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NB Private Equity Partners Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2014 and 2013

KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Members
NB Private Equity Partners Limited:

We have audited the accompanying consolidated financial statements of NB Private Equity Partners Limited (the Company), which comprise the consolidated balance sheets, including the consolidated condensed schedules of private equity investments, as of December 31, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of NB Private Equity Partners Limited as of December 31, 2014 and 2013, and the results of their operations and changes in net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Dallas, Texas
March 10, 2015

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

NB PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2014 AND 2013

Assets		2014		2013
Private equity investments				
Cost of $687,856,021 at 31 December 2014 and $544,256,506 at 31 December 2013	$	840,612,899	$	637,732,849
Cash and cash equivalents		25,583,910		63,692,359
Distributions and sales proceeds receivable from investments		9,020,622		10,257,555
Other assets		2,039,373		3,117,312
Total assets	**$**	**877,256,804**	**$**	**714,800,075**
Liabilities				
Liabilities:				
Credit facility loans	$	90,000,000	$	-
Zero dividend preference share liability		73,659,739		72,996,481
Carried interest payable		6,810,616		5,277,976
Net deferred tax liability		4,313,687		4,481,710
Accrued expenses and other liabilities		3,987,981		4,133,796
Payables to Investment Manager and affiliates		2,918,443		2,157,376
Total liabilities	**$**	**181,690,466**	**$**	**89,047,339**
Net assets				
Class A shares, $0.01 par value, 500,000,000 shares authorized,				
51,940,972 shares issued, and 48,790,564 shares outstanding	$	519,410	$	519,410
Class B shares, $0.01 par value, 100,000 shares authorized,				
10,000 shares issued and outstanding		100		100
Additional paid-in capital		525,157,490		525,157,490
Retained earnings		178,379,511		108,664,493
Less cost of treasury stock purchased (3,150,408 shares)		(9,248,460)		(9,248,460)
Total net assets of the controlling interest		**694,808,051**		**625,093,033**
Net assets of the non-controlling interest		758,287		659,703
Total net assets	**$**	**695,566,338**	**$**	**625,752,736**
Total liabilities and net assets	**$**	**877,256,804**	**$**	**714,800,075**
Net asset value per share for Class A and Class B shares	**$**	**14.24**	**$**	**12.81**
Net asset value per zero dividend preference share (Pence)		**143.14**		**133.40**

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

NB PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED CONDENSED SCHEDULES OF PRIVATE EQUITY INVESTMENTS
31 DECEMBER 2014 AND 2013

Private equity investments	Cost	Fair Value	Unfunded Commitment	Private Equity [3] Exposure
2014				
Fund investments	$ 181,973,937	$ 227,833,703	$ 50,281,518	$ 278,115,221
Direct co-investments-equity [1]	190,190,870	283,537,484	87,634,736	371,172,220
Direct income investments [2]	315,691,214	329,241,712	15,915,200	345,156,912
	$ 687,856,021	**$ 840,612,899**	**$ 153,831,454**	**$ 994,444,353**
2013				
Fund investments	$ 236,857,972	$ 291,720,458	$ 64,647,636	$ 356,368,094
Direct co-investments-equity [1]	125,096,119	160,826,269	98,685,266	259,511,535
Direct income investments [2]	182,302,415	185,186,122	34,494,209	219,680,331
	$ 544,256,506	**$ 637,732,849**	**$ 197,827,111**	**$ 835,559,960**

Private equity investments in excess of 5% of net asset value	Fair Value
2014	
NB Crossroads Fund XVIII	
Large-cap Buyout	$ 9,769,329
Mid-cap Buyout	25,817,115
Special Situations	5,442,747
Venture	9,465,349
	50,494,540
2013	
NB Crossroads Fund XVIII	
Large-cap Buyout	11,491,012
Mid-cap Buyout	29,830,277
Special Situations	6,724,932
Venture	11,427,834
	59,474,055

(1) Including investments made through NB Alternatives Direct Co-investment Program and NB Brand Licensing Program.

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

(3) Private Equity Exposure is the sum of Fair Value and Unfunded Commitment.

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

CONSOLIDATED CONDENSED SCHEDULES OF PRIVATE EQUITY INVESTMENTS (CONTINUED)
31 DECEMBER 2014 AND 2013

Geographic diversity of private equity investments [1]	Fair Value 2014	Fair Value 2013
North America	$ 734,110,889	$ 520,355,361
Europe	70,364,601	79,314,880
Asia / Rest of World	28,567,364	28,126,569
Not classified	7,570,045	9,936,039
	$ 840,612,899	**$ 637,732,849**

Industry diversity of private equity investments [2]	Fair Value 2014	Fair Value 2013
Technology / IT	16.3%	12.0%
Industrials	15.6%	12.6%
Healthcare	14.7%	11.7%
Consumer / Retail	13.9%	12.4%
Business Services	11.1%	10.0%
Financial Services	9.6%	13.9%
Energy / Utilities	8.6%	11.1%
Communications / Media	4.7%	5.6%
Diversified / Undisclosed / Other	3.9%	9.0%
Transportation	1.6%	1.7%
	100.0%	**100.0%**

