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NB Private Equity Partners Limited

2015 Annual Financial Report and Consolidated Financial Statements

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LETTER FROM THE CHAIRMAN

"NBPE received over $300 million of distributions during 2015, which was the largest amount in the Company's history."

Dear Shareholder,

I am pleased to present the 2015 Annual Financial Report and Consolidated Financial Statements of NB Private Equity Partners Limited ("NBPE" or the "Company"). NBPE invests in private equity backed companies. The Company benefits from the significant resources of its manager, NB Alternatives Advisers LLC ("Investment Manager" or the "Manager"), by allowing the Company to pursue investments across a private company's capital structure, based on the most attractive risk / reward profile and available opportunity set. In addition to the sourcing and due diligence advantages offered by the Neuberger Berman platform, investing directly into companies in this manner also brings the advantage of a structure with a single layer of fees on direct investments. NBPE thereby offers a high quality private equity and debt investment portfolio, with a lower total fee level than is typically available through other listed funds, fund of funds or private limited partnerships ("LP") fund structures.

I am pleased to outline the accomplishments of the Company during 2015. First, NBPE received over $300 million of distributions during 2015, which was the largest amount received in the Company's history. Second, new investment activity continued at a strong pace, with over $225 million of new investments during the year. Third, the Company paid $0.48 per share in dividends during the year and also implemented a sterling dividend currency election ("Currency Election") and a dividend re-investment plan ("DRIP"), as a means to further increase shareholder value. The Company's income investment portfolio continued to generate run rate cash income at year end which fully covered the dividend payment. Lastly, even during volatile markets, particularly in the latter part of the year, the Company managed to produce net asset value per share ("NAV" or "Net Asset Value") growth of 4.9%. I am pleased to report on these accomplishments in more detail.

2015 was a record year for distributions. During 2015, NBPE received over $300 million of distributions, representing approximately 37% of the portfolio value at the beginning of the year. This distribution activity was driven by $171 million of distributions from the income investment portfolio, driven by the full exit of nine debt positions during the year, of which $8.9 million and $113.6 million were received in interest and principal, respectively. These investments had an average holding period of two years. This underscores the Manager's approach to NBPE's income investment portfolio: investing in good credits in established and stable private equity backed companies, where there is a clear path to exit and strong private equity sponsorship. In addition, eight direct equity investments were fully realised, generating a 1.9x gross multiple of invested capital.

NBPE invested over $225 million into new investments, driven by approximately $136 million and $79 million invested in new direct income and direct equity investments, respectively. While new investment activity favoured income investments over direct equity investments nearly 2 to 1, this was partly a result of strong realisations in the income portfolio. The Company maintains a long-term average allocation target of 60% and 40% to direct equity investments and income investments, respectively, depending on the available set of investment opportunities.

During 2015, NBPE paid $0.48 per Share in dividends which represents a 6.6% increase over the amounts paid during 2014. Importantly, NBPE's dividends are paid from income, not capital, and the income investment portfolio continues to generate strong cash yields to support the dividend.

NBPE also implemented two new programs with respect to the dividend during 2015: a Currency Election for United Kingdom shareholders and a DRIP, for shareholders who prefer to focus on capital gains rather than income. The directors believe these options are a further example of actions by the Company to

LETTER FROM THE CHAIRMAN (CONT.)

enhance shareholder value over time.

During 2015 NBPE's NAV increased by 4.9% on a total return basis, including dividends paid. The directors believe, especially in light of financial and economic conditions in the latter half of the year, that this represents good performance and the directors believe the portfolio remains strong and well positioned for the future. The directors continue to remain focused on the discount to NAV, particularly given the widening of the discount towards the end of the year.

The directors believe the current share price does not reflect the true value of the Company's assets and remain committed to the strategy outlined above and to find new ways to narrow the discount over time.

As shareholders know, the Company's credit facility expires in April 2017 and the Zero Dividend Preference Shares ("ZDPs" or "ZDP Shares") mature in May 2017. The directors are actively engaged in evaluating refinancing options for both and believe the Company's capital structure is well-positioned for future needs.

Lastly, the directors would like to thank John Hallam, who resigned as Audit Committee Chairman in 2015 after eight years of service to the Company. The board welcomes John Falla as the new chairman of the Audit Committee.

The directors and I thank you for your continued support.

Talmai Morgan

Chairman

Guernsey, 14 March 2016

COMPANY OVERVIEW

COMPANY OVERVIEW & KEY FINANCIAL STATISTICS

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

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

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

- 29 years of private equity investing experience
- Investment Committee with approximately 230 years of professional experience
- Approximately 100 investment professionals; 150 administrative & finance professionals
- Offices in New York, London, Boston, Dallas, Hong Kong, Milan and Bogotá

Key Statistics	At 31 December 2015	At 31 December 2014
Net Asset Value of the Class A Shares	$700.3m	$694.8m
Direct Equity Investments	$350.5m	$311.4m
Income Investments	$283.0m	$301.3m
Fund Investments	$180.1m	$227.8m
Total Private Equity Fair Value	$813.6m	$840.6m
Private Equity Investment Level	116%	121%
Cash and Cash Equivalents	$26.1m	$25.6m
Credit Facility Borrowings Drawn	($52.5m)	($90.0m)
ZDP Share Liability (Dollar equivalent liability)	($74.7m)	($73.7m)
Net Other Liabilities	($12.1m)	($7.7m)
NAV per Ordinary Share	**$14.35**	**$14.24**
NAV per Ordinary Share including Cumulative Dividends	**$15.69**	**$15.10**
ZDP Shares	£50.7m	£47.2m
Net Asset Value per ZDP Share	153.6p	143.14p
Dividends per Share:		
Dividends paid this period	$0.48	$0.45
Cumulative dividends since inception	$1.34	$0.86

Note: Numbers may not sum due to rounding.

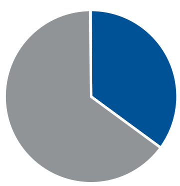
KEY PERFORMANCE HIGHLIGHTS DURING 2015

Performance

4.9% NAV per Share total return[1]

(7.0%) Share price return

(2.8%) Share price total return[1]



Portfolio at 31 December 2015

65% of fair value in equity investments[2]

35% of fair value in income investments

Cash Flows during 2015

$308.0 million of distributions from investments

$225.8 million funded to investments

$23.4 million of dividends paid

$214.9[3]
Million Invested

New Direct Investment Activity during 2015

15 Direct equity investments[4]

17 Income investments

1. *Assumes re-investment of dividends at the closing share price on the ex-dividend date. Total return figures reflect cumulative returns over the period shown.*
2. *Includes fund investments, including some which have a credit orientation.*
3. *Includes follow-on investments. Net of returns of capital.*
4. *Includes one follow-on investment.*

COMPANY DIVIDEND POLICY

Semi-annual dividends

NBPE paid its first semi-annual dividend of $0.23 per Share on 27 February 2015 and second semi-annual dividend of $0.25 on 27 August 2015.

Since inception, NBPE has paid cumulative dividends of $1.34 per Share.

Income Investments

As of 31 December 2015, on a run rate basis, the income investment portfolio generated annual cash income of $25.4 million or approximately $0.52 per Share. This corresponds to approximately 104% dividend coverage from the cash yield on the Company's income portfolio, based on the annualized August 2015 dividend.

Share Buy Back Programme[1]

NBPE launched a Share Buy Back Programme in 2010 whereby NBPE retains the ability to repurchase Class A Shares. Class A Shares bought back under this Share Buy Back Programme will be cancelled. There were no share repurchases during 2015.

The board of directors has approved an extension of the Share Buy Back Programme until 31 May 2016. The documentation for such extension is currently in progress.

$0.48
Total dividends paid in 2015

$1.34
Cumulative dividends since inception

4.7%
Annualized dividend yield on share price[2]

3.5%
Annualized dividend yield on NAV at 31 December 2015

1. *Prior to the launch of the Share Buy Back Programme, the Company maintained a Liquidity Enhancement Agreement, which expired in 2011. Class A Shares bought back under this agreement are held as Treasury Shares.*
2. *Based on the Euronext closing share price of $10.60 on 30 December 2015.*

PORTFOLIO HIGHLIGHTS DURING 2015

NBPE leverages the full resources of the Manager's integrated private equity platform for superior deal flow, due diligence and execution capabilities for investing across the capital structure of private equity backed companies.

Direct investments in private equity backed companies

- Direct investment exposure of 91% of NAV at 31 December 2015
- During 2015:
  - 32 direct investments completed
  - $79.3 million of new and follow-on direct equity investments
  - $135.6 million of new and follow-on income investments
  - $11.0 million of capital calls from fund investments
- $150 million committed to the new NB Alternatives Co-investment Program to continue the direct investment strategy
- 40% of Net Asset Value in income investments with a total estimated yield to maturity of 10.4% and a cash yield of 10.0%
- Income investments producing run-rate cash income of $25.4 million, covering 104% of the August 2015 annualized dividend

Significant liquidity from investments during 2015

- Distributions of $81.3 million from direct equity investments and $171.3 million from income investments, including:
  - $81.3 million from direct equity investments as a result of sales, re-capitalisations and secondary sales of public shares
  - $137.5 million of realisation proceeds from the income investments portfolio including principal and pre-payment premiums
  - $33.8 million of interest received from income investments
- Total distributions of $55.5 million from fund investments during 2015

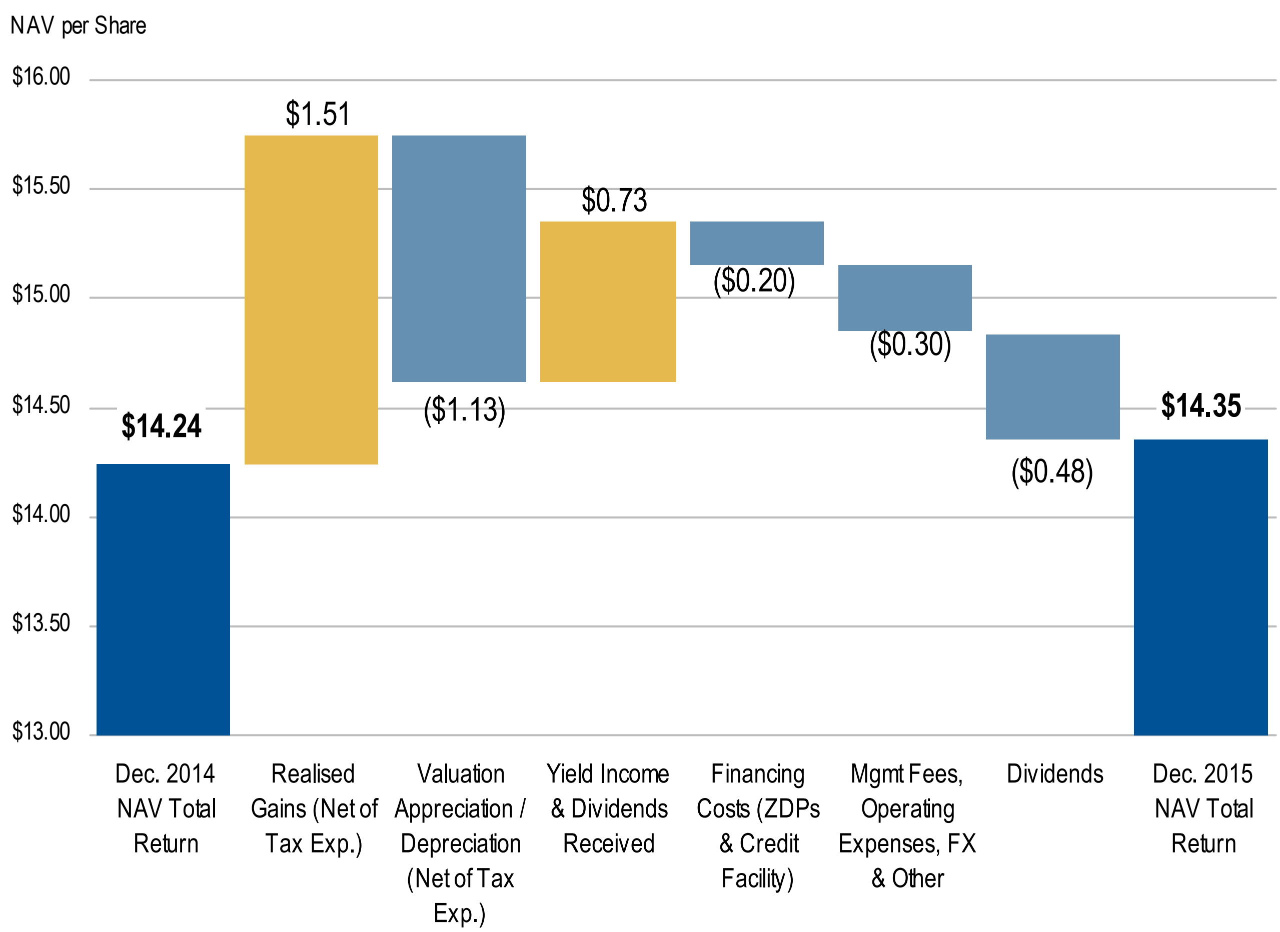
Note: Numbers may not sum due to rounding.

NAV RESULTS

During 2015, including the Company's semi-annual dividends, the NAV per Share total return was 4.9%[1]. Excluding the receipt of the dividend payment, NBPE's NAV per Share increased 0.8%, driven by realised gains, yield income and dividends in the underlying investment portfolio and offset by financing costs, including ZDP Shares and credit facility expenses, as well as management fees, operating and other expenses and foreign exchange. Excluding investment cash flows, NBPE's private equity fair value appreciated by $55.3 million, net of underlying fees and expenses.

Key changes to NBPE's NAV per Share:

- $73.5 million of realised gains, or $1.51 per Share, net of tax expense
- $55.2 million of unrealised losses, or ($1.13) per Share, net of tax expense
- $35.4 million of yield income and dividends, or $0.73 per Share
- $9.8 million of financing costs, or ($0.20) per Share
- $14.8 million of management fees, operating expenses and other expenses, or ($0.30) per Share
- $23.4 million of dividends paid, or $0.48 per Share

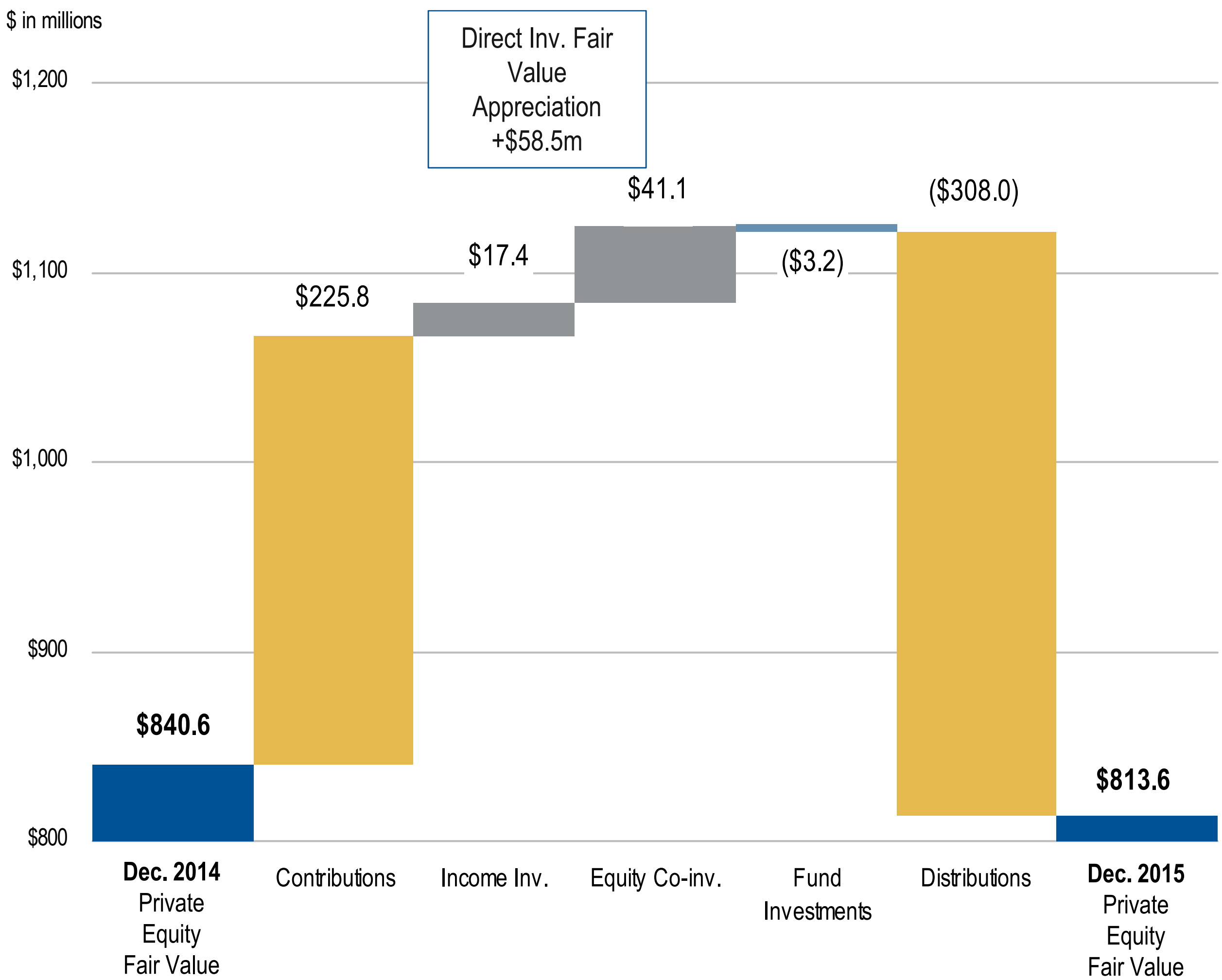


Note: Numbers may not sum due to rounding.
1. Assumes re-investment of dividends at the closing share price on the ex-dividend date. Total return figures reflect cumulative returns over the period shown.

