenberg
Peter von Lehe

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