Asset class diversification of private equity investments [3]	Fair Value 2014	Fair Value 2013
Large-Cap Buyout	3.3%	6.6%
Large-Cap Buyout Co-Invest	11.6%	10.2%
Mid-cap Buyout	8.8%	14.9%
Mid-cap Buyout Co-Invest	19.1%	14.5%
Special Situation	8.1%	13.5%
Special Situation Co-Invest	2.2%	0.3%
Direct income investments	39.2%	29.0%
Growth/Venture	6.4%	8.0%
Secondary Purchases	1.3%	3.0%
	100.0%	**100.0%**

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

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

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

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

NB PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

	2014	2013
Interest and dividend income	$ 25,280,654	$ 15,847,009
Expenses		
Carried interest	6,810,616	5,277,976
Investment management and services	10,628,587	8,249,973
Administration and professional	2,388,191	2,132,932
Finance costs		
Zero dividend preference shares	5,543,734	5,050,181
Credit facility	3,257,119	2,208,716
	28,628,247	22,919,778
Net investment income (loss)	**$ (3,347,593)**	**$ (7,072,769)**
Realized and unrealized gains (losses)		
Net realized gain (loss) on investments, net of tax expense of $405,078 for 2014 and $3,854,891 for 2013	$ 33,547,015	$ 45,259,597
Net change in unrealized gain (loss) on investments, net of tax (benefit) expense of ($168,022) for 2014 and $2,689,686 for 2013	61,574,434	30,429,080
Net realized and unrealized gain (loss)	95,121,449	75,688,677
Net increase (decrease) in net assets resulting from operations	$ 91,773,856	$ 68,615,908
Less net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest	98,584	73,894
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$ 91,675,272**	**$ 68,542,014**
Net assets at beginning of period attributable to the controlling interest	625,093,033	576,559,250
Less dividend payment	(21,960,254)	(20,008,231)
Net assets at end of period attributable to the controlling interest	**$ 694,808,051**	**$ 625,093,033**
Earnings (loss) per share for Class A and Class B shares of the controlling interest	***$ 1.88***	***$ 1.40***

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

NB PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 91,675,272	$ 68,542,014
Net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest	98,584	73,894
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized (gain) loss on investments	(33,547,015)	(45,259,597)
Net change in unrealized (gain) loss on investments	(61,574,434)	(30,429,080)
In-kind payment of interest income	515,734	(1,935,895)
Amortization of finance costs	813,457	812,775
Amortization of purchase premium (OID)	(654,334)	(550,289)
Change in restricted cash	-	3,364,018
Change in other assets	(538,011)	(1,196,888)
Change in payables to Investment Manager and affiliates	2,293,707	2,428,809
Change in accrued expenses and other liabilities	5,099,773	2,945,171
Net cash provided by (used in) operating activities	4,182,733	(1,205,068)
Cash flows from investing activities:		
Distributions from private equity investments	140,574,827	148,863,848
Proceeds from sale of private equity investments	33,096,181	45,284,274
Contributions to private equity investments	(7,066,484)	(23,521,927)
Purchases of private equity investments	(276,935,432)	(149,763,474)
Net cash provided by (used in) investing activities	(110,330,908)	20,862,721
Cash flows from financing activities:		
Dividend payment	(21,960,254)	(20,008,231)
Borrowing from credit facility	109,999,980	10,000,000
Payment to credit facility	(20,000,000)	(10,000,000)
Net cash provided by (used in) financing activities	68,039,726	(20,008,231)
Net increase (decrease) in cash and cash equivalents	**(38,108,449)**	**(350,578)**
Cash and cash equivalents at beginning of year	63,692,359	64,042,937
Cash and cash equivalents at end of year	**$ 25,583,910**	**$ 63,692,359**
Supplemental cash flow information		
Interest paid	**$ 1,382,550**	**$ 28,925**
Net taxes paid	**$ 2,897,670**	**$ 2,942,471**

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

Note 1 – Organization

NB Private Equity Partners Limited and its subsidiaries (the "Company", "we", or "our") is a closed-end investment company registered in Guernsey. The registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. The Company invests in private equity assets, which consist of equity co-investments, direct income investments, and private equity fund investments. Direct income investments include corporate private debt investments and healthcare credit investments, which consist of loans to companies in the healthcare sector and royalty backed notes. From time to time, the Company may also make other opportunistic investments, as appropriate. The Company's Class A Shares are listed and admitted to trading on the regulated market of Euronext Amsterdam N.V. and on the Specialist Fund Market of the London Stock Exchange plc under the symbol "NBPE". NBPE's Zero Dividend Preference Shares (see note 6 of the consolidated financial statements) are listed and admitted to trading on the Daily Official List of The Channel Islands Securities Exchange Authority Limited and the Specialist Fund Market of the London Stock Exchange under the symbol "NBPZ".

Our Class B ordinary shares were contributed at the time of our initial public offering to a Guernsey charitable trust whose trustee is Heritage Corporate Services Limited ("Trustee"). Class B ordinary shares have the right to elect all of our directors and make certain other reserved decisions. The voting rights of Class A ordinary shares are limited to special consent rights involving specified events including merger, change in investment manager or investment policy, certain additional share issuances and certain material related party transactions as well as other events as described in our memorandum and articles of incorporation. Each Class A and B ordinary share participates equally in profits and losses.

The Company is managed by NB Alternatives Advisers LLC ("NB Alternatives" or "Investment Manager") pursuant to an Investment Management and Services Agreement. NB Alternatives is a subsidiary of Neuberger Berman Group LLC ("NBG").