PERFORMANCE OVERVIEW

During 2015, private equity fair value appreciated by $55.3 million, largely driven by direct investments which appreciated while funds depreciated in value. Legacy fund investments continue to run off and generate liquidity, distributing $55.5 million to NBPE during 2015. NBPE also received $171.3 million of distributions consisting of cash interest, principal repayment and refinancing proceeds from income investments. During 2015, NBPE's gross portfolio Internal Rate of Return ("IRR") was 7.9%, driven by[1]:

- 15.7% gross portfolio IRR from direct equity investments
- 6.1% gross portfolio IRR from income investments
- (1.5%) gross portfolio IRR from fund investments



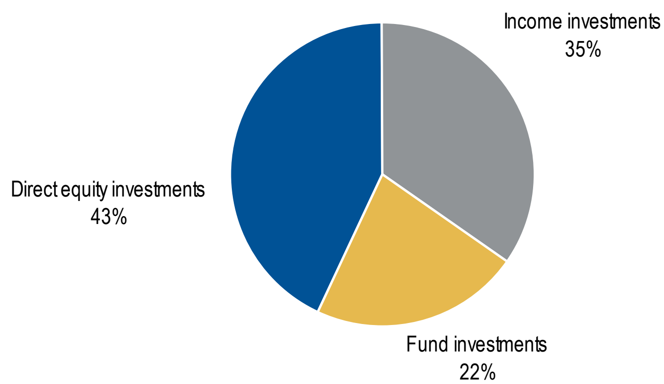
Note: Income investment appreciation includes both fair value appreciation as a result of accrued cash interest as well as accrued non-cash (PIK) yield. The Company's investment performance related to the commitment to NB Crossroads Fund XVIII is presented within each respective fund asset class. Numbers may not sum due to rounding.
1. Returns represent the internal rate of return during 2015 and include only investment level cash flows. Returns are before NBPE expenses, but net of underlying fees and expenses.

PORTFOLIO OVERVIEW

NBPE's portfolio is comprised of direct equity investments, income investments and fund investments. Direct investments represent approximately 78% of private equity fair value. NBPE's fund portfolio consists of 35 fund investments, most of which are past their investment periods, giving the portfolio exposure to mature underlying companies and securities. These fund investments are expected to continue to liquidate in the coming years and will be replaced with new direct investment exposure over time.

	Investments	Private Equity Fair Value	Adjusted Unfunded Commitments[1]	Adjusted Total Exposure[1]
Direct equity investments	75	$350.5m	$54.9m	$405.4m
Income investments	42	$283.0m	$14.8m	$297.8m
Fund investments	35	$180.1m	$4.3m	$184.4m
Total Private Equity Investments	**152**	**$813.6m**	**$74.1m**	**$887.7m**

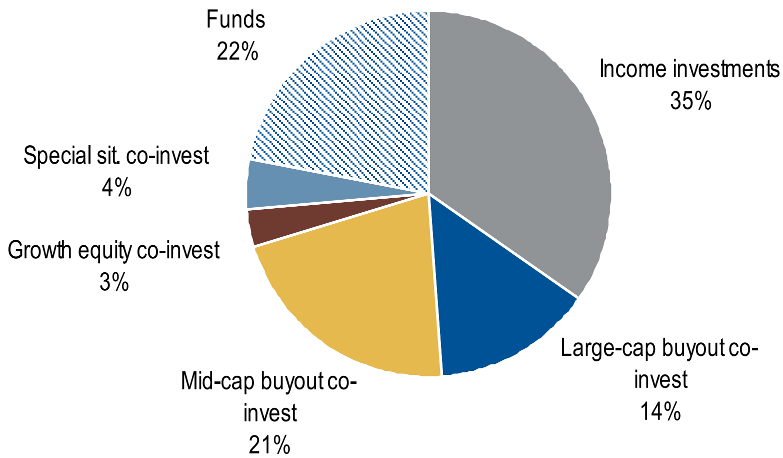
Portfolio Diversification by Fair Value



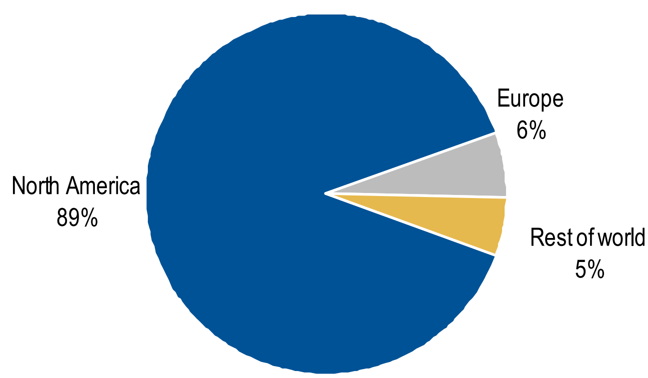
Note: Numbers may not sum due to rounding.

1. Please refer to page 31 for more information on unfunded commitments to funds past their investment period. Actual unfunded commitments and total exposure is $263.5 million and $1.1 billion, respectively. Actual unfunded commitments is comprised of $218.3 million, $5.6 million and $39.5 million to direct equity investments, income investments and fund investments, respectively. Actual total exposure is $568.8 million, $288.6 million and $219.6 million to direct equity investments, income investments and fund investments, respectively.

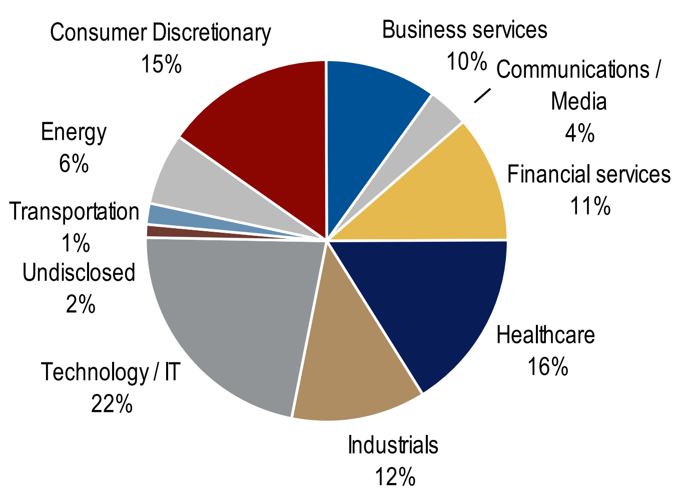
DIVERSIFICATION ANALYSIS



NBPE invests directly into private equity backed companies, pursuing the securities the Manager believes have the most attractive risk / return. Currently the portfolio is weighted to equity investments, and 35% of the portfolio is income investments. Fund investments represent 22% of private equity fair value and the fund portfolio will continue to become a smaller portion of NBPE's private equity fair value as capital is re-deployed into direct investments over time.



NBPE's portfolio is tactically over allocated to North America. The Manager believes the overall health in this market relative to other geographies has offered the most attractive investment opportunities. The Manager is constantly monitoring and re-evaluating markets globally and may adjust this strategy over time. Approximately 6% of NBPE's portfolio is invested in Europe and 5% 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 general partners with strong business characteristics in favoured sectors that the Manager believes can grow faster than gross domestic product.

Note: Numbers may not sum due to rounding.

TOP TEN LARGEST COMPANY EXPOSURES

Investment / Description	Status	Year of investment	Investment type / Asset class	Equity sponsor	NBPE fair value
Ortholite Insoles and related shoe components	Private	2014	Direct equity investment & income investment	Blue Point Capital Partners	$21.3 million
Sabre Holdings Technology solutions for global travel	Public	2007	Direct equity investment Large-cap buyout	TPG / Silver Lake	$21.3 million
Heartland Dental Dental administrative services	Private	2012	Income investment 2nd lien debt	Ontario Teachers	$20.9 million
ConvergeOne Provider of communication solutions	Private	2014	Income investment 2nd lien debt	Clearlake Capital	$19.8 million
Oil & Gas Company* E&P company focused in the United States	Private	2014	Direct equity investment Mid-cap buyout	Not disclosed	$18.3 million
K&N Engineering Manufacturer of air intake systems	Private	2014	Income investment 2nd lien debt	Gryphon Partners	$18.1 million
Deltek Enterprise software and solutions	Private	2012 / 2015	Direct equity investment & Income investment	Thoma Bravo	$18.1 million
Patheon Manufacturing services for prescription drugs	Private	2014	Direct equity investment Mid-cap buyout	JLL Partners	$16.6 million
Digital River Digital eCommerce and payments	Private	2015	Direct equity investment & Income investment	Siris Capital	$14.6 million
The Warranty Group Underwriter & administrator of extended warranties	Private	2014	Direct equity investment Large-cap buyout	TPG	$14.6 million

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

DIRECT EQUITY INVESTMENTS: KEY PORTFOLIO STATS

Portfolio Overview

75 Investments & **$350.5** million of fair value

Primarily buyout investments, diversified across industry vintage and sponsor

Unique investment angles & multiple value creation levers:

- Strong sponsors & highly capable management teams
- Industry growth or secular trends & growth of new markets or product offerings
- Operational enhancement opportunities
- Clear exit paths and / or shorter paths to liquidity

Valuation & Operating Metrics[1]

10.3x LTM EBITDA Valuation Multiple

4.7x LTM EBITDA Leverage Multiple

3% LTM Revenue Growth

15% LTM EBITDA Growth

Strong Performance

$81 million of distributions from direct equity investments during 2015

8 investments generated **$41** million of exit proceeds and a **1.9x** multiple of capital and **25%** IRR in aggregate

1. Represents traditional buyout investments only and excludes public securities and companies valued on revenue, book value or other valuation metrics. The metrics are based on companies which represent approximately 55% of equity investment fair value.

NEW INVESTMENTS DURING 2015

$79 million invested in **14** new direct equity investments and **1** follow-on investment during 2015

ALEX AND ANI	• A leading affordable jewelry and lifestyle brand with products sold through retail, wholesale and e-commerce channels
centro	• Provider of digital advertising management solutions
Connector Company*	• Producer of embedded solid-state connectors and solutions that transfer large amounts of data
Consilio	• eDiscovery service provider that serves corporations and law firms with an end-to-end eDiscovery services platform
CSC ServiceWorks	• Leading provider of outsourced services to the laundry and air vending markets
Digital River	• Provider of end-to-end outsourced commerce, payments, and marketing solutions to companies in the United States, Europe and Asia Pacific regions
ellucian	• Largest vendor of higher education enterprise resource planning software
innovation group	• Global business process outsourcing of insurance claims processing services

*Note: *Due to confidentiality provisions, company name cannot be disclosed. Follow-on investment not shown here.*

NEW INVESTMENTS DURING 2015 (CONT.)

$79 million invested in **14** new direct equity investments and **1** follow-on investment during 2015

LOOKINGGLASS

- Cybersecurity company providing threat intelligence analysis and management, as well as threat correlation, mitigation and defense

PETSMART

- Largest specialty pet retailer of services and solutions for the lifetime needs of pets

PROSPER

- Peer-to-peer online lending marketplace for unsecured consumer credit loans

riverbed

- Provider of wide area network optimization and performance management products

Specialty Drug Pharmaceutical Company*

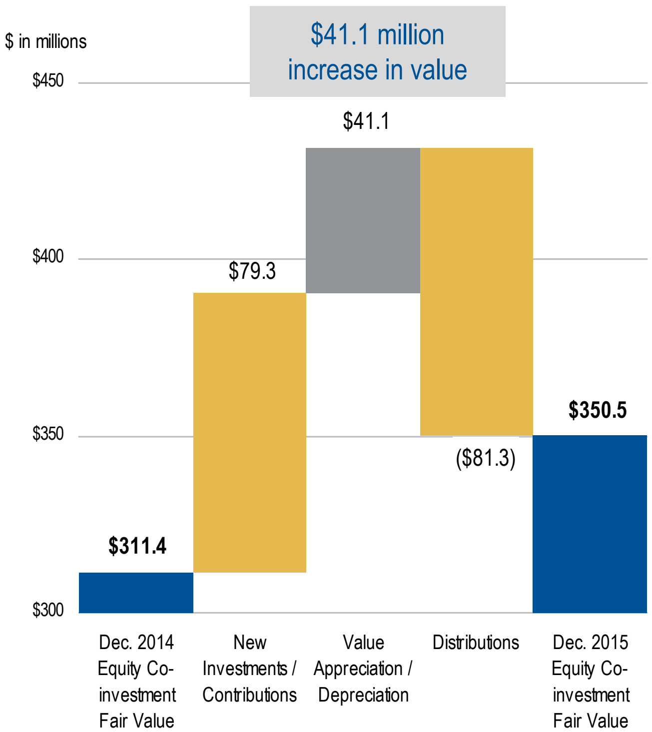
- Provides end-to-end process for product development, clinical research and regulatory issues for the life sciences and pharmaceutical industry

StandardAero

- Leading provider of aftermarket maintenance, repair, and overhaul services for engines for narrow body, regional, business, military and rotary aircraft

*Note: *Due to confidentiality provisions, company name cannot be disclosed. Follow-on investment not shown here.*

DIRECT EQUITY INVESTMENT PERFORMANCE



During 2015, NBPE participated in fourteen new direct equity investments and one follow-on investment in the industrials, technology, healthcare, financial services and consumer products sectors.

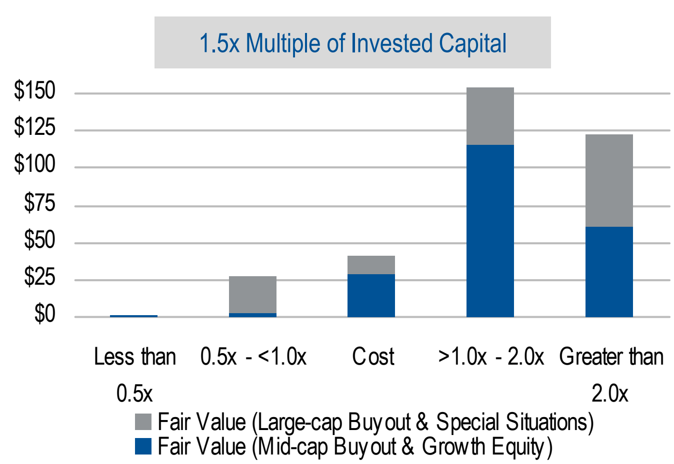
The portfolio appreciated in value by $41.1 million during 2015, due mainly to write-ups of several direct equity investments, offset by declines in certain other investments. The top five investments appreciated by $27.1 million and represented approximately 66% of the overall increase in the portfolio. Strong performance was driven by the write-ups from the increase in Black Knight Financial Services Inc's and Sabre Holdings's public share price as well as private write-ups in Patheon and Evans Delivery Company.

NBPE received approximately $81.3 million in distributions during 2015, driven by proceeds from the partial realisations of Sabre Holdings and RAC as well as full realisations of KIK Custom Products and Blue Coat. In aggregate, these investments constituted over 55% of the distributions from direct equity investments during 2015.

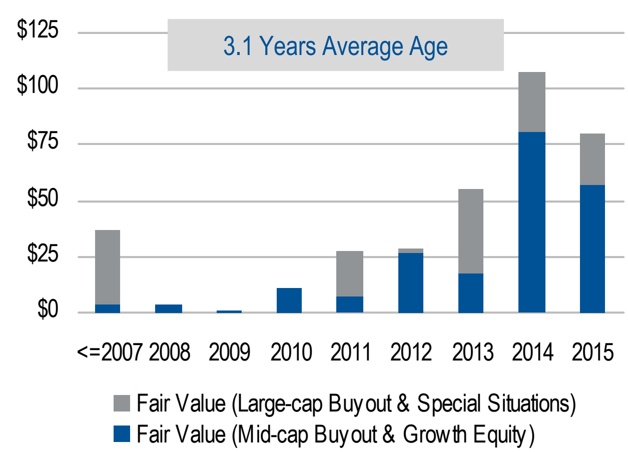
The investment multiple range by fair value shows the dispersion of value within the direct equity investment portfolio. The majority of the private equity fair value is currently held above cost and only approximately 7% of private equity fair value was held below cost.

The average age of the direct equity investments at year end was 3.1 years and approximately 88% of the fair value was due to investments made in 2010 or after.

Investment Multiple Range by Fair Value



Vintage Year by Fair Value



Note: Numbers may not sum due to rounding.

DIRECT EQUITY INVESTMENT PERFORMANCE

During 2015, NBPE received $81.3 million in distributions from direct equity investments. Of this amount, $29.9 million of these distributions was the result of sales with an average uplift of 5.0%, relative to the carrying value the quarter end prior to the announcement of the transaction, $5.5 million was the result of dividends and recapitalisations and $45.9 million was the result of partial sales and secondary offerings.

In connection with the Investment Manager's portfolio monitoring process, the Investment Manager analysed the operational performance and valuation metrics for the traditional buyout investments in the direct equity investment portfolio. There are 40 companies valued on traditional buyout metrics and 35 companies valued on other metrics.

Direct Equity Investments: Traditional Buyouts

There are 40 companies, with approximately $193.1 million of fair value, representing 24% of private equity fair value and 55% of direct equity investment fair value which were valued based on a multiple of cash flow (total enterprise value as a multiple of EBITDA).