Note 2 – Summary of Significant Accounting Policies and Risks

Basis of Presentation

These consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") and presented in United States dollars.

The Company qualifies, for U.S. GAAP purposes, as an investment company. Accordingly, the Company reflects its investments on the Consolidated Balance Sheets at their estimated fair values, with unrealized gains and losses resulting from changes in fair value reflected in net change in unrealized gain (loss) on investments in the Consolidated Statements of Operations and Changes in Net Assets. The Company does not consolidate majority-owned or controlled portfolio companies. The Company does not provide any financial support to any of its investments beyond the investment amount to which it committed.

Principles of Consolidation

The consolidated financial statements include accounts of the Company consolidated with the accounts of all its subsidiaries, excluding portfolio investments, in which we hold a controlling financial interest as of the financial statement date. All material inter-company balances have been eliminated.

Market Risk

The Company'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 investments). The Company's investments are generally not traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The partnership investments of the Company each hold 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 Company in publicly traded and privately held securities. The partnership investments of the Company 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 Company'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 Company 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 Company 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 Company to a higher than normal amount of credit risk.

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

Liquidity Risk

Liquidity risk is the risk that the Company 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 to meet expected liquidity requirements for investment funding and operating expenses.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions 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. Because of the inherent uncertainty of such estimates, including estimates of values of investments as described above, amounts ultimately determined may differ from our current estimates and such differences may be significant.

Cash and Cash Equivalents

Cash and cash equivalents are valued at cost plus accrued interest, which approximates fair value. These balances represent amounts held with financial institutions that are readily accessible to pay expenses or fund investments. As of 31 December 2014 and 31 December 2013, $25,583,910 and $63,692,359, respectively, are primarily held with JPMorgan Chase.

Valuation of Investments

The Company carries private equity investments on its books at fair value in accordance with U.S. GAAP. We use the best information we have reasonably available to determine or estimate fair value. Valuations of the investments are reviewed and approved quarterly by the Investment Manager. We estimate fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events. If we conclude that it is probable that we will sell an investment, we adjust our carrying value to the amount we expect to realize from the sale, exclusive of transaction costs.

Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions associated with the securities, if any, that affect marketability. We determine such values for publicly traded securities held directly as well as known public positions held in the underlying private equity investments on a look-through basis.

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

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

Because of their inherent uncertainty, the fair values we use may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material to the consolidated financial statements.

Investment Income

We earn interest and dividends from our direct investments and from our cash and cash equivalents. We record dividends on the ex-dividend date and interest when earned, provided we know the information or are able to reliably estimate it. Otherwise, we record the investment income when it is reported to us by the private equity investments. Discounts received or premiums paid in connection with the acquisition of loans are amortized into interest income using the effective interest method over the contractual life of the related loan. Payment-in-kind (PIK) interest is computed at the contractual rate specified in the loan agreement for any portion of the interest which may be added to the principal balance of a loan rather than paid in cash by obligator on the scheduled interest payment date. PIK interest is added to the principal balance of the loan and recorded as interest income. Prepayment premiums include fee income from securities settled prior to maturity date, and are recorded as interest income in the Consolidated Statements of Operations and Changes in Net Assets.

Operating Expenses

Operating expenses are recognized when incurred. Operating expenses include amounts directly incurred by the Company as part of its operations, and do not include amounts incurred from the operations of our investments.

Realized Gains and Losses on Investments

For investments in private equity funds, we record our share of realized gains and losses incurred when we know that the private equity fund has realized its interest in a portfolio company and we have sufficient information to quantify the amount. For all other investments, we record realized gains and losses when the asset is realized and on the trade date. For all investments, realized gains and losses are recorded on a specific identification cost basis.

Net Change in Unrealized Gains and Losses of Investments

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

Carried Interest

Carried interest amounts due to the Special Limited Partner (see note 3) are computed and accrued at each period end based on period-to-date results in accordance with the terms of the agreements.

Currency Translation

Investments denominated in a currency other than U.S. dollars are translated into U.S. dollar equivalents using spot rates as of the valuation date. The Company does not separate the changes relating to currency exchange rates from those relating to changes in the fair value of the investments held. These fluctuations are combined and included in the net change in unrealized gain (loss) on investments in the Consolidated Statements of Operations and Changes in Net Assets. For the year ended 31 December 2014, the effect of translation to U.S. dollars decreased valuations of foreign investments by approximately $728,445. For the year ended 31 December 2013, the effect of translation to U.S. dollars increased valuations of foreign investments by approximately $441,558.

The Company has unfunded commitments denominated in currencies other than U.S. dollars. At 31 December 2014, the unfunded commitments are in Euro and Canadian dollars and amounted to €4,506,390 and CAD 1,256,523. At 31 December 2013, the unfunded commitments are in Euro and Canadian dollars and amounted to €7,276,000 and CAD 2,650,371. They have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rate in effect at 31 December 2014 and 2013. The effect on the unfunded commitment of the change in the exchange rate between Euros and U.S. dollars and CAD and U.S. dollars was a decrease in the U.S. dollar obligation of $1,118,719 and an increase of $410,558 for 31 December 2014 and 2013, respectively.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Company an exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the Company has been charged an annual exemption fee of £600.

Generally, income that we derive from our investments may be subject to taxes imposed by the U.S. or other countries and will impact our effective tax rate.

Investments made in entities that generate U.S. source investment income may subject the Company to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30 percent may be applied on the Company's distributive share of any U.S. source dividends and interest (subject to certain exemptions) and certain other income that we receive 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 Company to certain U.S. federal and state income tax consequences. Generally the U.S. imposes withholding tax on effectively connected income at the highest U.S. rate (generally 35 percent). In addition, we may also be subject to a branch profits tax which can be imposed at a rate of up to 30 percent of the after-tax profits treated as effectively connected income associated with a U.S. trade or business. As such, the aggregate U.S. tax liability on effectively connected income may approximate 54.5 percent given the two levels of tax.

We recognize 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, we have not provided any reserves for taxes as all related tax benefits have been fully recognized. Although we believe we have adequately assessed for our uncertain tax positions, we acknowledge that these matters require significant judgment and no assurance can be given that the final tax outcome of these matters will not be different.

Deferred taxes are recorded to reflect the tax benefit and consequences of future years' differences between the tax basis of assets and liabilities and their financial reporting basis. We record 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 realized. Management subsequently adjusts the valuation allowance as the expected realizability of the deferred tax assets change such that the valuation allowance is sufficient to cover the portion of the asset that will not be realized. We record the tax associated with any transactions with U.S. or other tax consequences when we recognize the related income.

Shareholders in certain jurisdictions may have individual income tax consequences from ownership of our shares. We have not accounted for any such tax consequences in these consolidated financial statements. For example, we expect the Company 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 Company or its subsidiaries. Instead, certain U.S. investors in the Company 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 U.S. adverse tax consequences associated with the regime.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are reported at fair value. See note 7.

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

Reclassifications

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

Recent Accounting Pronouncements

As required, in 2014 we adopted ASU 2013-08, Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements ("ASU 2013-08") which amends the scope, measurement, and disclosure requirements for investment companies. ASU 2013-08 (i) amends the criteria for an entity to qualify as an investment company, (ii) requires an investment company to measure noncontrolling ownership interests in other investment companies at fair value rather than using the equity method of accounting, and (iii) introduces new disclosures. The adoption of this guidance did not have a material impact on NBPE's financial results and consolidated financial statements.

Note 3 – Agreements, including related party transactions

Management and Administration

We pay the Investment Manager a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the net asset value of our private equity and opportunistic investments. For purposes of this computation, the net asset value is reduced by the net asset value of any investment for which the Investment Manager is separately compensated as investment manager. For the years ended 31 December 2014 and 2013, the management fee expenses were $9,855,959 and $7,637,004, respectively.

We also pay the Investment Manager for certain accounting and administrative services at the rate of 2.5 basis points per quarter (10 basis points per annum) applied to the net asset value of our private equity and opportunistic investments at the end of each calendar quarter, computed as described above. The amounts incurred by the Company for the years ended 31 December 2014 and 2013 for these services were $772,628 and $612,969, respectively.

We pay to Heritage International Fund Managers Limited ("Heritage"), an affiliate of the Trustee, a fee for providing certain administrative functions relating to certain corporate services and Guernsey regulatory matters affecting the Company. Fees for these services are paid as invoiced by Heritage. We paid Heritage $120,931 and $171,889 for the years ended 31 December 2014 and 2013, respectively, for such services.

For the years ended 31 December 2014 and 2013, we paid our independent directors a total of $195,000 and $195,000 respectively.

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

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 31 December 2014 and 2013, the noncontrolling interest of $758,287 and $659,703 represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation, respectively.

The following table reconciles the carrying amount of net assets, net assets attributable to the controlling interest and net assets attributable to the noncontrolling interest at 31 December 2014 and 2013.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2012	$ 576,559,250	$ 585,809	$ 577,145,059
Net increase (decrease) in net assets resulting from operations	68,542,014	73,894	68,615,908
Dividend Payment	(20,008,231)	-	(20,008,231)
Net assets balance, 31 December 2013	**$ 625,093,033**	**$ 659,703**	**$ 625,752,736**
Net increase (decrease) in net assets resulting from operations	91,675,272	98,584	91,773,856
Dividend Payment	(21,960,254)	-	(21,960,254)
Net assets balance, 31 December 2014	**$ 694,808,051**	**$ 758,287**	**$ 695,566,338**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5 percent of our consolidated net increase in net assets resulting from operations, adjusted by withdrawals, distributions, and capital contributions, for a fiscal year in the event that our internal rate of return for such period, based on our net asset value, exceeds 7.5 percent. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the calculations for future periods. Such loss amounts are reduced proportionately to give effect to the distributions to the general partner of the partnership subsidiary during the performance period. Carried interest is reduced by the amount of carried interest that we paid during the period on any investment for which the Investment Manager serves as investment manager. Carried interest is also accrued and paid on any economic gain that we realize on treasury stock transactions. (See note 10). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. As of 31 December 2014 and 2013, $6,810,616 and $5,277,976 carried interest was accrued, respectively.

Investments with the Investment Manager's Platform

The Company holds limited partner interests in private equity funds and funds of funds managed and sponsored by the Investment Manager. These investments will not result in any duplicative Neuberger Berman investment management fees and carry charged to NBPE. As of 31 December 2014 and 2013, the aggregate net asset value of these funds was approximately $213.2 million and $147.2 million, respectively, and associated unfunded commitments were $86.8 million and $143.5 million, respectively.