- Summary Metrics for the traditional buyout investments:
    - Weighted average valuation multiple of 10.3x LTM EBITDA
    - Weighted average leverage multiple of 4.7x LTM EBITDA
    - Weighted average LTM revenue growth of 3.1%
    - Weighted average LTM EBITDA growth of 15.3%

Direct Equity Investments: Other Buyouts

There are 35 companies, with approximately $157.4 million of fair value, representing 19% of private equity fair value and 45% of buyout fair value, which were not valued on EV/EBITDA metrics and instead were valued based on multiples of revenue, book value, financing round, discounted cash flow or other metrics:

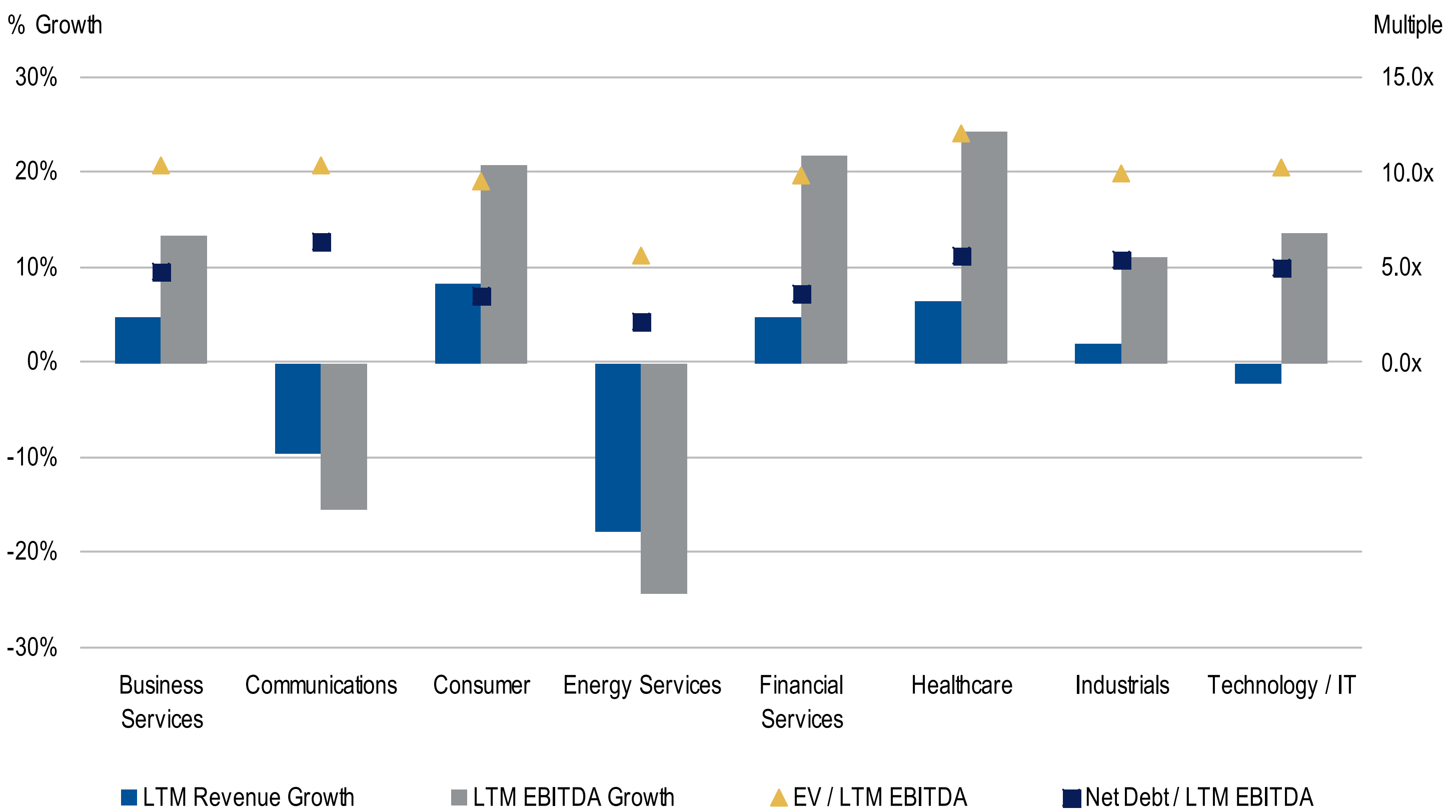
- 20 companies valued ($57.3 million of fair value) on other metrics including multiples of revenue, latest financing round, discounted cash flow and escrow value
- Eight publicly traded companies ($50.3 million of fair value) were valued at their closing share price on 31 December 2015. These eight companies generated a weighted average total return of 38% year to date during 2015[2]
- One power company and four E&P companies ($33.1 million of fair value) were valued based on a variety of metrics, including price per kilowatt hour of generation capacity and dollars per acre, respectively
- One privately held financial institution and one financial services company, which represented $16.7 million of fair value. The privately held financial institution was valued on a multiple of book value and the financial services company was valued based on a multiple of operating income

1. *Portfolio company operating and valuation metrics are based on most recently available information (unaudited). Private equity fair value as of 31 December 2015. Numbers may not sum due to rounding.*
2. *Includes four initial public offerings ("IPOs") that occurred during 2015. Performance is based on the time of the IPO to 31 December 2015. Includes Freescale based on the price per share value as a result of its merger with NXP Semiconductors.*

DIRECT EQUITY INVESTMENT PERFORMANCE

The figure below illustrates the key operating, valuation, and leverage statistics for the 40 traditional buyout investments by industry sector. In conducting the analysis, the Investment Manager utilised the most recently available information (as of 31 December 2015 and 30 September 2015) to evaluate the year-over-year growth in revenue and EBITDA for each company. In addition, the Investment Manager analysed the most recently available valuation multiple (enterprise value to EBITDA) and leverage multiple (net debt to EBITDA) for each company. The aggregate metrics by industry sector represent weighted averages based on the fair value of each underlying company at 31 December 2015.

Direct Equity Investments (Traditional Buyout): Operating Performance, Valuation and Leverage by Sector



	Business Services	Communications	Consumer	Energy Services	Financial Services	Healthcare	Industrials	Technology / IT
Fair Value ($mm):	$35.2	$4.0	$41.0	$4.9	$6.6	$34.4	$27.1	$40.0
# of Companies:	6	2	10	3	2	4	7	6

1. *Portfolio company operating and valuation metrics are based on most recently available information. Private equity fair value as of 31 December 2015. Numbers may not sum due to rounding.*

SCHEDULE OF INVESTMENTS

Direct Equity Investments ($ in millions)	Principal Geography	Investment Date	Description	Fair Value
Sabre Holdings	Global	Mar-07	Technology solutions for global travel industry	$21.2
Oil & Gas Company*	U.S.	May-14	E&P company in the U.S.	18.3
Patheon	U.S.	Mar-14	Manufacturing services for prescription drugs	16.6
The Warranty Group	Global	Jul-14	Underwriter & administrator of extended warranties	14.6
Black Knight Financial Services	U.S.	Dec-13	Mortgage servicing technology and appraisal / origination services	11.7
RiverBed	U.S.	Feb-15	Provider of application performance infrastructure	11.6
Genetic Testing Company - Equity*	U.S.	Jun-13	Genetic testing company	9.6
Saguaro	Canada	Jul-13	E&P company pursuing unconventional light oil/liquids-rich gas properties	9.4
Evans Delivery Company (Equity)	U.S.	Jun-12	Intermodal freight services company	8.7
Digital River (Equity)	U.S.	Feb-15	Digital eCommerce, payments and marketing solutions	8.7
Capsugel	Global	Jul-11	Hard capsules and drug delivery systems	8.7
Marquee Brands	Global	Dec-14	Portfolio of consumer branded IP assets, licensed to third parties	9.1
NXP Semiconductors	Global	Jul-07	Semiconductors manufacturer	8.3
Petsmart	U.S.	Jun-15	Pet supplies retailer	8.1
Deltek (Equity)	U.S.	Dec-12	Enterprise software and information solutions	7.9
Swissport	Europe	Feb-11	Ground handling services for airlines	7.7
Vencore (f/k/a The SI Organization)	U.S.	Nov-10	High-end systems engineering to US Intelligence Industry	8.7
Ellucian	Global	Sep-15	Developer of higher education ERP software	7.0
Looking Glass	U.S.	Feb-15	Cyber security technology company	6.7
Brickman Group	U.S.	Dec-13	Commercial landscape and turf maintenance	7.0
Gardner Denver, Inc.	U.S.	Jul-13	Maker of industrial equipment	6.5
Ortholite (Equity)	U.S.	Apr-14	Provider of high-performance insoles and related shoe components	6.5
Alex & Ani	U.S.	May-15	Designer jewelry company	5.8
CSC Service Works	U.S.	Mar-15	Provider of outsourced services to laundry & air vending markets	5.8
Standard Aero	U.S.	Jun-15	Provider of aircraft maintenance, repair and overhaul services	5.7
Consilio	U.S.	Jul-15	eDiscovery company providing end-to-end services globally	5.5
Berlin Packaging	U.S.	Oct-14	Supplier of rigid packaging materials and value-added services	5.3
SBI Mortgage Co.	Japan	Oct-14	Mortgage company in Japan offering primarily fixed rate mortgages	5.3
Aster / DM Healthcare	Middle East / India	Jun-14	Operator of hospitals, clinics and pharmacies	5.2
RAC	U.K.	Sep-11	UK motor related and breakdown assistance services	4.7
Hilsinger	U.S. / U.K. / Australia	May-14	Supplier of eye wear and eye care accessories	4.5
American Dental Partners, Inc.	U.S.	Feb-12	Dental practice management services	4.5
Connector Company*	U.S.	Oct-15	Producer of embedded solid-state connectors	4.0
ProMach	U.S.	Nov-14	Packaging machinery for consumer goods	3.8
Inflection Energy	U.S.	Oct-14	Dry gas exploration company in the Marcellus Shale	3.4
First Data	Global	Sep-07	Electronic commerce and payments	3.3
Evoqua Equity	U.S.	Jan-14	Water treatment technology, equipment and services	3.2
Counsyl - Follow-on	U.S.	Jun-15	Genetic testing and services using innovative software	3.1
Centro	U.S.	Jun-15	Provider of digital advertising management solutions	3.1
Syniverse Technologies	Global	Feb-11	Global telecommunications technology solutions	3.0
CommScope	Global	Feb-11	Communications infrastructure solutions	3.0

**Due to confidentiality agreements, company names cannot be disclosed.*
Note: Numbers may not sum due to rounding. Based on private equity fair value as of 31 December 2015.

SCHEDULE OF INVESTMENTS (CONT.)

Direct Equity Investments ($ in millions)	Principal Geography	Investment Date	Description	Fair Value
Taylor Precision Products	U.S.	Jul-12	Consumer & foodservice measurement products	2.9
Shelf Drilling	Global	Feb-13	Shallow water offshore drilling contractor	2.9
Gabriel Brothers	U.S.	Mar-12	Discount retailer	2.7
Stratus Technologies	U.S.	Apr-14	Technology solutions that prevent downtime of critical applications	2.7
Counsyl	U.S.	Jul-14	Genetic testing and services using innovative software	2.6
Prosper	U.S.	Apr-15	Peer-to-peer online lending marketplace for unsecured consumer credit loans	2.5
Skin Products Company - Equity*	U.S.	Jul-13	Skin products company	2.4
Oticas Carol	Brazil	Apr-13	2nd largest eyewear retailer in Brazil	2.4
Kyobo Life Insurance Co.	Asia	Dec-07	Life insurance in Korea	2.1
Innovation Group	U.K.	Dec-15	Global business process outsourcing provider of insurance claims processing	2.0
RevSpring	U.S.	Oct-12	Outsourced provider of accounts receivable	1.9
23 Other Direct Equity Investments (<$2m Individually)				18.6
Total Direct Equity Investments				**$350.5**

**Due to confidentiality agreements, company names cannot be disclosed.*
Note: Numbers may not sum due to rounding. Based on private equity fair value as of 31 December 2015.

INCOME INVESTMENTS: KEY PORTFOLIO STATS

Portfolio Overview

42 Investments & **$283.0** million of fair value

Primarily junior debt investments, broadly diversified across sectors

Investment focus:

- Established and stable private-equity backed companies
- Second lien / mezzanine portions of the capital structure
- High quality private equity sponsorship

Portfolio Metrics[1]

10.0% cash yield

10.4% estimated yield to maturity

5.3x total leverage

4.0x leverage senior to the position held by NBPE

83% of value invested in floating rate debt

Strong Performance

$171 million of distributions from income investments during 2015

10 exited investments generated **$123** million of proceeds, a **1.2x** multiple of capital and **13%** IRR in aggregate

1. Yield to maturity is inclusive of PIK interest and represents the IRR from this reporting period to the maturity of the investment. Small business loans are excluded from the yield calculation, but are at an interest rate at least at the rate stated above.

NEW INVESTMENTS DURING 2015

$136 million invested in **17** new income investments

Altegrity	• Risk consulting and information services company
Catalina	• Provider of digital media solutions for consumer packaged goods companies
Deltek	• Provider of cloud based enterprise resource planning software, business management and resource planning solutions
Digital River	• Provider of end-to-end outsourced commerce, payments, and marketing solutions to companies in the U.S., Europe and Asia Pacific regions
Funding Circle	• Portfolio of short term loans to small businesses in the U.S. originated through a direct lending platform
Healthcare Credit: Royalty Notes* (Biotechnology)	• Royalty-backed notes secured by the royalty rights and milestone payments of two type-two diabetes treatments
Healthcare Credit: Second Lien Term Loan* (Medical Implants)	• Precision machinery company that focuses on the manufacturing and joining of critical components and complex assemblies for medical implants
Hyland creator of OnBase	• Developer of enterprise content management software

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

NEW INVESTMENTS DURING 2015 (CONT.)

$136 million invested in **17** new income investments

LINXENS
access to excellence

- World's leading manufacturer of flexible connectors for smart cards

MMUSA
Acquisition Corp.

- Integrated content and marketing services provider focused on the healthcare and pharmaceutical industries

PHILLIPS
PET FOOD & SUPPLIES

- Leading distributor of pet food and supplies to independent pet stores in the U.S.

Physiotherapy Associates

- Leading provider of outpatient rehabilitation services

TOTAL Fleet Solutions

- National provider of asset management and facilities services for retail, manufacturing and distribution facilities

Schumacher group

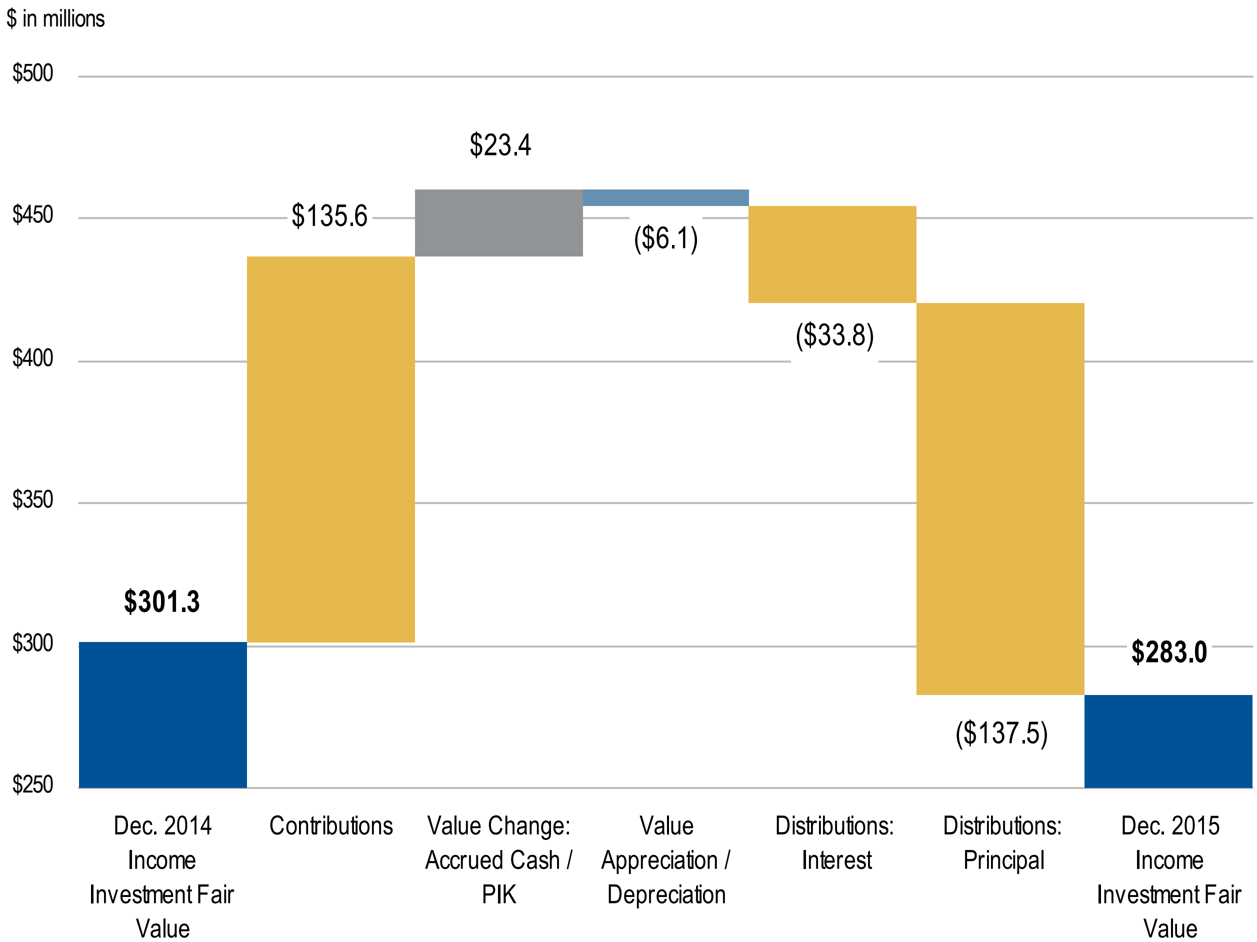
- Leading provider of emergency department and hospital medicine services

syncsort

- Provider of software solutions for data management in mainframes and servers

INCOME INVESTMENT PERFORMANCE

$34 million of interest income and **$138** million of principal repayments during 2015. Run rate cash income was **$25** million as of 31 December 2015



Note: Numbers may not sum due to rounding.
1. Based on the net leverage that is senior to the security held by NBPE.