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

As of 31 December 2014, we have committed $125 million and funded $66.8 million to the NB Alternatives Direct Co-investment Program, committed $50 million and funded $46.3 million to the NB Healthcare Credit Investment Program, and committed $30 million and funded $7.6 million to NB Brand Licensing Program.

Note 4 – Fair Value of Financial Instruments

We categorize our investments and other financial instruments as follows based on inputs to valuation techniques.

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The following tables detail the Company's financial assets and liabilities that were accounted for at fair value as of 31 December 2014 and 2013 by level. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets (Liabilities) Accounted for at Fair Value			
As of 31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Private equity investments	$ 43,977,358	$ -	$ 796,635,541	$ 840,612,899
Forward foreign exchange contract	-	(2,216,985)	-	(2,216,985)
Totals	**$ 43,977,358**	**$ (2,216,985)**	**$ 796,635,541**	**$ 838,395,914**
As of 31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Private equity investments	$ 9,438,834	$ -	$ 628,294,015	$ 637,732,849
Forward foreign exchange contract	-	264,502	-	264,502
Totals	**$ 9,438,834**	**$ 264,502**	**$ 628,294,015**	**$ 637,997,351**

The Company has assessed its positions and concluded that all of its private equity investments are classified as level 3 with the exception of five publicly traded co-investments classified as level 1 as of 31 December 2014 and two publicly traded co-investments classified as level 1 as of 31 December 2013.

Three co-investments were transferred from Level 3 to Level 1 during 2014 as a result of the completion of an initial public offering in 2014 and the resulting availability of quoted prices in active markets for those securities. Two co-investments were transferred from Level 3 to Level 1 during 2013 as a result of the completion of an initial public offering in 2013 and the resulting availability of quoted prices in active markets for those securities. The Company accounts for transfers at the end of the reporting period in which such transfers occur.

The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2014.

(dollars in thousands)	For the Year Ended 31 December 2014							
	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Diversified	Secondary Purchases	Direct Income	Private Equity Investments
Balance, 31 December 2013	$ 92,363	$ 184,421	$ 88,223	$ 38,229	$ 27,302	$ 12,570	$ 185,186	$ 628,294
Purchases of investments and/or contributions to investments	12,599	61,196	16,939	6,064	907	268	185,970	283,943
Realized gain (loss) on investments	(3,019)	12,311	10,656	2,670	3,107	2,505	28,425	56,655
Changes in unrealized appreciation (depreciation) of investments still held at the reporting date	7,681	34,493	911	1,783	284	(1,540)	11,114	54,726
Changes in unrealized appreciation (depreciation) of investments sold during the period	-	(4,760)	-	-	-	-	(446)	(5,206)
Distributions from investments	(10,607)	(49,648)	(29,679)	(7,474)	(8,096)	(8,311)	(81,007)	(194,822)
Transfers in and/or (out) of level 3	(19,950)	(7,004)	-	-	-	-	-	(26,954)
Balance, 31 December 2014	**$ 79,067**	**$ 231,009**	**$ 87,050**	**$ 41,272**	**$ 23,504**	**$ 5,492**	**$ 329,242**	**$ 796,636**
Balance, 31 December 2014 through fund investments	$ 24,028	$ 73,785	$ 68,806	$ 32,219	$ 23,505	$ 5,491	$ -	$ 227,834

The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2013.

(dollars in thousands)	For the Year Ended 31 December 2013							
	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Diversified	Secondary Purchases	Direct Income	Private Equity Investments
Balance, 31 December 2012	$ 91,154	$ 177,771	$ 131,936	$ 32,093	$ 30,740	$ 14,311	$ 82,954	$ 560,959
Purchases of investments and/or contributions to investments	10,546	19,352	3,032	7,870	1,103	545	121,535	163,983
Realized gain (loss) on investments	4,698	13,097	20,089	(134)	3,752	2,617	17,696	61,815
Changes in unrealized appreciation (depreciation) of investments still held at the reporting date	5,434	15,895	(1,076)	1,243	1,435	343	2,817	26,091
Changes in unrealized appreciation (depreciation) of investments sold during the period	-	1,930	-	-	-	-	203	2,133
Distributions from investments	(16,024)	(39,594)	(65,758)	(2,843)	(9,728)	(5,246)	(40,019)	(179,212)
Transfers in and/or (out) of level 3	(3,445)	(4,030)	-	-	-	-	-	(7,475)
Balance, 31 December 2013	**$ 92,363**	**$ 184,421**	**$ 88,223**	**$ 38,229**	**$ 27,302**	**$ 12,570**	**$ 185,186**	**$ 628,294**
Balance, 31 December 2013 through fund investments	$ 37,589	$ 92,641	$ 86,686	$ 34,932	$ 27,302	$ 12,570	$ -	$ 291,720

The following table summarizes the valuation methodologies and inputs used for private equity investments categorized in level 3 as of 31 December 2014.

(dollars in thousands) Private Equity Investment	Fair Value 31 December 2014	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Fund investments	$ 227,834	See note 2	Net Asset Value	N/A	Increase
Direct co-investments - equity					
Large-cap Buyout	55,038	See note 2	Net Asset Value[4]	N/A	Increase
Mid-cap Buyout	157,222	Market Comparable Companies	LTM EBITDA	3.5x-15.8x (10.3x)	Increase
		Market Comparable Companies	FWD EBITDA	4.6x	Increase
		Market Comparable Companies	$ per BOE	$16.7	Increase
		Market Comparable Companies	$ per Acre	$2,863.0 - $13,307.0 ($5,110.0)	Increase
		Discounted Cash Flow	Discount Rate	10.0%-18.0% (14.4%)	Decrease
		See note 2	Net Asset Value[4]	N/A	Increase
		Other	Expected Sales Proceeds	1x	Increase
		Other	Book Value	1.3x	Increase
Special Situations	18,245	Market Comparable Companies	LTM EBITDA	5.1x-7.0x (5.8x)	Increase
		See note 2	Net Asset Value[4]	N/A	Increase
Growth/ Venture	9,055	Market Comparable Companies	LTM Revenue	1.9x-13.5x (9.5x)	Increase
		Market Comparable Companies	LTM EBITDA	10.0x	Increase
		Other	Most Recent Financing	Series B	Increase
Direct income investments	329,242	Market Comparable Companies	LTM EBITDA	4.7x-11.1x (8.6x)	Increase
		Discounted Cash Flow	Discount Rate	9.3%-35.0% (12.9%)	Decrease
		Bloomberg Jump-Diffusion Model	Credit Spread	1,100bps - 1,800bps (1,521bps)	Decrease
		Bloomberg Jump-Diffusion Model	Average Volatility	40.0%-55.0% (40.6%)	Increase
		Bloomberg Jump-Diffusion Model	Borrow cost	2.0%-5.0% (4.6%)	Decrease
		Option Pricing Model	LTM EBITDA Multiple	9.1x-11.1x (10.1x)	Increase
		Option Pricing Model	NTM EBITDA Multiple	9.0x-10.9x(10.0x)	Increase
		Option Pricing Model	Disount for Lack of Control	20.80%	Decrease
		Option Pricing Model	Average Volatility	56%	Increase
		See note 2	Net Asset Value[4]	N/A	Increase
		Other	Book Value	0.8x	Increase
Total	$ 796,636				

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

(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.

4) The Company utilizes the same valuation methodology as it does for fund investments as these investments are held by investment companies.

The following table summarizes the valuation methodologies and inputs used for private equity investments categorized in level 3 as of 31 December 2013.

(dollars in thousands) Private Equity Investment	Fair Value 31 Dec. 2013	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average) [2]	Impact to Valuation from an Increase in Input [3]
Fund investments	$ 291,720	See note 2	Net Asset Value	N/A	Increase
Direct co-investments - equity					
Large-cap Buyout	54,773	Market Comparable Companies	LTM EBITDA	7.2x-12.6x (10.0x)	Increase
Mid-cap Buyout	91,778	Market Comparable Companies	LTM EBITDA	4.5x-17.5x (11.0x)	Increase
		Market Comparable Companies	Book Value	1.0x-1.1x (1.1x)	Increase
		Market Comparable Companies	$/kW	$487	Increase
		Market Comparable Companies	$ per Acre	$1,928	Increase
		Market Comparable Companies	$ per BOE	$28	Increase
		Discounted Cash Flow	Discount Rate	10%	Decrease
		Other	Book Value	1.0x-1.2 (1.2x)	Increase
Special Situations	1,538	Market Comparable Companies	LTM EBITDA	3.8x	Increase
Growth/ Venture	3,299	Market Comparable Companies	LTM Revenue	2.1x	Increase
		Market Comparable Companies	LTM EBITDA	7.8x	Increase
Direct income investments	185,186	Market Comparable Companies	LTM EBITDA	3.2x-17.5x (9.6x)	Increase
		Discounted Cash Flow	Discount Rate	8%-24.7% (12.4%)	Decrease
		Black Scholes Model	Risk Free Rate	2.1%-2.7% (2.3%)	Increase
		Black Scholes Model	Average Volatility	53.9%-66% (57.4%)	Increase
		Black Scholes Model	Liquidity Discount	0%-25% (19.2%)	Decrease
		Market Approach	Discount Rate	10%-12% (11.0%)	Decrease
		Probability-adjusted valuation	Probability	95%	Increase
		Recent Transaction Price	Premium (Discount)	0%	Increase
		Other	Book Value	1.0x	Increase
Total	$ 628,294				

(1) LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortization.
(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 2013, there have been no changes in valuation methodologies within level 2 and level 3 that have had a material impact on the valuation of financial instruments.

Generally, our private equity investments have a defined term and no right to withdraw. In the case of fund investments, fund lives are typically ten years; however, a series of extensions often mean the lives can extend significantly beyond this. It should be noted that the life of a fund is based on the time it takes the General Partner to exit the final position in that fund, but the bulk of realizations typically occur considerably before the final exit, with only a small tail existing beyond the standard life of ten years. In the case of equity co-investments and direct income investments NB Alternatives 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 realization, we expect the majority of NBPE's invested capital in the current portfolio to be returned in much shorter timeframes.

Our special situations investments include hedge funds valued at approximately $1.9 million and $2.4 million at 31 December 2014 and 2013 respectively. As of 31 December 2013, these hedge funds are fully redeemed except for the illiquid assets in the funds.