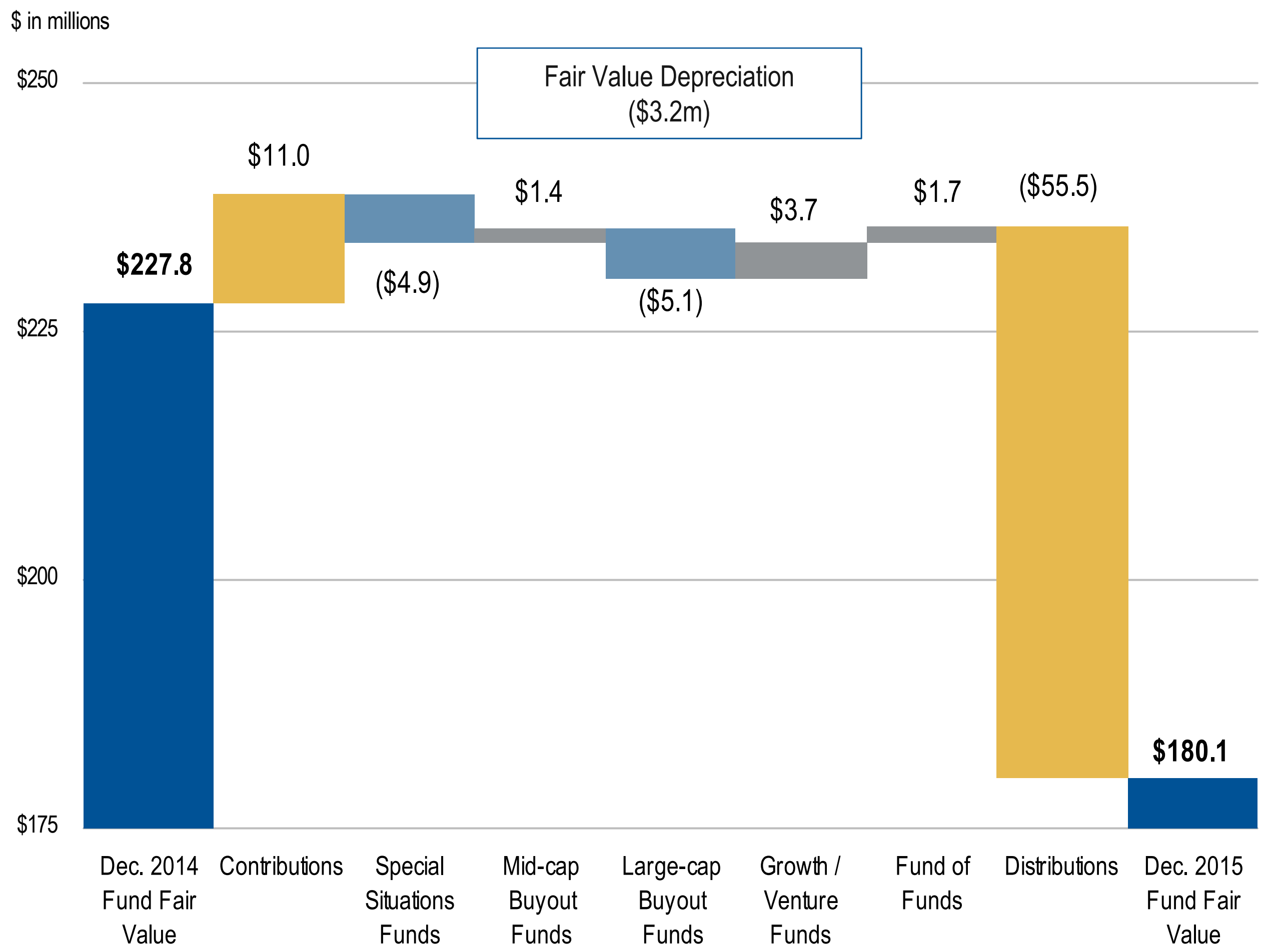
SCHEDULE OF INVESTMENTS

INVESTMENT NAME	SECURITY DETAILS	INVESTMENT DATE	MATURITY DATE	FAIR VALUE[1]	CASH + PIK COUPON	CASH YIELD	TOTAL EST. YTM
Income Investments							
Heartland Dental	Second lien (L+8.5% Cash, 1.25% L Floor, 1.5% OID)	Jan-13	Jun-19	$20.9	9.8%	9.8%	10.2%
Converge One	Second lien (L+8.0%, 1% L Floor, 1.0% OID)	Jun-14	Jun-21	19.8	9.0%	9.1%	9.4%
K&N Engineering	Second lien (L+8.625%, 1% L Floor, 2.25% OID)	Jul-14	Jul-20	18.1	9.6%	9.8%	10.1%
Ortholite	Sr. sub notes (11.75% Cash, 1.5% OID)	Apr-14	Apr-20	14.8	11.8%	11.9%	12.4%
Funding Circle	Portfolio of small business loans	Jan-15	N/A	14.3	N/A	N/A	N/A
Compuware	Second lien (L+8.00% Cash, 1.0% L Floor, 8% OID)	Dec-14	Dec-22	14.3	9.0%	9.4%	9.2%
Authentic Brands	Second lien (L+8.0%, 1% L Floor, 1.0% OID)	Jun-14	May-22	12.8	9.0%	9.1%	9.4%
On Deck	Portfolio of small business loans	Apr-14	N/A	12.2	N/A	N/A	N/A
Catalina	Second lien (L+6.75%, 1% L Floor)	May-15	Apr-22	11.1	7.8%	13.2%	15.7%
Deltek	Second lien (L+8.50% Cash, 1.00% L Floor, 1% OID)	Jul-15	Oct-19	10.1	9.5%	9.3%	9.2%
MediMedia	Second lien (L+11% Cash, 1.25% L Floor; purchased @ 93)	Jun-15	Nov-19	10.3	12.3%	12.7%	12.5%
Linxens	Second lien (L+8.25% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	10.0	9.3%	9.3%	9.7%
Schumacher Group	Second lien (L+8.5% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	9.6	9.5%	9.6%	10.0%
Vestcom	Second lien (L+8.0% Cash, 1.0% L Floor, 1.5% OID)	Oct-14	Sep-22	8.2	9.0%	8.9%	9.2%
LANDesk	Second lien (L+7.25%, 1% L Floor, 1% OID)	Mar-14	Feb-21	8.0	8.3%	8.2%	8.5%
Evoqua	Second lien (L+7.5%, 1% L Floor, 0.5% OID)	Jan-14	Jan-22	7.5	8.5%	8.5%	8.9%
Total Fleet Solutions	Second lien (L+9.5% Cash, 1.0% L Floor)	Dec-15	Dec-20	6.9	10.5%	10.4%	10.7%
Hyland	Second lien (L+7.25%, 1% Floor)	Jun-15	Jul-23	6.2	8.3%	8.3%	8.4%
Flexera	Second lien (L+7.0%, 1% L Floor, 0.5% OID)	Apr-14	Apr-21	6.1	8.0%	7.9%	8.0%
Central Security Group	Second lien (L+9.0% Cash, 1% L Floor, 5% OID)	Nov-14	Oct-21	5.8	10.0%	10.5%	10.5%
Taylor	Sr. sub notes (13% Cash, 1.5% OID)	Nov-13	May-19	5.7	13.0%	11.4%	10.1%
P2 Energy Solutions	Second lien (L+8.00% Cash, 1.0% L Floor, 1% OID)	Nov-13	May-21	5.0	9.0%	8.9%	9.2%
Galco Industrial Electronics	Sr. sub notes (10.75% Cash, 1.25% PIK, 1.5% OID)	May-14	May-21	5.0	12.0%	10.7%	12.4%
Altegrity	First lien (9.5% Cash; purchased @ 94)	Sep-15	Jul-19	4.5	9.5%	10.7%	13.5%
Digital River Debt	Second lien (L+11.0% Cash, 1.0% L Floor, 1% OID)	Jan-15	Feb-22	4.1	12.0%	12.0%	12.5%
Syncsort	Second lien (L+8.5% Cash, 1.0% L Floor, 2% OID)	Nov-15	May-22	4.0	9.5%	9.6%	9.8%
Phillips Feed Service	Second lien (L+7.3% Cash, 1.0% L Floor; purchased @75)	Dec-15	Jan-22	3.6	8.3%	11.6%	13.5%
15 Other Income Investments (< $3m Individually)				24.0	-	-	-
Total Income Investments				**$283.0**	**9.6%**	**10.0%**	**10.4%**

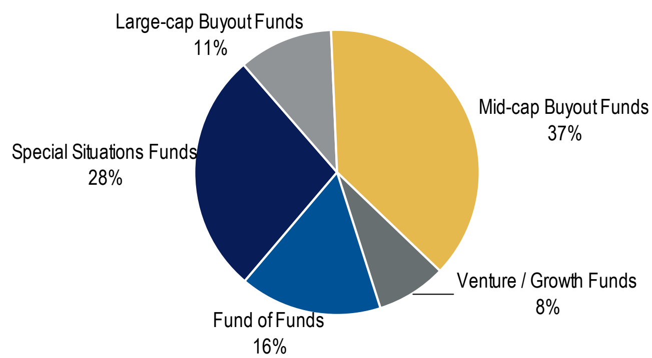
1.The yield to maturity is inclusive of PIK interest and represents the return (IRR) from this reporting period to the maturity of the investment. Small business loans are excluded from the yield calculation, but are at an interest rate at least at the rate stated above.

FUND INVESTMENT PERFORMANCE

$56 million of distributions during 2015



2015 Fund Investment Distribution Activity by Asset Class



The largest distributions during 2015 were received from mid-cap buyout and special situations funds. During 2015, the largest fund distributions were received from NB Crossroads Fund XVII, NB Crossroads Fund XVIII, Sankaty III, and Platinum II.

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

Note: Numbers may not sum due to rounding.

SCHEDULE OF INVESTMENTS

($ in millions) Fund Investments	Asset Class	Vintage Year	Unfunded Commitment[1]	Fair Value
NB Crossroads Fund XVIII Mid-cap Buyout	Mid-cap Buyout Funds	Fund XVIII	$7.1	$17.0
Catalyst Fund III	Special Situations Funds	2011	0.3	15.4
NB Crossroads Fund XVII	Fund XVII (Diversified)	Fund XVII	1.9	15.1
Bertram Growth Capital II	Growth / Venture Funds	2010	1.6	11.6
OCM Principal Opportunities Fund IV	Mid-cap Buyout Funds	2007	2.0	10.5
NB Crossroads Fund XVIII Venture Capital	Growth / Venture Funds	Fund XVIII	1.7	8.4
Sun Capital Partners V	Special Situations Funds	2007	1.3	7.6
Avista Capital Partners	Mid-cap Buyout Funds	2006	0.2	7.4
Bertram Growth Capital I	Growth / Venture Funds	2007	1.1	7.3
NG Capital Partners	Growth / Venture Funds	2010	0.1	7.2
NB Crossroads Fund XVIII Large-cap Buyout	Large-cap Buyout Funds	Fund XVIII	2.2	7.0
Sankaty Credit Opportunities III	Special Situations Funds	2007	-	6.3
Platinum Equity Capital Partners II	Special Situations Funds	2007	2.9	7.3
Corsair III Financial Services Capital Partners	Mid-cap Buyout Funds	2007	1.0	5.5
Oaktree Opportunities Fund VIII	Special Situations Funds	2009	-	4.8
NB Crossroads Fund XVIII Special Situations	Special Situations Funds	Fund XVIII	0.9	3.9
NB Fund of Funds Secondary 2009	Mid-cap Buyout Funds	2009	0.7	3.8
Lightyear Fund II	Mid-cap Buyout Funds	2006	1.4	3.7
CVI Global Value Fund	Special Situations Funds	2006	0.8	3.3
ArcLight Energy Partners Fund IV	Mid-cap Buyout Funds	2007	4.6	3.3
First Reserve Fund XI	Large-cap Buyout Funds	2006	-	3.1
Highstar Capital II	Mid-cap Buyout Funds	2004	0.1	3.0
13 Other Fund Investments (< $3m Individually)			$7.7	$17.7
Total Fund Investments			**$39.5**	**$180.1**

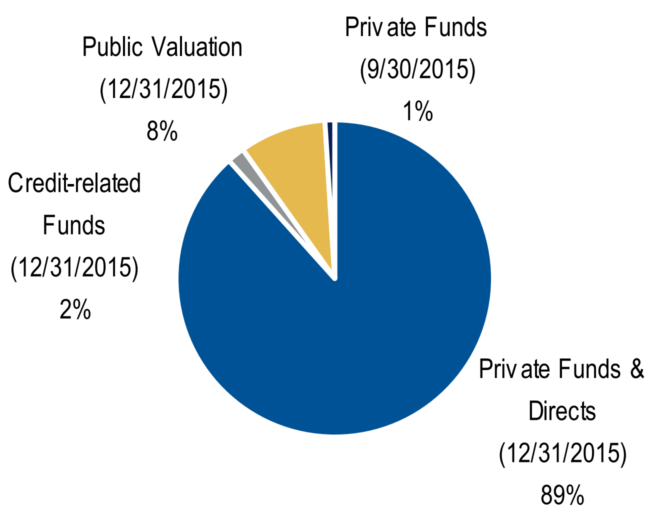
Note: Numbers may not sum due to rounding. The underlying NB Crossroads vintage year diversification is as follows (as a percentage of fair value): 2002 (<1%), 2003 (<1%), 2004 (3%), 2005 (11%), 2006 (46%), 2007 (33%), 2008 (5%), and 2010 (1%).

1. *$35.2 million of unfunded commitments are to funds past their investment period. Please refer to page 31 for more information on unfunded commitments to funds past their investment period.*

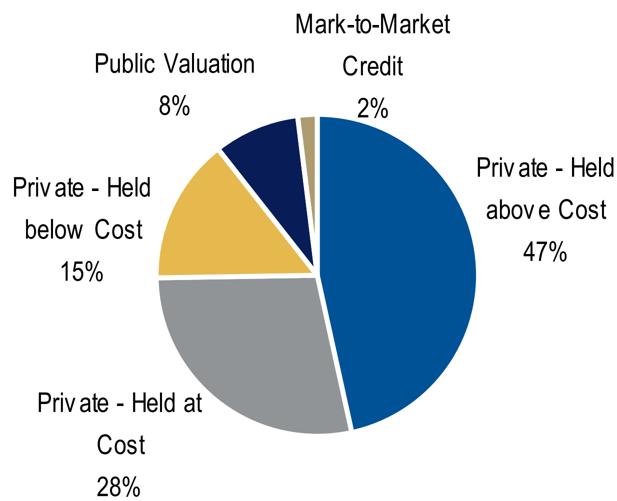
PORTFOLIO VALUATION

The NAV per Share of $14.35 was $0.02 lower than previously reported in the December monthly NAV estimate, principally due to the receipt of additional valuation information after 12 January 2016, the publication date of the December monthly NAV estimate.[1] As of 31 December 2015, approximately 8% of fair value was held in public securities.

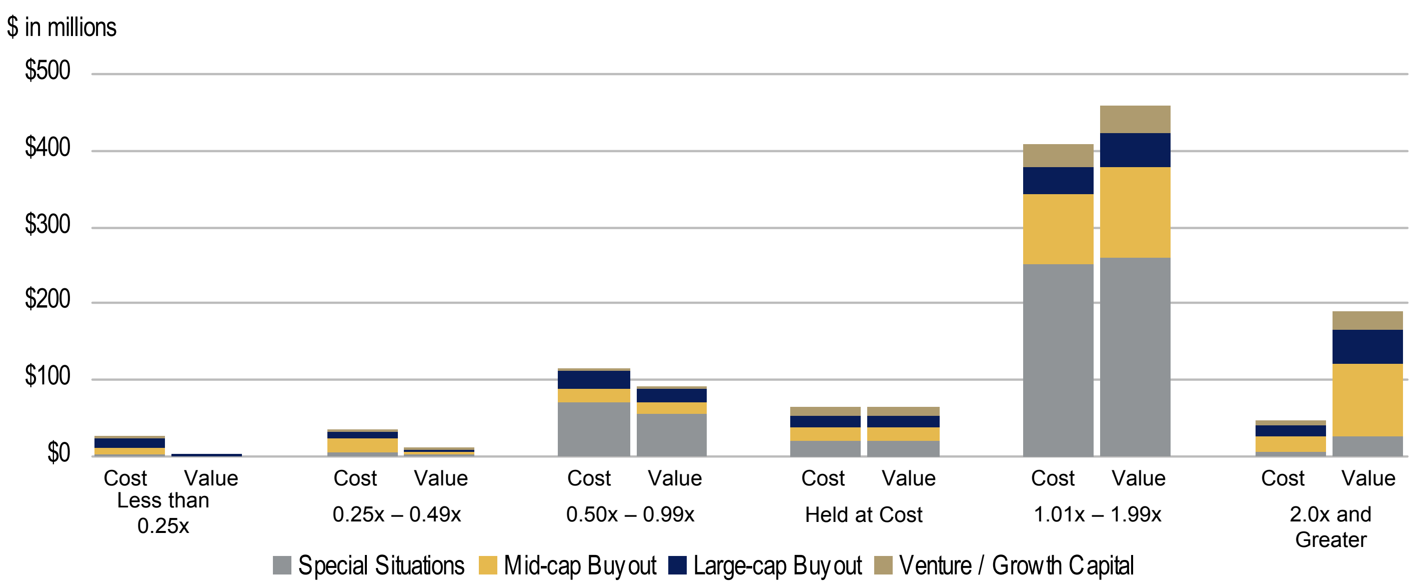
By Date of Information & Valuation Type (% of Fair Value)[2]



Valuation Method (% of Fair Value)



NBPE Portfolio Valuation by Asset Class



Note: Numbers may not sum due to rounding.
1. As reported in the monthly NAV estimate the percent of private equity fair value was held: 35% in directs, 2% in credit-related funds and 9% in publics as of 31 December 2015, 2% in private funds as of 30 November 2015, and 35% in directs and 17% in private funds as of 30 September 2015.
2. Please refer to page 95 for a detailed description of the valuation policy. While some information is as of 30 September 2015, the Manager's analysis and historical experience lead the Manager to believe that this approximates fair value at 31 December 2015.

2015 IPO ACTIVITY & PUBLIC STOCK EXPOSURE

28 companies in NBPE's portfolio, representing $17.8 million of unrealised value, completed IPOs during 2015, which may lead to future distributions to NBPE. The investments below represent the top five companies by value that completed an IPO during 2015:

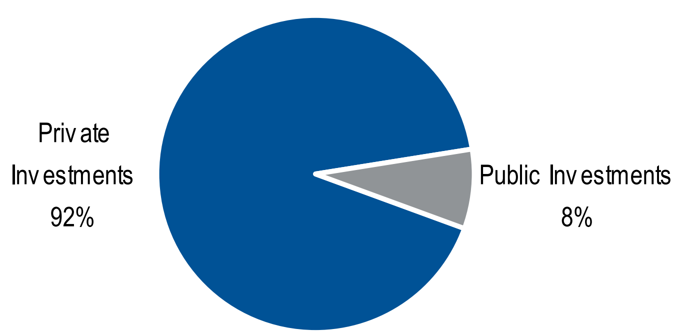
- Black Knight Financial Services, Inc. (NYSE: BKFS) – direct equity investment
- First Data Corporation (NYSE: FDC) – direct equity investment NB Crossroads Fund XVIII
- Press Ganey Holdings, Inc. (NYSE: PGND) – direct equity investment, NB Crossroads Fund XVIII
- Univar Inc. (NYSE: UNVR) – direct equity investment
- Lantheus Medical Imaging (NASDAQGM: LNTH) – held through Avista Capital Partners, NB Crossroads Fund XVIII

The top five public stock exposures are listed below:

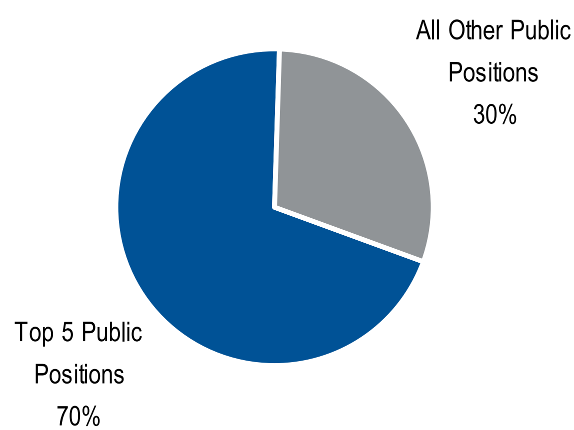
- Sabre Holdings Corporation (NASDAQ: SABR): $21.2 million
- Black Knight Financial Services (NYSE: BKFS): $11.8 million[1]
- NXP Semiconductors (NASDAQ: NXPI): $8.3 million
- First Data Corporation (NYSE: FDC): $3.3 million
- Commscope (NASDAQ: COMM): $3.0 million

NBPE has exposure to nearly 300 other public companies on a look-through basis, which account for $20.4 million of private equity fair value.