Note 5 – Credit Facility

On 12 December 2012, a subsidiary of the Company amended an agreement with Lloyds Banking Group (Bank of Scotland) to provide for a revised senior secured revolving credit facility (the "2012 Facility") of up to $200 million that expires in April 2017. At 31 December 2014 and 2013, $90 million and zero were outstanding, respectively. Substantially all assets are pledged pursuant to the following:

- a security interest in the Company's interest in substantially all eligible funds or co-investments
- an undertaking to dispose of the Company's assets in the event of continued default
- a security interest in the Company's bank accounts
- a pledge over the share capital of any current or future subsidiary of the Company, provided such an arrangement would not violate the terms of the investment
- an assignment by the Company over future cash flows of its private equity investments
- a negative pledge by the Company in respect of the general partnership interests held
- an assignment of the Company's rights under any key transactional documents entered into by the Company

Under the 2012 Facility, the Company is required to meet certain portfolio diversification tests, a minimum fund/co-investment threshold, maximum exposure limitations, a maximum debt to value ratio, a maximum debt to secured assets ratio and a maximum over-commitment test. In addition, the 2012 Facility limits the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers, repurchase of shares, liens or other matters customarily restricted in such agreements. The zero dividend preference shares (note 6) and the forward foreign exchange contract (note 7) are compliant with the credit facility agreements. At 31 December 2014 and 2013, the Company met all requirements under the 2012 Facility.

Under the 2012 Facility, all borrowings bear interest tiered based on loan value. For a loan value less than or equal to $65 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 2.80% per annum. For a loan value in excess of $65 million and less than or equal to $150 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 3.30% per annum. For a loan value greater than $150 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 3.65% per annum.

In addition, under the 2012 Facility, we are required to pay a commitment fee calculated as 80 basis points per annum on the daily balance of the unused facility amount.

For the year ended 31 December 2014 , we incurred and expensed $1,382,550 interest and $1,269,222 for commitment fees. For the year ended 31 December 2013, we incurred and expensed $28,925 interest and $1,574,444 for commitment fees. As of 31 December 2014 and 2013, unamortized capitalized debt issuance costs (included in other assets) were $1,259,822 and $1,800,168 respectively. For the years ended 31 December 2014 and 2013, capitalized amounts are being amortized on a straight-line basis over the term of the 2012 Facility. Such amortization amounted to $540,346 and $540,346 for the years ended 31 December 2014 and 2013, respectively.

An active market for debt that is similar to that of the 2012 Facility does not exist. Management estimates the fair value of the 2012 Facility based on comparison to debt instruments with comparable characteristics and considers that, based on the balance outstanding, the 2012 facility had a fair value of $90 million at 31 December 2014 and zero at 31 December 2013.

Note 6 – Zero Dividend Preference Shares

On 30 November 2009 the Company issued 30,000,000 zero dividend preference shares ("ZDP Shares"). On 16 April 2010 the Company issued additional 2,999,999 ZDP Shares. The additional ZDP Shares rank pari passu with the first ZDP Shares. The holders of the ZDP Shares are entitled to a redemption amount of 100.0 pence per ZDP Share as increased daily at such a daily compound rate as would give a final entitlement of 169.73 pence on 31 May 2017, resulting in an effective interest rate of 7.3% annually. The ZDP shares rank prior to the class A and B shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and their entire return takes the form of capital.

The following table reconciles the liability for ZDP shares for the year ended 31 December 2014 and 2013.

Zero dividend preference shares	Pounds Sterling	U.S. Dollars
Liability, 31 December 2012	£ 41,105,036	$ 66,783,351
Accrued interest	2,996,667	4,802,409
Unamortized premium	(13,715)	(23,879)
Currency conversion	-	1,434,600
Liability, 31 December 2013	£ 44,087,988	$ 72,996,481
Accrued interest	3,215,557	5,295,027
Premium amortization	(16,045)	(24,405)
Currency conversion	-	(4,607,364)
Liability, 31 December 2014	£ 47,287,500	$ 73,659,739

Capitalized offering costs are being amortized using the effective interest rate method. The unamortized balance at 31 December 2014 and 2013 is $665,268 and $938,380, respectively.

Note 7 – Forward Foreign Exchange Contract

The Company entered into a forward foreign exchange contract to economically hedge, in part, the currency risk associated with the pounds sterling contractual liability for the ZDP shares.

The contract provides that we will purchase £40,000,000 on 17 May 2017 for $64,820,000 from the Lloyds Banking Group (Bank of Scotland). The contract further provides that the security interests granted to the bank under the credit facility as described in note 5 also apply to any amounts we may owe the bank pursuant to this contract. As of 31 December 2014, the fair value of the forward foreign exchange contract was a liability of $2,216,985 included in accrued expenses and other liabilities in the Consolidated Balance Sheets. As of 31 December 2013, the fair value of the forward foreign exchange contract was an asset of $264,502 included in other assets in the Consolidated Balance Sheets. The change in unrealized gain/(loss) on the Forward Foreign Exchange Contract for the years ended 31 December 2014 and 2013 is $(2,481,487) and $420,616, respectively. Actual trade prices or firm bids may vary significantly from the valuation because of factors including hedging and transaction costs, credit considerations, bid-ask spreads, position size and market liquidity.

Note 8 – Income Taxes

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

	31 December 2014	31 December 2013
Current tax expense	$ 405,078	$ 3,854,891
Deferred tax expense (benefit)	(168,022)	2,689,686
Total tax expense (benefit)	$ 237,056	$ 6,544,577

	31 December 2014	31 December 2013
Gross deferred tax assets	$ 3,219,846	$ 731,727
Valuation allowance	(1,216,533)	(564,010)
Net deferred tax assets	2,003,313	167,717
Gross deferred tax liabilities	6,317,000	4,649,427
Net deferred tax liabilities	**$ 4,313,687**	**$ 4,481,710**

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

The Company has no gross unrecognized tax benefits. The Company has been audited by the IRS for the tax year ended 30 November 2007; the audit resulted in no change to the tax the Company reported. The years subsequent to 2010 remain subject to examination.

Note 9 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the years ended 31 December 2014 and 2013 are as follows:

	For the Years Ended 31 December	
	2014	2013
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 91,675,272	$ 68,542,014
Divided by weighted average shares outstanding for Class A and Class B shares of the controlling interest	48,800,564	48,800,564
Earnings (loss) per share for Class A and Class B shares of the controlling interest	**$ 1.88**	**$ 1.40**

Note 10 – Treasury Stock

The Company continues to maintain a liquidity enhancement policy that is intended to enhance and strengthen the liquidity in the trading of the Company's class A ordinary shares. The Company's Liquidity Enhancement Agreement with ABN AMRO Bank N.V. London Branch, which had been in force since 21 July 2008 (and which was subsequently renewed with The Royal Bank of Scotland N.V. on 29 June 2010), expired on 28 June 2011. Under the terms of Share Buy Back Programme (described below), the Liquidity Enhancement Agreement was suspended from 21 October 2010 to 28 June 2011.

On 22 October 2010, we launched a new Share Buy-Back Programme in order to begin implementing the Capital Return Policy. The Share Buy-Back Programme, which commenced in October 2010, is the subject of periodic review by the Board. The Board of Directors has approved an extension of the Share Buyback Program through 31 May 2015; the documentation for such extension is currently in progress. Under the terms of the Share Buy-back Programme, Jefferies International Limited has been appointed to effect on-market repurchases of Shares on behalf of NBPE on Euronext Amsterdam and/or the Specialist Fund Market of the London Stock Exchange. Shares bought back under the Share Buy-Back Programme will be cancelled.

The aggregate number of class A ordinary shares which may be repurchased pursuant to the Share Buy-back Agreement is limited to 6,776,250 shares (being 12.5 per cent of the total number of class A ordinary shares outstanding as of 21 October 2010, the day before the Share Buy-back Programme commenced). The Company may increase such maximum, subject to any limits to the authority granted to the Company by its shareholders to effect share repurchases. The Company currently has shareholder authority to repurchase shares in the market, the aggregate value of which may be up to 14.99 percent of its net asset value on 1 January in the relevant year in which the buyback is made. The maximum price which may be paid for a class A ordinary 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 ordinary shares on the relevant exchange (being the Specialist Fund Market of the London Stock Exchange or the regulated market of Euronext Amsterdam N.V.).

The following table summarizes the Company's shares at 31 December 2014 and 2013.

	31 December 2014	31 December 2013
Class A shares outstanding	48,790,564	48,790,564
Class B shares outstanding	10,000	10,000
	48,800,564	48,800,564
Class A shares held in treasury - number of shares	3,150,408	3,150,408
Class A shares held in treasury - cost	$ 9,248,460	$ 9,248,460
Class A shares repurchased and cancelled - number of shares	2,269,028	2,269,028
Class A shares repurchased and cancelled - cost	$ 16,523,000	$ 16,523,000

Note 11 – Financial Highlights

The following ratios with respect to the Class A shares have been computed for the years ended 31 December 2014 and 2013:

Per share operating performance (based on average shares outstanding during the year)		**2014**		**2013**
Beginning net asset value	$	12.81	$	11.81
Net increase in net assets resulting from operations:				
Net investment income (loss)		(0.07)		(0.14)
Net realized and unrealized gain (loss)		1.95		1.55
Dividend payment		(0.45)		(0.41)
Ending net asset value	**$**	**14.24**	**$**	**12.81**

Total return (based on change in net asset value per share)	**2014**	**2013**
Total return before carried interest	15.77%	12.87%
Carried interest	(1.09%)	(0.93%)
Total return after carried interest	**14.68%**	**11.94%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	**2014**	**2013**
Net investment income (loss)	(0.51%)	(1.23%)
Expense ratios:		
Expenses before interest and carried interest	2.31%	2.22%
Interest expense	1.02%	0.83%
Carried interest	1.04%	0.92%
Expense ratios total	**4.37%**	**3.97%**

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

Note 12 – Commitments and Contingencies

In the normal course of business, the Company enters into a variety of undertakings containing a variety of warranties and indemnifications that may expose the Company to some risk of loss. The amount of future loss, arising from such undertakings, while not quantifiable, is not expected to be significant.

Note 13 – Subsequent Events

On 4 February 2015, the Board of Directors of the Company declared a dividend payment of $0.23 on each ordinary share which was paid on 27 February 2015 with a dividend record date of 13 February 2015.

There have been no other subsequent events through 10 March 2015, the date the consolidated financial statements were issued, that requires recognition or disclosure in the consolidated financial statements.