Public vs. Private Investments (% of Fair Value)



Public Investments (% of Fair Value)

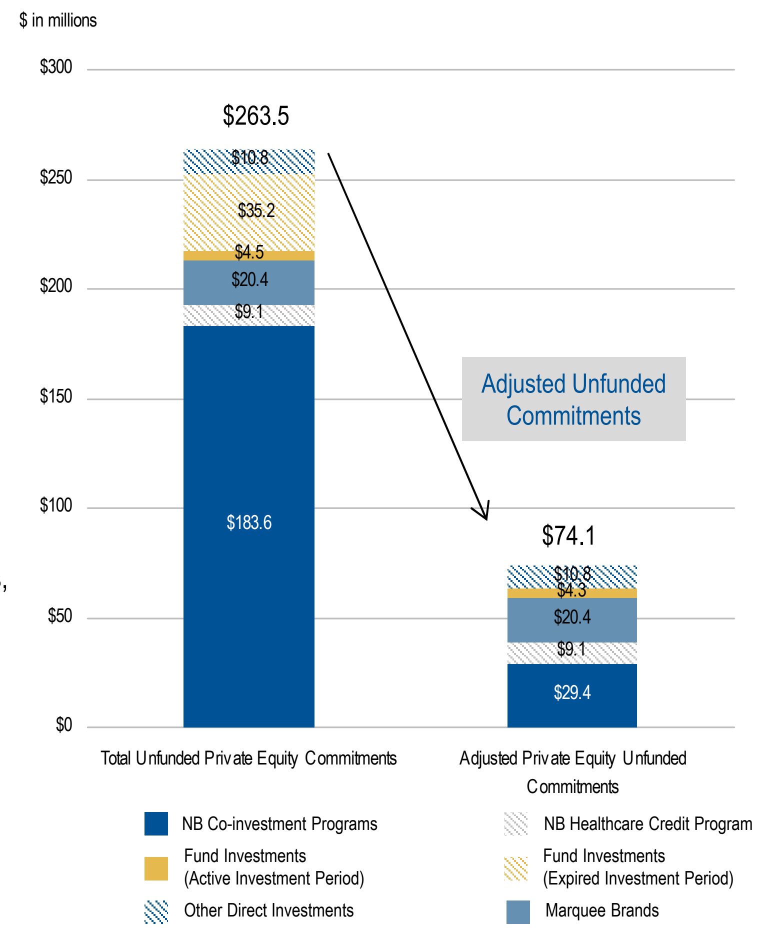


Note: Numbers may not sum due to rounding
1. Valuation is based on the underlying share price of BKFS, which completed its initial public offering, and an investment held through a private entity.

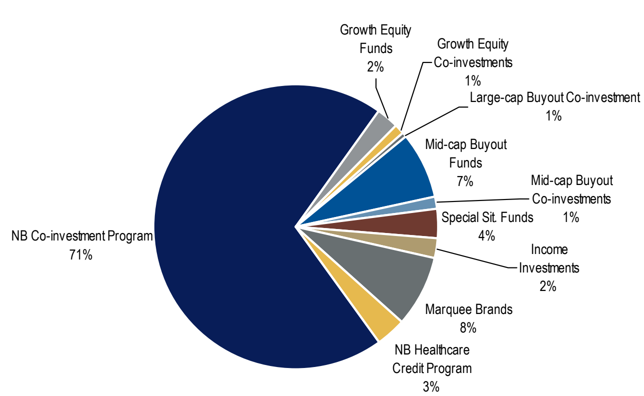
UNFUNDED COMMITMENTS

As of 31 December 2015, NBPE's unfunded commitments were approximately $263.5 million. Approximately $183.6 million, $9.1 million and $20.4 million were unfunded commitments to the NB Alternatives Co-investment and Healthcare Credit Programs and Marquee Brands, respectively. Approximately $13.8 million of unfunded commitments were to fund of funds managed by the Manager and $25.8 million of unfunded commitments were to third party direct funds. Within the fund portfolio, $35.2 million of the unfunded commitments are to funds past their investment period. The Manager believes a large portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

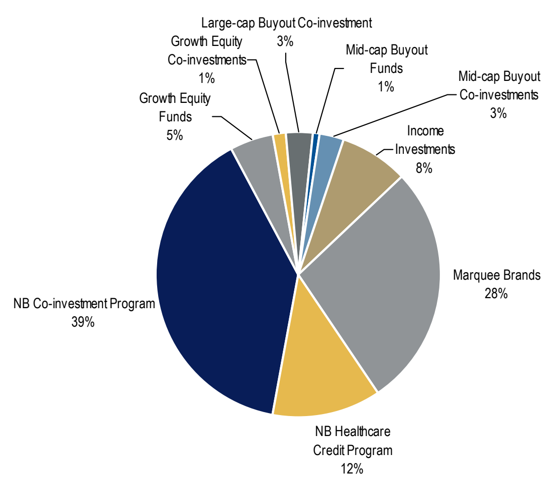
The Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted by removing unfunded commitments past their investment period, amounts which NBPE has the ability to terminate if it so chooses, and unfunded commitments to funds managed by the Manager. Following these adjustments, the unfunded commitments were $74.1 million. On an adjusted basis this corresponds to excess capital resources of $99.5 million and a commitment coverage ratio of 234%.



Total Actual Unfunded Private Equity Commitments ($263.5m)

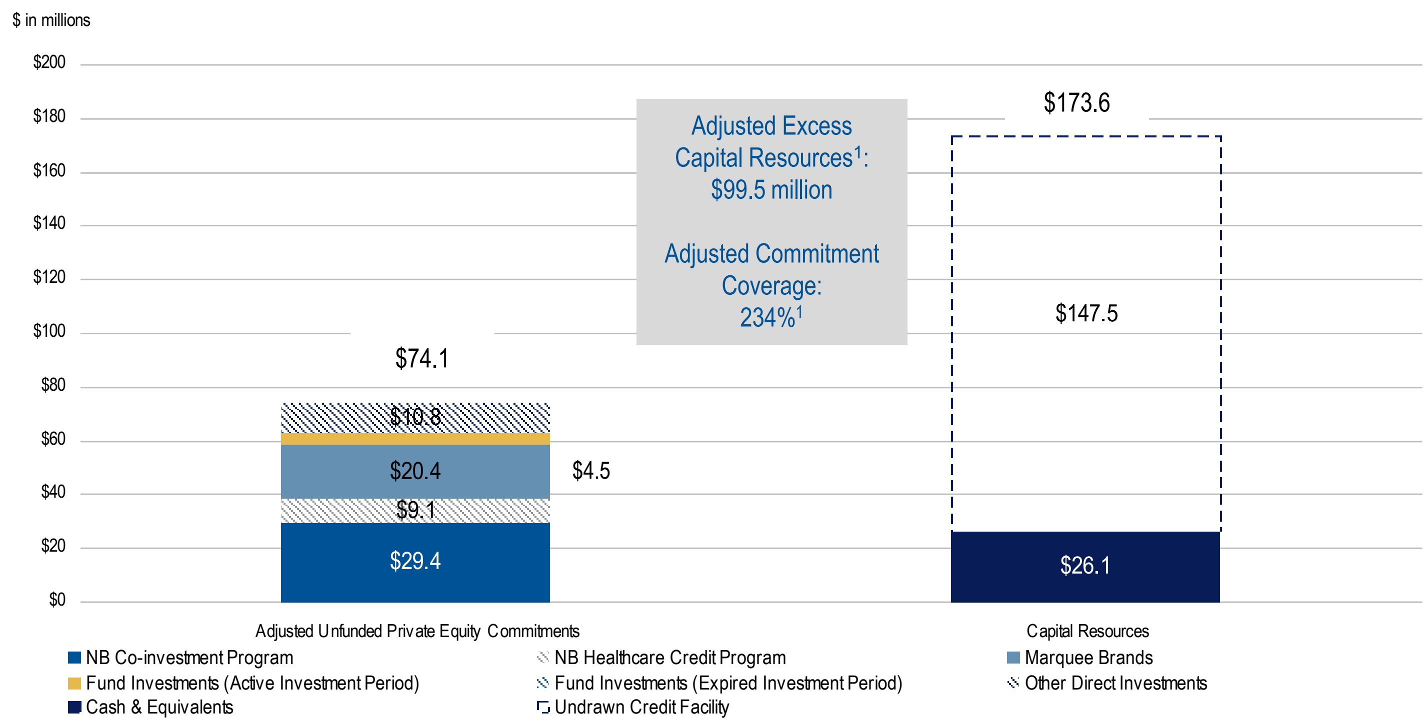


Adjusted Unfunded Private Equity Commitments ($74.1m)



Note: Numbers may not sum due to rounding.

CAPITAL RESOURCES & CREDIT FACILITY OVERVIEW



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

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

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

The key financial covenant for NBPE's Credit Facility is a maximum debt to value ratio of 50.0%.

The debt to value ratio is calculated as total debt and current liabilities divided by Restricted NAV, with Restricted NAV defined as the fair value of all private equity investments (less any excluded value) plus cash and cash equivalents. At 31 December 2015, the debt to value ratio was 7.4%.

The two other covenants are a secured asset ratio and a commitment ratio. The secured asset ratio is not to exceed 80.0% and is defined as total debt and current liabilities divided by Secured Assets, with Secured Assets defined as the value of secured private equity investments plus cash and cash equivalents. At 31 December 2015, the secured asset ratio was 9.9%.

The commitment ratio is defined as Restricted Total Exposure divided by the aggregate of shareholder's equity and the total amount of the Credit Facility, with Restricted Total Exposure defined as the value of private equity investments (less any excluded value) plus unfunded private equity commitments. If the debt to value ratio is greater than 25.0% and the commitment ratio is greater than 130.0%, then the Company becomes restricted from making new private equity investments. At 31 December 2015, the commitment ratio was 119.6%.

Note: Numbers may not sum due to rounding.
1. Actual unfunded commitments are $263.5 million, corresponding to an actual over commitment of $89.9 million and a commitment coverage ratio of 66%. See page 31 for detail on the adjustments to unfunded commitments.

MARKET COMMENTARY

After a significant decline in U.S. equity markets during the third quarter, heightened volatility continued in equity markets during the fourth quarter. The S&P 500 posted a 6.5% increase during the last quarter of 2015; however, even with this strong performance, the S&P still declined 0.7% for the full year. Other U.S. markets posted similar declines for the year as fears around global growth and potential policy responses were on the forefront of investors' minds at the end of the year. The U.S. Corporate Investment Grade Bond Index and the U.S. High Yield Index declined 0.7% and 4.5% during 2015, respectively. Similar themes emerged on the global front. The MSCI World Index increased 5.1% during the fourth quarter of 2015, but still posted an overall decline of 2.7% for the full year. Emerging markets showed significant signs of stress during 2015 as measured by the MSCI Emerging Markets Index, which declined 17.0% during the year, signaling fears around the sustainability of global growth.

Private Equity Buyout Market

The private equity market was not fully insulated from the developments and heightened volatility experienced in the public markets in the latter part of 2015. In particular, credit markets showed some reluctance to fund primary issuances and these issuances were generally reserved for the strongest companies. As a result, during the fourth quarter of 2015 there was a significant decline in the number of buyout transactions completed and buyout activity was at its lowest level since 2013. In addition, companies with levered balance sheets and less conservative capital structures saw debt trading at elevated yields. Importantly, this was not isolated to only the energy sector. However, even in light of this slow down during the latter part of the year, transaction multiples remained at generally high levels, particularly for larger transactions and companies with strong growth profiles and favorable cash flow dynamics. The Manager believes this is due to continued competition among strategic acquirers and private equity firms for the strongest businesses. Should a lower growth environment prevail, the Manager believes that these businesses will continue to attract premium multiples, particularly for those with stable business models which appear more insulated from broader macroeconomic trends.

U.S. leveraged buyout ("LBO") volume was $15.3 billion in the fourth quarter of 2015, which was down 43% from the same period in 2014 and 59% from the prior quarter. Large-cap transactions (defined by S&P as companies with enterprise values above $500 million) continued to be the largest contributor to volume, representing approximately 75.5% of buyout volume during 2015.

While valuations remained at elevated levels, the decline in volume during the fourth quarter of 2015 contributed to a decline in purchase multiples. LBO purchase multiples fell from 11.2x EBITDA during the third quarter of 2015 to 10.1x during the fourth quarter[2]. However, when including all transactions during 2015, purchase price multiples actually rose from 9.7x in 2014 to 10.3x in 2015[2]. Although purchase multiples increased, equity contributions also increased from 37.0% in 2014 to 40.5% in 2015, suggesting that debt financing did not entirely contribute to increases in purchase prices. Buyouts of middle market companies, defined as companies with less than $50 million in EBITDA, continued to be more conservatively capitalized than large-cap transactions. Equity contributions for mid-cap buyouts during the first nine months of 2015 were 44.7%, or approximately 5.7% higher than large-cap transactions[2]. The higher equity level in the mid-cap market is in part the result of less transparent credit markets for smaller transactions as well as generally less reliance on financial leverage to create returns.

In Europe, the UK, France and Germany represented the majority of LBO activity and the average purchase price multiple for all LBOs was 9.2x EBITDA during 2015[3]. While multiples remain elevated, the Manager believes the executed transactions involved stable businesses with healthy cash flows which generally justify a higher valuation.

Private Equity Financing Markets

Primary volume in the leveraged loan market fell in the fourth quarter, as opportunistic activity stalled amid choppy conditions. New-issue volume for the fourth quarter was $73.9 billion, down from $113.2 billion in the third quarter and up from $66.7 billion in the fourth quarter of last year. Reasons for the slowdown of primary volume can be attributed to choppiness in the public markets in addition to leveraged lending guidance. The average leverage for U.S. middle market buyout transactions remained at 5.6x at the end of 2015. Interest coverage levels remained high, at or above 3.0x since 2012, and were 3.2x for 2015. Default rates remained low outside of energy and metals & mining, indicating that portfolio company performance remained stable, although lenders will be concerned about the economic cycle and outlook in 2016.

1. *Source: CapitalIQ.*
2. *S&P Q4 2015 U.S. Leveraged Buyout Review.*
3. *S&P Q4 2015 European Leveraged Buyout Review.*

MARKET COMMENTARY

Fundraising Environment

While fundraising activity in the U.S. declined year over year, $152.6 billion was raised in the U.S. buyout market during 2015, of which approximately $62.6 billion was raised by funds with a fund size under $2.5 billion.[1] This fundraising activity represents a 7.0% decline over amounts raised during 2014. In Europe, during 2015, approximately $57.1 billion was raised in the buyout market, of which approximately $27.5 billion was raised by managers with a fund size under $2.5 billion.[1]

NB Alternatives Advisers LLC

14 March 2016

1. *Thomson Reuters through 31 December 2015. Excludes venture, mezzanine, fund of funds, and secondary fundraising.*

STRATEGIC REPORT

The directors present their annual financial report and consolidated financial statements of NB Private Equity Partners Limited and its subsidiaries which are detailed on page 40 (together the "Company") for the year ended 31 December 2015.

Business Review

The following information is provided to give information primarily related to the Company's business. This review should be read in conjunction with the Chairman's Statement, the Investment Manager's Report, the Corporate Governance Report, the Audit Committee Report, the Risk Report, the Viability Statement and the Consolidated Financial Statements.

Principal Activity

NBPE is a closed-end investment company registered in Guernsey. The Company's registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. The Company's Class A Shares are listed and admitted to trading on the regulated market of Euronext Amsterdam N.V. by NYSE Euronext 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".

Investment Manager and Administrator

The Company is managed by NB Alternatives Advisers LLC (the "Investment Manager") pursuant to an Investment Management and Services Agreement. The Investment Manager is a subsidiary of Neuberger Berman Group LLC ("Neuberger Berman"). The Company's administrator is Heritage International Fund Managers Limited ("Heritage" or the "Administrator").

The Company is managed by the Investment Manager pursuant to an Investment Management and Services Agreement, described further on page 36 of this report. The Investment Manager is responsible for the day-to-day management of the Company, sourcing, evaluating and making investment decisions related to the Company and executing the Company's business plan. The Investment Manager makes the decisions regarding individual investments in line with the investment strategy set by the board. The Investment Manager's team of professionals is also responsible for managing the Company's assets including monitoring the Company's investment portfolio and assigning valuations to the Company's investments based on the Company's valuation policy, which can be found on page 95 of this report.

The Company utilizes Heritage for certain administrative functions relating to corporate services as well as Guernsey regulatory matters which could affect the Company. Heritage is responsible for the day-to-day administration of the Company and acts as the Company Secretary and Administrator. The Company pays Heritage a fee for these services as invoiced by Heritage. The fees paid to Heritage can be found on page 79 of this report.

Capital Analytics II LLC ("Capital Analytics") is responsible for maintaining the Company's books and records, the database which stores information related to the Company's investments, and certain other accounting, finance and other general fund administrative services for the Company. Capital Analytics is delegated this responsibility through a services agreement with the Investment Manager where the Investment Manager delegates certain fund administration responsibilities to Capital Analytics.

Subsequent to this financial reporting period, in 2016, MUFG Investor Services agreed to acquire Capital Analytics. The Investment Manager intends to continue to receive administrative services from Capital Analytics.

STRATEGIC REPORT

Investment Objective

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

Investment Policy

The Company invests in private equity assets, which consist of direct equity investments, income investments, and private equity fund investments. Direct equity investments are direct investments in underlying companies and are made alongside private equity sponsors. Income investments include traditional corporate private debt investments and healthcare credit investments, which consist of loans to companies in the healthcare sector and royalty backed notes. 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 has built a portfolio of income investments to fully support the dividend payment from the run-rate cash income it receives from these investments. The board believes it is in the best interest of the Company and the shareholders to pay the dividend out of the cash income it generates from income investments, rather than from capital gains, as capital gains can fluctuate year to year. The board believes paying the dividend from the contractual cash income leads to more sustainable dividends in the long run.

During 2015, the Company also implemented Currency Election for UK shareholders and DRIP for shareholders who wish to focus on capital gains rather than income.

Principal Risks and Uncertainties

The directors believe the Company faces a number of risks and uncertainties as an investment company. The principal risks and uncertainties are outlined in the Risk Report, beginning on page 52 of the report.

Investment Management and Services Agreement

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

Given the Company's investment objective and policy, described above, and the responsibilities of the Investment Manager, described on page 35 of this report, the directors are of the opinion that the continued appointment of the Investment Manager is in the best interest of shareholders.

Administration Agreement & Limited Partnership Agreement

NBPE and the Administrator entered into an Administration Agreement on 3 July 2007 (as amended by side letter on 22 September 2009), whereby the Administrator was appointed NBPE's administrator and company secretary.

NBPE, as General Partner to NB PEP investments LP (Incorporated), and NB PEP Associates LP (Incorporated), as Special Limited Partner, entered into the Limited Partnership Agreement of NB PEP Investments LP (Incorporated) on 25 July 2007, as amended and restated on 16 July 2008.

Viability Statement

The board has evaluated the long-term prospects of the Company, 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 Company are set forth below and the board believes this analysis provides a reasonable basis to support the viability of the Company.

The board views the ability to pay back any borrowings drawn under the Credit Facility at expiration in April 2017 and the ability to pay back the ZDP shareholders in May 2017 as the principal risks and uncertainties facing the Company. The board believes that any sudden or prolonged market downturn or period of market illiquidity is another risk and uncertainty facing the Company, which could impact underlying investments or cash flows to the Company. In turn, this could impact the Company's ability to pay back the Credit Facility and / or ZDP Shares and the ability of the Company to refinance its Credit Facility or ZDP shares.

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

- The refinancing of the Company's credit facility and ZDP shares are key near term risks
- 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 weighted average stated maturity for income investments is five years, but the average holding period is two years

The Manager utilises a detailed financial model which forecasts returns and cash flows on an asset by asset basis. The Manager used the global financial crisis as a basis for creating a downside case by analysing its impact on the Company in 2009. During the financial crisis, distribution activity from direct equity investments and fund investments slowed materially to the Company. In 2009, distributions from direct equity investments represented 11% of the portfolio value at the end of the prior year. Between 2008 and 2009, fund distribution activity declined 27%. Based on this analysis, the Manager made the following assumptions:

- 13.5% default rate and 35% recovery on defaulted income investments (for reference, in November 2009 defaults on second lien spiked to ~7.5%)
- The model incorporates distributions through 29 February 2016, pro forma for amounts of announced sales, and assumes 11% of the 31 December 2015 direct equity investment value was distributed during the remainder of 2016
- Fund distribution activity declines by 27% in 2016 vs. 2015
- All amounts under the Credit Facility and ZDP Shares would be due at maturity in April 2017 and May 2017, respectively

Based on these assumptions, the Manager provided a cash flow forecast to the directors in order to evaluate the principal risks and uncertainties facing the Company. Based on the assumptions above, the key finding from this analysis was: investment activity would need to be materially reduced; however, NBPE would have cash available to fully repay the credit facility and ZDP shares from estimated cash flows and could continue to pay its dividends

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

Results and Dividends

The financial results for the year ended 31 December 2015 are included in the consolidated financial statements, beginning on page 68. As of 31 December 2015, the net asset value attributable to the Class A Shares was $700.3 million, which represents an increase of $5.5 million relative to the net asset value attributable to the Class A Shares of $694.8 million as of 31 December 2014. During 2015, the Company paid total dividends to holders of Ordinary Shares of $0.48 per Share. Including the dividend payments, the total return for the year was 4.9%, assuming the re-investment of dividends.

For and on behalf of the Board

Talmai Morgan
Director

John Falla
Director

Date: 14 March 2016

Major Shareholders

As at 31 December 2015, insofar as is known to NBPE, the following persons were interested, directly or indirectly, in 3% or more of the Class A Shares in issue (excluding Class A Shares held in treasury):

Shareholder	Number of Class A Shares
Smith & Williamson Investment Management	4,587,583
Asset Value Investors	4,427,291
Quilter Cheviot Investment Management	4,308,135
ING Bank	4,045,650
Derbyshire County Council	2,102,484
Baillie Gifford & Co.	2,063,542
Clearstream Banking	1,674,417

Going Concern

The Company's principal activities and investment objective are described on page 35 of the report, and the Company's financial position is stated on page 68 of the report. Note 2 of the Company's Notes to Consolidated Financial Statements describes the Company's risks with respect to market, credit and liquidity risk. On page 32 of the report, the Company's liquidity and available borrowing facilities are described. The Company's cash flows are provided on page 72 of the report. Given the Company's cash flows and financial position, the directors believe the Company is in a strong financial position and has the financial resources available to help mitigate and manage risks.

Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue to operate into the foreseeable future and accordingly the financial statements have been prepared on a going concern basis of accounting.

Investment and Company Performance Evaluation

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

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

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

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. The Chairman has met with a number of shareholders during the year and, along with the other directors, is available to meet at other times, if required. The Company maintains a website which contains comprehensive information including Company notifications, share information, financial reports, investment objectives and policy, investor contacts and information about the board and corporate governance. The Company releases monthly NAV updates, which details performance, the financial position of the Company and the underlying diversification of the portfolio. The quarterly, interim and annual financial reports provide shareholders with more detail on the portfolio and an update on the performance of the Company. In addition, the Investment Manager publishes investor presentations following the release of quarterly, interim and annual financial reports, as well as other times throughout the year.

Share Buy-Back Agreement

NBPE is party to a Share Buy-Back Agreement with Jefferies International Limited ("JIL") in relation to the market repurchases of Class A Shares on behalf of NBPE. The Share Buy-Back Agreement was initially entered into between NBPE and The Royal Bank of Scotland N.V. (London Branch) ("RBS N.V.") on 22 October 2010 and was subsequently amended and extended on 30 August 2011, novated on 7 November 2011 from RBS N.V. to The Royal Bank of Scotland plc ("RBS plc") in respect of repurchases of Class A Shares made on the Specialist Fund Market only, and extended on 29 November 2011. The Share Buy-Back Agreement was then novated by RBS NV and RBS plc to JIL on 1 March 2012 and the board of directors has approved an extension of the Share Buyback Programme until 31 May 2016. The documentation for such extension is currently in process.

Change of Control

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

List of NBPE Subsidiaries

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are responsible for preparing the Directors' Report and the consolidated financial statements for each financial year which give a true and fair view, in accordance with applicable law and regulations and in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these consolidated financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the consolidated financial statements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with the Law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Law.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Statement of Responsibility

The directors confirm that to the best of their knowledge:

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

The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

By order of the board

Talmai Morgan
Director

John Falla
Director

Date: 14 March 2016

CORPORATE GOVERNANCE REPORT

Introduction

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

The board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

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

The UK Corporate Governance Code includes provisions relating to:

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

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

AIC Code Principle	Compliance Statement
1. The Chairman should be independent.	The Chairman is independent and independence is reviewed as part of the annual board review process. The Chairman does not have any relationships that may create a conflict of interest. All directors declare their non-NBPE appointments and have the opportunity to declare conflicts of interest at each board meeting; such conflicts or potential conflicts are recorded in the relevant board minute.

CORPORATE GOVERNANCE REPORT

AIC Code Principle	Compliance Statement
2. A majority of the board should be independent of the manager.	Refer to page 48 for the board compositions and independence
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but based on disclosed procedures and continued satisfactory performance.	The board has undertaken a self-evaluation and the Chairman has been evaluated by the other directors. The Chairman confirms that the performance of each of the directors continues to be effective, having demonstrated commitment to their respective roles. Directors are submitted for re-election every three years. The board believes that it is appropriate for each of the directors to be re-elected based on the skills described on pages 64 and 65.
4. The board should have a policy on tenure, which is disclosed in the annual report.	Four directors were appointed on 22 June 2007 and one director, Mr. Falla, was appointed in 2015. The board has adopted a policy on tenure that is appropriate for an investment company. The board has not set a maximum threshold for tenure nor any guaranteed tenure. The board 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 by directors' retirements. The board seeks to encompass relevant past and current experience of various areas relevant to the Company's business.
5. There should be full disclosure of information about the board.	The Company will continue to comply with this recommendation and include biographies of the directors in the annual financial report and prospectuses. The board has established an Audit Committee and a Management Engagement Committee. Further information about these committees and their main roles can be found beginning on page 49 as well as the within the Audit Committee Report. The board has not deemed it necessary to appoint a Nomination Committee or a Remuneration Committee as it considers that such matters may be considered by the whole board, being only five directors in number. The Company's Chairman is a member of the Audit Committee but he does not chair the meeting. All members of the Audit Committee are independent non-executive directors. Details of the board's committees and their composition is described on page 48.

AIC Code Principle	Compliance Statement
5. There should be full disclosure of information about the board. (Continued)	The directors' Statement of Responsibility can be found on pages 41 and 42 of this report. The responsibilities of the auditor and scope of the audit of the financial statements can be found on page 66. In addition, the Financial Statements and Reporting Matters section of the Audit Committee Report on pages 61 and 62 provide further detail on the work performed by the auditors. Terms of reference for the Audit Committee and the Management Engagement Committee are available from the Company Secretary.
6. The board should aim to have a balance of skills, experience, length of service and knowledge of the company.	The current board has an appropriate balance of skills and experience. Mr. John Hallam left the board in 2015 and Mr. Falla was appointed in his place based on his skill set and experience holding similar positions.
7. The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The board has adopted a process to review its performance internally on an annual basis.
8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.	The remuneration packages of each director are considered by the board as a whole. No remuneration committee has been appointed by the Company. Details of the directors' remuneration and shareholdings are described on page 50 of this report. The Company maintains appropriate directors' and officers' liability insurance in respect of legal action against its directors on an on-going basis, as detailed on page 51.
9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	Mr. Falla was appointed to the board in 2015. Given the number of directors on the board, a separate nomination committee has not been established; however, only independent directors were involved in the decision process. An external search consultant was not used during the process.
10. Directors should be offered relevant training and induction.	Independent directors have visited the Investment Manager's offices and met with key personnel. Prior to the issuance of this report, Mr. Falla visited the Investment Manager's offices in New York and Dallas to meet with key personnel. In addition, the directors are regularly provided with updated, detailed information regarding the Investment Manager.

AIC Code Principle	Compliance Statement
11. The Chairman (and the board) should be brought into the process of structuring a new launch at an early stage.	This principle applies to the launch of new companies and the directors will be brought in early in the process.
12. Boards and managers should operate in a supportive, co-operative and open environment.	The process operates as described between the Investment Manager and the board.
13. The primary focus at regular board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Company's investment policy is defined in the Prospectus. Any material deviations from this policy may only be made in accordance with the approval of the shareholders by way of ordinary resolution and in accordance with the Listing Rules. The Investment Manager provides a detailed investment report at each scheduled quarterly board meeting including a portfolio analysis, investment activities, net asset value, utilisation of Credit Facility, modelling and sensitivity analysis. Directors also have the opportunity to discuss these and any other matters with the Investment Manager outside of board meetings as required. The Company is subject to a number of risks and the directors seek to effectively manage risk. A detailed risk matrix is tabled and reviewed by the board at each board meeting. The risk matrix outlines each of the risks and risk type as well as the key controls and the responsible team for managing the risk. The risk matrix is updated over time as key risks to the Company change. Further information on risk can be found in the Risk Report beginning on page 52. In addition, the Company has a treasury share policy as set out in the Prospectus. Service provider reviews are carried out on an annual basis, the remuneration of directors is disclosed on page 50 and directors and officers liability insurance is maintained. Directors may seek independent, professional advice at the expense of the Company where necessary.

AIC Code Principle	Compliance Statement
14. Boards should give sufficient attention to overall strategy.	The board does not hold separate strategy meetings but strategy is considered in detail at each quarterly board meeting and at ad hoc board meetings where required.
15. The board should regularly review both the performance of, and contractual arrangements with, the Manager (or executives of a self managed company).	The board has appointed a Management Engagement Committee as detailed on page 49. The Management Engagement Committee is comprised of independent non-executive directors and the Company Chairman is a member of, but does not chair, the Management Engagement Committee. The board has also conducted a review of the effectiveness of internal controls on an annual basis.
16. The board should agree policies with the manager covering key operational issues.	The board has responsibility for setting the overall investment policy and monitors the action of the Investment Manager at regular board meetings and has established a Management Engagement Committee to monitor the Investment Manager's performance and fees. The board has also adopted reserved powers of the board.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The board considers a detailed report from the Investment Manager at each quarterly board meeting as well as reports from the Company's brokers which address this whole area. The board and the Investment Manager have been proactive in addressing the discount, demonstrated by strategic actions over time. In particular, the Company has taken a number of actions including: focusing the portfolio on direct investments including income yielding assets, the introduction of a twice yearly dividend policy, the introduction of a sterling dividend election option and the introduction of a dividend re-investment plan. The Investment Manager also reviews other strategic actions from time to time, including opportunistic secondary fund sales.
18. The board should monitor and evaluate other service providers.	The board considers the performance and contractual arrangements between the Company and its service providers on an annual basis. The Audit Committee has satisfied itself that the auditor is effective and independent and keeps this issue under regular review.

AIC Code Principle	Compliance Statement
19. The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the board's views to shareholders.	The board receives updates from the corporate brokers and comprehensive shareholder reports at quarterly board meetings. The Investment Manager conducts direct meetings with shareholders (also attended by the Chairman from time to time) and provides the board with regular updates. The Chairman also notifies all directors immediately upon receipt of any suggestions, issues or concerns raised by shareholders.
20. The board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	The Company is in compliance with this recommendation. All major corporate communications are reviewed and approved by the board.
21. The board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the Class A Shares.	Investment policy is set out in both the Prospectus and the annual financial report. The Company is in compliance with this recommendation in both documents.

The Board Composition and Independence

The board is comprised of five directors and has elected Mr. Morgan to be its Chairman. Mr. Sherwell sits on the board of NBDD whose investment manager is Neuberger Berman Europe Limited. The board believes that, notwithstanding this, Mr. Sherwell remains independent as the businesses of NBDD and the Company are significantly different and have different managers which are geographically separated. Mr. Morgan also sat on the board of NBDD but resigned on 8 February 2016. He no longer has any involvement with any other Neuberger Berman company and is therefore independent. Mr. Falla joined the board of the Company in 2015 and is also independent.

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

The directors review their independence annually. All directors offer themselves for re-election at least once every three years.

The biographical details of the directors are presented on pages 64 and 65 of the report and demonstrate the range of financial, legal, investment and accounting professional experience. The directors believe the wide range of experience and expertise in different professional areas allows for each to contribute and lead on certain issues and topics which affect the Company, and each director contributes meaningfully to the ongoing activities of the Company. The biographical information also includes a list of other public company directorships for each of the directors. In its consideration of any new or additional directors the board will always seek to make the most appropriate appointments taking into full account the benefits of diversity including gender.

The board has established a Management Engagement Committee and an Audit Committee, which are described on the following pages.

CORPORATE GOVERNANCE REPORT

Management Engagement Committee Responsibilities

On 7 March 2014, a Management Engagement Committee, comprised of Messrs. Morgan and Sherwell, was formed and Mr. Sherwell was elected Chairman of the Management Engagement Committee. Mr. Falla joined the committee in December 2015, following his appointment to the Company. The principal function of the Management Engagement Committee is to review annually the terms of the Investment Management Agreement between the Company and the Investment Manager. Additionally, the Management Engagement Committee may review annually the performance and terms of engagement of any key service providers to the Company, as appropriate. The Management Engagement Committee meets at least once a year and at other times as required by the board.

Audit Committee

The board has established an Audit Committee comprised of Mr. Morgan and Mr. Sherwell who were appointed at the board meeting held on 3 July 2007. Effective 22 September 2015, John Hallam, former Audit Committee Chairman, resigned from NBPE. Mr. Falla joined the board on 21 December 2015 and was appointed Audit Committee Chairman. Details of the Audit Committee responsibilities and activities during the year can be found beginning on page 59. A full copy of the Audit Committee terms of reference are available from the Company secretary.

Board Meetings and Meeting Attendance

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

During the year ended 31 December 2015, the board, Audit Committee and Management Engagement Committee conducted four, three and one meetings, respectively. The attendance of the individual directors at those meetings is shown on the following page. In addition to the scheduled board meetings on the following page, the board met twice to discuss the Company's dividend policy and four other times to discuss other matters related to the Company.

Board Meetings and Meeting Attendance

	Scheduled Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings	
	Held:	Attended:	Held:	Attended:	Held:	Attended:
Talmai Morgan:	4	4	3	3	1	1
John Buser:	4	4	NA	NA	NA	NA
John Hallam: (Resigned 22/09/15)	4	3	3	2	1	1
Christopher Sherwell:	4	4	3	3	1	1
Peter Von Lehe:	4	3	NA	NA	NA	NA
John Falla*:	NA	NA	NA	NA	NA	NA

Directors' Appointment

No director has a service contract with the Company. Directors have agreed letters of appointment with the Company, copies of which are available for review by shareholders at the Registered Office and will be available at the Annual General Meeting. Any director may resign in writing to the board at any time.

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 2015, the directors fees were paid as follows: the Chairman, $75,000; the Chairman of the Audit Committee (reflecting amounts paid to Mr. Hallam for his services up to his resignation), $43,696; and the third independent director, $60,000. Mr. Falla received a pro-rated payment of $1,793 during 2015. With the exceptions of Messrs. Hallam and Falla, the same fees were paid during the year ended 31 December 2014. The Company does not pay any directors fees to the non-independent directors. The board has not established a Remuneration Committee as this is determined by the board as a whole and the board considers this sufficient.

Performance Evaluation and Training

The directors complete evaluations of the board and Chairman on a yearly basis. The board adopted this process in 2012. The goal of the evaluation of the board is for each director to assess the effectiveness of the board's performance. The directors also complete a Chairman evaluation on a yearly basis. The evaluations are completed through the form of questionnaires and discussion. Following the last evaluation in 2015, it was concluded by the board that the performance of both the board and the Chairman was satisfactory.

**John Falla was a Director of NBPE effective 21 December 2015.*

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.

Shareholdings of the Directors

The Shareholdings of the directors as of 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Talmai Morgan:	10,000 Class A Shares	10,000 Class A Shares
John Buser:	10,000 Class A Shares	10,000 Class A Shares
John Hallam: (Resigned 22/09/15)	NA	10,000 Class A Shares
Christopher Sherwell:	9,150 Class A Shares	9,150 Class A Shares
Peter Von Lehe:	7,500 Class A Shares	7,500 Class A Shares
John Falla*:	NA*	NA

Corporate Social Responsibility

The Company does not have a formal Corporate Social Responsibility policy but instead relies on Neuberger Berman's policy related to Corporate Social Responsibility for new investments. Neuberger Berman, the parent company of the Investment Manager, is a signatory to the Principles for Responsible Investment ("PRI") and diligently addresses Environmental, Social and Corporate Governance ("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 Corporate Social Responsibility and PRI can be found under the About section of Neuberger Berman's website at www.nb.com. Underlying fund investments within the portfolio may also have their own set of internal procedures or policies relating to PRI and ESG issues for investment activities. The Investment Manager was unaware of any circumstances during 2015 that arose in the portfolio which would impact the PRI and ESG investment policies.

Value Creation and Preservation

The directors seek to generate value for the Company over the long-term, in accordance with the Company's investment objectives as described under the Company and Business Review on page 35 of this report. In addition, the directors seek to manage investment risk and key risks to the Company in order to preserve value for the Company. Information on the identification, assessment and management of risks can be found in the Risk Report beginning on the next page.

**2,000 shares were acquired by John Falla subsequent to this reporting period on 12 January 2016.*

Risk Report

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

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

Risk Report (Continued)

Control Objective	Perceived Risk	Key Controls
Operational Risks: Key professionals IT Systems Compliance	• Attracting and retaining key business and investment professionals • Alignment of incentives • Maintaining systems and infrastructure to achieve business objectives • Regulatory compliance	• Resources of Neuberger Berman for attracting and retaining talent • Policies and procedures for all professionals of the Investment Manager and the Administrator • IT infrastructure and systems maintained by the Investment Manager and the Administrator • Significant levels of internal controls and monitoring by compliance departments within the Investment Manager and the Administrator

External Risks

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

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

Strategic Risks

Strategic risks are largely risks associated with the execution and achievement of planned objectives as well as meeting key business targets. To mitigate these risks, the Investment Manager closely tracks the investments within the portfolio and monitors the portfolio relative to the planned objectives. In addition, the directors receive updates from the Investment Manager on the performance of the portfolio at each quarterly board meeting. The board meetings also serve as a time to review and discuss the business plan and investment objectives. The current key strategic risk for the Company is meeting the required investment level within its income investment portfolio so that the Company's dividend can be fully supported from the cash income this portfolio generates. Another strategic risk is the persistent trading discount of the share price to NAV. The board and the Investment Manager continue to monitor the trading discount and evaluate ways to enhance shareholder value over time.

Risk Report (Continued)

Investment Risks

Investment risks are risks that pertain to the investments within the Company's portfolio and include investment and exit decisions, underwriting of investments, investment performance and the valuation of investments. The Investment Manager's team of investment professionals seek to manage investment risk through thorough due diligence and through diversification across asset class, vintage year, geography, industry and sponsor. Investment decisions are made by the Private Investment Portfolios Investment Committee of the Investment Manager; however, each underlying fund investment has its own set of investment professionals and committees to make investment decisions into underlying portfolio companies, outcomes of which could be positive or negative. The Private Investment Portfolios Investment Committee is comprised of eight senior investment professionals with approximately 230 years of combined professional experience and average over 16 years with the firm. The eight members have a range of diverse backgrounds including as fund managers, CEOs, directors of corporate boards, direct private equity investors, bankers, lawyers and accountants. Post-investment, the Investment Manager's team of investment professionals closely monitor the investment portfolio for events or changes in performance that could justify a change in the valuation of an investment. A description of the Investment Manager's valuation policy for equity and debt investments can be found on page 95 of this report.

Financial Risks

Financial risks are risks that could impact the financing and ongoing operations of the business and include liquidity and Credit Facility management, meeting the final capital entitlement of the ZDP Shares in 2017 and foreign exchange risk. The Investment Manager performs analysis on the underlying portfolio by making reasonable exit assumptions on the underlying investments and forecasts the expected future cash flows from investment exits. This analysis helps the Investment Manager make a reasonable projection of the future cash and borrowing needs as well as better manage the pace of new investments in the portfolio. This analysis only provides a reasonable forecast and is relied upon only as such and actual performance could differ materially. To the extent there are any current outstanding borrowings under the Credit Facility, the Investment Manager closely monitors the financial ratios and covenant headroom available. The Investment Manager has entered into a forward currency contract to hedge, in part, the currency risk associated with the ZDP Shares, which can be found on page 89 of this report.

Operational Risks

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

Risk Report (Continued)

Internal Controls

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

Risk Factors

The Company is subject to, and an investment in the Company's Class A Shares involves, substantial risks, which may adversely impact the Company’s financial condition, results of operations and/or the value of the Class A Shares, Class B Shares and ZDP Shares. Investors in the Company's Class A Shares and ZDP Shares should carefully consider such risks, which include, without limitation, those set out below and on the following pages.

The Company may experience fluctuations in its monthly NAV

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

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

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

The Class A Shares could continue to trade at a discount to NAV

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

Risk Report (Continued)

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

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

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

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

The price attributed to the Class A Shares on Euronext Amsterdam and the SFM may vary significantly and the price attributed to the ZDP Shares on the SFM and the Channel Islands Securities Exchange Authority Limited ("CISE") may vary significantly

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

Risk Report (Continued)

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

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

The Company may not be able to refinance its existing credit facility or existing ZDP Shares
The Company currently has an existing Credit Facility with Lloyd's Banking Group which matures in April 2017. In the event the Company is not able to refinance this Credit Facility, any borrowings drawn would be due at maturity. If the Company did not have sufficient cash available, then the Company could be forced to sell assets at a discount to the most recent investment value, and as result, the NAV per Class A Share could suffer. Likewise, the Company has existing ZDP Shares which mature in May 2017. If the Company did not have sufficient cash available to settle this liability when it comes due, the Company may be required to raise cash through asset sales or other means.

AUDIT COMMITTEE CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to join the Company as Audit Committee Chairman, following the resignation of John Hallam to become Chairman of NBDD. Although I was formally appointed as Chairman of the Audit Committee on 21 December 2015 and not present for the Audit Committee meetings throughout the year, Mr. Morgan and Mr. Sherwell attended all of the meetings, and have briefed me on the work of the Audit Committee prior to my appointment. I have also met with Mr. Hallam who also assisted with informing me of the past work of the Audit Committee. I would like to thank Mr. Hallam for his assistance and for his past wise leadership as Chairman of the Audit Committee.

I have met with the audit engagement partner in Guernsey and have also visited the Investment Manager's offices in New York and Dallas to meet with key personnel of the Investment Manager and KPMG in Dallas, TX. I was actively engaged in the year end audit process and all matters which fall within the Audit Committee responsibilities since my appointment. I am pleased to present this section, the Audit Committee Report, which details key issues that impacted the Audit Committee during 2015, the process surrounding the 2015 year end audit, and how any issues were resolved by the Committee.

John Falla
Audit Committee Chairman
Guernsey, 14 March 2016

AUDIT COMMITTEE REPORT

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

Audit Committee Responsibilities

The responsibilities of the Audit Committee are:

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

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

AUDIT COMMITTEE REPORT

Committee meetings

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

Main activities during the year

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

The primary role of the Audit Committee in relation the financial reporting is to review with the Investment Manager, Capital Analytics and external auditor the appropriateness of the half-year and annual financial statements concentrating 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 judgements have been applied or there has been discussion with the external auditor;
- whether the annual report and accounts, take 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 our financial reporting.

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

The following paragraphs in this report describe the key issues affecting the Company and how these were addressed by the Audit Committee during 2015, and in the preparation of this annual financial report and consolidated financial statements.

AUDIT COMMITTEE REPORT

Financial Statements and Reporting Matters

After discussion with both the Investment Manager and the external auditor, the Audit Committee determined that the key risk of material misstatement of the financial statements related to the valuation of investments as detailed below.

The Audit Committee received a report from the Investment Manger on the valuation of the investments and on the assumptions used in valuing the portfolio. The Audit Committee analysed the investment portfolio of the Company in terms of investment mix, fair value hierarchy and valuation. The Audit Committee has held detailed discussions with the Investment Manager with regards to the methodology used in valuing the portfolio. The Committee has also considered the auditor's approach to the valuation of the Company's investments and met with the auditors where the audit findings were reported. The Committee discussed in depth with the external auditors the auditor's approach to testing the appropriateness and robustness of the valuation methodology applied by the Investment Manager to the Company's portfolio.

The auditors explained that given the level of direct investments they had utilised their in-house valuation experts to assist with their audit of the valuations. The auditors had used a number of techniques to evaluate the design and implementation of controls over the valuation of investments. To evaluate direct investments, the auditors reviewed the Investment Manager's direct investment valuation models and underlying assumptions, public and private comparables used to support the valuation and if the chosen multiple was appropriate. The auditors had also made an evaluation of the strength of information obtained by the Investment Manager's from the underlying companies or sponsor, and reported to the Audit Committee that they were satisfied with the financial information used for valuations. In order to evaluate fund investments, the auditors reviewed fund investments' balance sheet, income statement and changes from prior periods and hindsight analysis work of valuations.

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 are satisfied with the valuation of investments.

The Audit Committee reviewed both the annual financial report and the consolidated financial statements, including the viability statement, and the principal risks identified and the workings supporting the viability statement. Based on their review and information received from the Investment Manager, the Audit Committee advised the board that it was satisfied that the annual financial report and the consolidated financial statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal control and risk assessment

The Committee receives reports from the Investment Manager on the Company's risk evaluation process and reviews changes to significant risks identified. The board has undertaken a full review of the Company's business risks, which have been analysed and recorded in a risk report, which is reviewed and updated regularly and is formally reviewed at each quarterly board meeting. The board receives, each quarter from the Investment Manager, a formal report which details the steps taken to monitor the areas of risk including those that are not directly the responsibility of the Investment Manager and which reports the details of any known internal control failures. 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 on the previous page, the Committee confirms that it has reviewed the effectiveness of the Company's system of internal controls for the year ended 31 December 2015 and to the date of approval of this annual financial report and that no issues have been 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. The Audit Committee was satisfied that this function provides sufficient control to help mitigate risks to the Company.

External Audit
The Company's external auditors, KPMG Channel Islands Limited, have been appointed to the Company since 2009, which was the time of the last audit tender. The Company's external auditors performed an external audit on the Company's financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 work.

Terms of Engagement
The Audit Committee reviewed the audit scope and fee proposal through engagement letters and Audit Committee reports issued by the external auditors to the directors. The Committee approved the fees for audit services for 2015 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.

Auditor Effectiveness

The Audit Committee received a detailed audit plan from the auditors, identifying their assessment of these key risks. For the 2015 financial year the significant risk identified was in relation to 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 and estimates around these areas. The Committee assess 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. In addition, the Audit Committee seeks feedback from the Investment Manager and Capital Analytics on the effectiveness of the audit process. For the 2015 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 good.

Auditor Independence and Appointment

The Audit Committee understands the importance of auditor independence and during 2015, the Audit Committee reviewed the independence and objectivity of the Company's external auditor, KPMG Channel Islands Limited and also of KPMG in Dallas, TX, which provides non-statutory audit services. The Audit Committee received a report from the external auditor describing its independence, controls and current practices to safeguard and maintain auditor independence.

AUDIT COMMITTEE REPORT

The Audit Committee also focused on the level of non-audit services that were performed during the year. Non-audit services performed during 2015 consisted of the review of the interim financial statements. The auditors 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.

Any additional non-audit services requires the consent of the Audit Committee. There was no other non-audit work performed by the external auditors 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.

As an additional safeguard for independence, the Company's current audit engagement partner, Dermot Dempsey, recommended in November 2015 that the timing was appropriate to consider rotation of the U.S. audit partner. He noted that the requirement for rotation of the Guernsey audit partner was five years while the AICPA requirement was ten years, however he further indicated that a new U.S. audit partner would be introduced following the audit of the 31 December 2015 financial statements to comply with the rotation requirement in Guernsey. Stephen Hicks, the current U.S. audit partner, noted that John Flack would be appointed as the new U.S. audit partner following the 31 December 2015 financial statements. The Audit Committee was satisfied with the rotation and believed it was an appropriate timing.

The Audit Committee and KPMG discussed on 11 March 2016 the independence issue outlined in Note 13 and the Audit Committee was satisfied that the auditor KPMG Channel Islands Limited remains independent.

The Audit Committee follows Financial Reporting Council ("FRC") guidance which provides for an audit tendering to be carried out every ten years, and that audit engagement partner rotation should be seen as an ideal time to go to an audit tender. The Company's external auditors, KPMG Channel Islands Limited, have been appointed to the Company since 2009, which was the time of the last audit tender. The board (in accordance with the recommendation of the Audit Committee) resolved that it would be preferable and more efficient to consider the audit tendering process at a future date but still in accordance with FRC guidance.

The Company's auditors have indicated their willingness to remain in office. The directors will propose a resolution at the Annual General Meeting to recommend the re-appointment of KPMG Channel Islands Limited as independent auditors for the ensuing year and to authorize the directors to determine their remuneration.

DIRECTORS' BIOGRAPHIES

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

Talmai Morgan, a resident of Guernsey, aged 63, qualified as a barrister in 1976. He holds a MA in Economics and Law from Cambridge University. He moved to Guernsey in 1988 where he worked for Barings and then for the Bank of Bermuda. From 1999 to 2004, he was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. He was also particularly involved in the activities of the Financial Action Task Force and the Offshore Group of Banking Supervisors. For the last ten years, Mr. Morgan has been the non-executive chairman or a non-executive director of a number of publicly listed investment companies. He is presently Chairman of NB Private Equity Partners Limited, Sherborne Investors (Guernsey) B Limited and Global Fixed Income Realisation Limited. He also sits on the board of BH Global Limited and John Laing Infrastructure Fund Limited.

Other public company directorships:

- BH Global Limited
- Global Fixed Income Realisation Limited
- John Laing Infrastructure Fund Limited
- Sherborne Investors (Guernsey) B Limited

John Buser (Director) / 22 June 2007

John Buser (aged 58) is a Managing Director of Neuberger Berman and Global Head of the Private Investment Portfolios practice for Neuberger Berman. He is also a member of the Private Investment Portfolios, Co-Investment, Latin America Private Equity, Northbound and Secondary Investment Committees. Before joining Neuberger Berman in 1999, Mr. Buser was a partner at the law firm of Akin, Gump, Strauss, Hauer & Feld, L.L.P., where he had extensive experience in the practice of domestic and international income taxation during his 17 year tenure. Mr. Buser was admitted to the State Bar of Texas in 1982 after receiving his J.D. from Harvard Law School. Prior to attending law school, Mr. Buser graduated summa cum laude with a B.S. in accounting from Kansas State University.

John Buser has no other public company directorships.

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

John Falla, aged 54, and a resident of Guernsey, is an Associate of the Institute of Chartered Accountants in England and Wales. He has a degree in Property Valuation and Management from the City University London, and is a Chartered Fellow of the Chartered Institute for Securities and Investment holding their diploma. He qualified as a Chartered Accountant with Ernst and Young in London, before transferring to their Corporate Finance Department. On his return to Guernsey in 1996 he worked for an International Bank before joining the Channel Islands Stock Exchange in 1998 on its launch as a member of the Market Authority. In 2000 he joined the Edmond de Rothschild Group. Although based in Guernsey he provided corporate finance advice to international clients including open and closed-ended funds, and institutions with significant property interests. He was also a director of a number of Edmond de Rothschild operating and investment entities. He has been a non-executive director of London listed companies for a number of years, and is now a full time non-executive director and consultant.

Other public company directorships:

- Duet Real Estate Finance Limited
- Omnium Investments PCC Limited
- SQN Asset Finance Income Fund Limited

Note: Certain of the directors maintain additional directorships some of which are also listed but not actively traded on various exchanges. Details may be obtained from the Company Secretary.

DIRECTORS' BIOGRAPHIES

Christopher Sherwell (Independent Director) / 22 June 2007

Christopher Sherwell (aged 68) is a Guernsey resident and former managing director of Schroders in the Channel Islands. Before joining Schroders in1993, he was a Far East Regional strategist in London and Hong Kong for Smith New Court Securities and, prior to that, spent 15 years as a journalist, much of them as foreign correspondent for the Financial Times. His public company experience stretches back 12 years, and apart from NBPE he currently acts as a non-executive director on the following publicly-listed funds:

- Schroder Oriental Income Fund Limited
- NB Distressed Debt Investment Fund Limited
- Raven Russia Limited
- Baker Steel Resources Trust Limited

Peter von Lehe (Director) / 22 June 2007

Peter von Lehe (aged 47) is a Managing Director of Neuberger Berman and a leader of the Firm's Private Investment Portfolios practice. He is also a member of the Athyrium, Private Investment Portfolios, Co-Investment, Latin America Private Equity and Private Debt Investment Committees as well as a member of the board of directors of Marquee Brands. Mr. von Lehe sits on the Limited Partner Advisory Boards of a number of investment relationships globally on behalf of Neuberger Berman funds. Previously, Mr. von Lehe was a Managing Director and Deputy Head of the Private Equity Fund of Funds unit of Swiss Reinsurance Company. At Swiss Re, Mr. von Lehe was responsible for investment analysis and product structuring and worked in both New York and Zurich. Before that, he was an attorney with the law firm of Willkie Farr & Gallagher LLP in New York focusing on corporate finance and private equity transactions. He began his career as a financial analyst for a utility company, where he was responsible for econometric modeling. Mr. von Lehe received a B.S. with Honors in Economics from the University of Iowa and a J.D. with High Distinction, from the University of Iowa College of Law. He is a member of the New York Bar.

Peter Von Lehe has no other public company directorships.

Note: Certain of the directors maintain additional directorships some of which are also listed but not actively traded on various exchanges. Details may be obtained from the Company Secretary.

AUDITOR'S REPORT

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

We have audited the consolidated financial statements (the "financial statements") of NB Private Equity Partners Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2015 which comprise the consolidated balance sheet, consolidated condensed schedule of private equity investments, consolidated statement of operations and changes in net assets, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and U.S. generally accepted accounting principles.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibility set out on pages 41 and 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Financial Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB PRIVATE EQUITY PARTNERS LIMITED (CONT.)

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its results for the year then ended;
- are in conformity with U.S. generally accepted accounting principles; and
- comply with the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

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

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Dermot A. Dempsey

Dermot A. Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors, Guernsey

14 March 2016

CONSOLIDATED BALANCE SHEETS 31 DECEMBER 2015 AND 2014

Assets		2015		2014
Private equity investments				
Cost of $716,882,829 at 31 December 2015 and $687,856,021 at 31 December 2014	$	813,597,495	$	840,612,899
Cash and cash equivalents		26,118,461		25,583,910
Distributions and sales proceeds receivable from investments		2,085,717		9,020,622
Other assets		1,270,275		2,039,373
Total assets	**$**	**843,071,948**	**$**	**877,256,804**

Liabilities				
Liabilities:				
ZDP Share liability	$	74,739,963	$	73,659,739
Credit facility loans		52,500,000		90,000,000
Accrued expenses and other liabilities		7,155,182		3,987,981
Net deferred tax liability		4,612,591		4,313,687
Payables to Investment Manager and affiliates		2,949,475		2,918,443
Carried interest payable		-		6,810,616
Total liabilities	**$**	**141,957,211**	**$**	**181,690,466**
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, $0.01 par value, 100,000 shares authorized,				
10,000 shares issued and outstanding		100		100
Additional paid-in capital		525,157,490		525,157,490
Retained earnings		183,898,937		178,379,511
Less cost of treasury stock purchased (3,150,408 shares)		(9,248,460)		(9,248,460)
Total net assets of the controlling interest		**700,327,477**		**694,808,051**
Net assets of the non-controlling interest		787,260		758,287
Total net assets	**$**	**701,114,737**	**$**	**695,566,338**
Total liabilities and net assets	**$**	**843,071,948**	**$**	**877,256,804**
Net asset value per share for Class A Shares and Class B Shares	**$**	**14.35**	**$**	**14.24**
Net asset value per ZDP Share (Pence)		**153.60**		**143.14**

The financial statements were approved by the board of directors on 14 March 2016 and signed on its behalf by

Talmai Morgan **John Falla**

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

CONSOLIDATED CONDENSED SCHEDULES OF PRIVATE EQUITY INVESTMENTS
31 DECEMBER 2015 AND 2014

Private equity investments	Cost	Fair Value	Unfunded Commitment	Private Equity [3] Exposure
2015				
Fund investments	$ 161,055,398	$ 180,105,490	$ 39,525,428	$ 219,630,918
Direct equity investments [1]	261,534,958	350,523,559	218,276,857	568,800,416
Income investments[2]	294,292,473	282,968,446	5,648,982	288,617,428
	$ 716,882,829	**$ 813,597,495**	**$ 263,451,267**	**$ 1,077,048,762**
2014				
Fund investments	$ 181,973,937	$ 227,833,703	$ 50,281,518	$ 278,115,221
Direct equity investments [1]	206,989,298	311,447,032	98,549,936	409,996,968
Income investments[2]	298,892,786	301,332,164	5,000,000	306,332,164
	$ 687,856,021	**$ 840,612,899**	**$ 153,831,454**	**$ 994,444,353**

Private equity investments in excess of 5% of net asset value	Fair Value
2015	
NB Crossroads Fund XVIII	
Large-cap buyout	$ 6,956,365
Mid-cap buyout	17,026,613
Special situations	3,879,347
Venture	8,426,302
	$ 36,288,627
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

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

(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 2015 AND 2014

Geographic diversity of private equity investments (1)		Fair Value 2015		Fair Value 2014
North America	$	724,922,947	$	734,110,889
Europe		46,414,178		70,364,601
Asia / rest of world		36,765,403		28,567,364
Not classified		5,494,967		7,570,045
	$	**813,597,495**	**$**	**840,612,899**

Industry diversity of private equity investments (2)	Fair Value 2015	Fair Value 2014
Technology / IT	21.9%	16.3%
Healthcare	16.0%	14.7%
Consumer discretionary	15.1%	13.9%
Industrials	11.5%	15.6%
Financial services	11.1%	9.6%
Business services	9.8%	11.1%
Energy	6.3%	8.6%
Communications / media	3.6%	4.7%
Diversified / undisclosed / other	3.4%	3.9%
Transportation	1.3%	1.6%
	100.0%	**100.0%**

Asset class diversification of private equity investments (3)	Fair Value 2015	Fair Value 2014
Large-cap buyout	1.9%	3.3%
Large-cap buyout co-Invest	14.2%	11.6%
Mid-cap buyout	7.0%	8.8%
Mid-cap buyout co-Invest	21.3%	19.1%
Special situation	6.5%	8.1%
Special situation co-Invest	4.4%	2.2%
Income investments	34.8%	39.2%
Growth/venture	9.1%	6.4%
Secondary purchases	0.8%	1.3%
	100.0%	**100.0%**

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

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

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

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

		2015		2014
Interest and dividend income	$	35,386,069	$	25,280,654
Expenses				
Investment management and services		11,847,536		10,628,587
Finance costs				
ZDP Shares		5,543,361		5,543,734
Credit facility		4,202,654		3,257,119
Administration and professional		3,032,661		2,388,191
Carried interest		-		6,810,616
		24,626,212		28,628,247
Net investment income (loss)	**$**	**10,759,857**	**$**	**(3,347,593)**
Realized and unrealized gains (losses)				
Net realized gain (loss) on investments, net of tax expense of $2,710,748 for 2015 and $405,078 for 2014	$	73,457,472	$	33,547,015
Net change in unrealized gain (loss) on investments, net of tax expense (benefit) of $288,408 for 2015 and ($168,022) for 2014		(55,244,659)		61,574,434
Net realized and unrealized gain (loss)		18,212,813		95,121,449
Net increase (decrease) in net assets resulting from operations	$	28,972,670	$	91,773,856
Less net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest		28,973		98,584
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$**	**28,943,697**	**$**	**91,675,272**
Net assets at beginning of period attributable to the controlling interest		694,808,051		625,093,033
Less dividend payment		(23,424,271)		(21,960,254)
Net assets at end of period attributable to the controlling interest	**$**	**700,327,477**	**$**	**694,808,051**
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	***$***	***0.59***	***$***	***1.88***

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 28,943,697	$ 91,675,272
Net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest	28,973	98,584
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	(73,457,472)	(33,547,015)
Net change in unrealized (gain) loss on investments	55,244,659	(61,574,434)
In-kind payment of interest income	(314,775)	515,734
Amortization of finance costs	769,078	813,457
Amortization of purchase premium (OID)	(2,126,934)	(654,334)
Change in other assets	99,529	(538,011)
Change in payables to Investment Manager and affiliates	(6,779,584)	2,293,707
Change in accrued expenses and other liabilities	5,273,306	5,099,773
Net cash provided by (used in) operating activities	7,680,477	4,182,733
Cash flows from investing activities:		
Distributions from private equity investments	130,379,294	140,574,827
Proceeds from sale of private equity investments	149,132,997	33,096,181
Contributions to private equity investments	(10,906,987)	(7,066,484)
Purchases of private equity investments	(214,826,979)	(276,935,432)
Net cash provided by (used in) investing activities	53,778,325	(110,330,908)
Cash flows from financing activities:		
Dividend payment	(23,424,271)	(21,960,254)
Borrowing from credit facility	90,000,020	109,999,980
Payment to credit facility	(127,500,000)	(20,000,000)
Net cash provided by (used in) financing activities	(60,924,251)	68,039,726
Net increase (decrease) in cash and cash equivalents	**534,551**	**(38,108,449)**
Cash and cash equivalents at beginning of year	25,583,910	63,692,359
Cash and cash equivalents at end of year	**$ 26,118,461**	**$ 25,583,910**
Supplemental cash flow information		
Interest paid	**$ 2,663,141**	**$ 1,382,550**
Net taxes paid	**$ 2,611,639**	**$ 2,897,670**

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") is a closed-ended investment company registered in Guernsey. The registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. The Company invests in private equity assets, which consist of direct equity investments, income investments, and private equity fund investments. 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 ZDP Shares (see note 6) 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".

The Company's Class B Shares were contributed at the time of the initial public offering to a Guernsey charitable trust whose trustee is Heritage Corporate Services Limited ("Trustee"). Class B Shares have the right to elect all of the Company's directors and make certain other reserved decisions. The voting rights of Class A 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 the memorandum and articles of incorporation. Each Class A Share and B Share participates equally in profits and losses.

The Company is managed by NB Alternatives Advisers LLC ("Investment Manager") pursuant to an Investment Management and Services Agreement. The Investment Manager 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 (the "consolidated financial statements") give a true and fair view of the assets, liabilities, financial position and profit or loss and are prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), as allowed by rules published in the United Kingdom and Netherlands to effect implementation of the EU Transparency Directive, and are in compliance with the Companies (Guernsey) Law, 2008. These consolidated financial statements are presented in United States dollars. Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 unrealised gains and losses resulting from changes in fair value reflected in net change in unrealised 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 in which it holds 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 the Investment Manager 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 the Investment Manager's current estimates and such differences may be significant.

Cash and Cash Equivalents

Cash and cash equivalents are valued at cost, which approximates fair value. These balances represent amounts held with financial institutions that are readily accessible to pay expenses or fund investments. These balances may include investments in money market mutual funds. As of 31 December 2015 and 2014, $26,118,461 and $25,583,910, 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. The Investment Manager uses the best information reasonably available to determine or estimate fair value. Valuations of the investments are reviewed and approved quarterly by the Investment Manager. Fair value is estimated 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 the Investment Manager concludes that it is probable an investment will be sold, the Investment Manager adjusts the carrying value to the amount expected 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. The Investment Manager determines 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 income investments, the Investment 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 the specific measure (such as EBITDA, free cash flow, net income, book value or NAV) believed to be most relevant for the given company and the Investment Manager compares this metric in relation to comparable company valuations (market trading and transactions) based on the same metric. In determining the enterprise value, the Investment Manager further considers the 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 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 Investment Manager next considers current market conditions including pricing quotations for the same security and yields for similar investments. To the extent market quotations for the security are available, the Investment Manager takes into account current pricing and liquidity. Liquidity may be estimated by the spread between bid and offer prices and other available measures of market liquidity, including number and size of recent trades and liquidity scores. If the Investment Manager believes market yields for similar investments have changed substantially since the pricing of the security held by the Company, the Investment Manager performs a discounted cash flow analysis, based on the expected future cash flows of the debt securities and current market rates. The Investment Manager also considers the maturity of the investment, compliance with covenants and ability to pay cash interest when estimating the fair value of the Company's debt investment.

Because of their inherent uncertainty, the fair values 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

The Company earns interest and dividends from direct investments and from cash and cash equivalents. The Company records dividends on the ex-dividend date and interest when earned, provided the Investment Manager knows the information or is able to reliably estimate it. Otherwise, the Company 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 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 the Company's investments.

Realised Gains and Losses on Investments

For investments in private equity funds, the Company 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, the Company records realised gains and losses when the asset is realised and on the trade date. For all investments, realised gains and losses are recorded on a specific identification cost basis.

Net Change in Unrealised Gains and Losses of 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.

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 unrealised gain (loss) on investments in the Consolidated Statements of Operations and Changes in Net Assets. For the years ended 31 December 2015 and 2014, the effect of translation to U.S. dollars decreased valuations of foreign investments by approximately $708,303 and $728,445, respectively.

The Company has unfunded commitments denominated in currencies other than U.S. dollars. At 31 December 2015, the unfunded commitments are in Euro and Canadian dollars and amounted to €2,731,950 and CAD 1,250,000. At 31 December 2014, the unfunded commitments are in Euro and Canadian dollars and amounted to €4,506,390 and CAD 1,256,523. 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 2015 and 2014. 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 $579,051 and $1,118,719 for 31 December 2015 and 2014, 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 £1,200 (2014: £600).

Generally, income that the Company derives from the investments may be subject to taxes imposed by the U.S. or other countries and will impact the Company's 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 the Company 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 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, the Company 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.

The Company recognizes 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 Company has not provided any reserves for taxes as all related tax benefits have been fully recognized. Although the Investment Manager believes uncertain tax positions have been adequately assessed, the Investment Manager acknowledges that these matters require significant judgment and no assurance can be given that the final tax outcome of these matters will not be different.

Deferred taxes are recorded to reflect the tax benefit and consequences of future years' differences between the tax basis of assets and liabilities and their financial reporting basis. The Company 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 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 realised. The Company records the tax associated with any transactions with U.S. or other tax consequences when the Company recognizes the related income.

Shareholders in certain jurisdictions may have individual income tax consequences from ownership of the Company's shares. The Company has not accounted for any such tax consequences in these consolidated financial statements. For example, the Investment Manager expects 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. The Company bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign exchange contract as well as risks from the potential inability of the counterparties to meet the terms of their contracts.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board ("FASB') issued Accounting Standards Update ("ASU") No. 2015-07 ("ASU 2015-07"), Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This update is effective for fiscal years beginning after December 15, 2015, and early adoption is permitted. The Company has not early adopted ASU 2015-07. The guidance is not expected to have a material impact on the Company's financial statements.

Note 3 – Agreements, including related party transactions

Management and Administration

The Company pays 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 the 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 2015 and 2014, the management fee expenses were $11,016,003 and $9,855,959, respectively.

The Company also pays 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 the 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 2015 and 2014 for these services were $831,533 and $772,628, respectively.

The Company pays 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. The Company paid Heritage $183,822 and $120,931 for the years ended 31 December 2015 and 2014, respectively, for such services.

For the years ended 31 December 2015 and 2014, the Company paid the independent directors a total of $180,489 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 2015 and 2014, the noncontrolling interest of $787,260 and $758,287 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 2015 and 2014.

	Controlling Interest	Noncontrolling Interest	Total
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**
Net increase (decrease) in net assets resulting from operations	28,943,697	28,973	28,972,670
Dividend payment	(23,424,271)	-	(23,424,271)
Net assets balance, 31 December 2015	**$ 700,327,477**	**$ 787,260**	**$ 701,114,737**

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 the Company'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 Company's internal rate of return for such period, based on the 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 the Company 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 the Company realizes on treasury stock transactions. (See note 10). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. No carried interest was accrued as of 31 December 2015. $6,810,616 carried interest was accrued as of 31 December 2014.

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 the Company. As of 31 December 2015 and 2014, the aggregate net asset value of these funds was approximately $190.9 million and $220.8 million, respectively, and associated unfunded commitments were $226.9 million and $109.2 million, respectively.

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

As of 31 December 2015, the Company has committed $275 million and funded $95.2 million to the NB Alternatives Direct Co-investment Programs, committed $50 million and funded $47.7 million to the NB Healthcare Credit Investment Program, committed $30 million and funded $9.6 million to Marquee Brands.

Note 4 – Fair Value of Financial Instruments

The Company categorizes its 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 2015 and 2014 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 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Private equity investments	$ 38,663,467	$ -	$ 774,934,028	$ 813,597,495
Forward foreign exchange contract	-	(5,319,583)	-	(5,319,583)
Totals	**$ 38,663,467**	**$ (5,319,583)**	**$ 774,934,028**	**$ 808,277,912**
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**

The Company has assessed its positions and concluded that all of its private equity investments are classified as level 3 with the exception of seven publicly traded co-investments classified as level 1 as of 31 December 2015 and five publicly traded co-investments classified as level 1 as of 31 December 2014.

Three co-investments were transferred from Level 3 to Level 1 during 2015 as a result of the completion of an initial public offering in 2015 and the resulting availability of quoted prices in active markets for those securities. 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. The Company accounts for transfers at the end of the reporting period in which such transfers occur.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2015

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 2015.

(dollars in thousands) For the Year Ended 31 December 2015	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Diversified	Secondary Purchases	Income Investments	Total Private Equity Investments
Balance, 31 December 2014	$ 86,680	$ 238,328	$ 100,028	$ 41,272	$ 23,504	$ 5,492	$ 301,332	$ 796,636
Purchases of investments and/or contributions to investments	18,018	37,409	11,378	22,802	529	83	135,552	225,771
Realized gain (loss) on investments	8,568	36,021	11,258	(358)	3,800	1,576	32,681	93,546
Changes in unrealized gain (loss) of investments still held at the reporting date	(5,423)	(5,543)	(12,583)	4,967	(3,787)	(1,364)	(14,186)	(37,919)
Changes in unrealized gain (loss) of investments sold during the year	-	(14,524)	587	-	-	-	422	(13,515)
Distributions from investments	(12,044)	(61,194)	(22,035)	(4,284)	(8,952)	(2,022)	(172,833)	(283,364)
Transfers in and/or (out) of level 3	(3,867)	(2,354)	-	-	-	-	-	(6,221)
Balance, 31 December 2015	**$ 91,932**	**$ 228,143**	**$ 88,633**	**$ 64,399**	**$ 15,094**	**$ 3,765**	**$ 282,968**	**$ 774,934**
Balance, 31 December 2015 through fund investments	$ 13,507	$ 57,768	$ 53,332	$ 36,640	$ 15,094	$ 3,765	$ -	$ 180,106

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	Income Investments	Total Private Equity Investments
Balance, 31 December 2013	$ 94,362	$ 187,824	$ 97,276	$ 38,229	$ 27,302	$ 12,570	$ 170,731	$ 628,294
Purchases of investments and/or contributions to investments	15,675	61,453	23,222	6,064	907	268	176,354	283,943
Realized gain (loss) on investments	(3,019)	11,365	14,191	2,670	3,107	2,505	25,836	56,655
Changes in unrealized gain (loss) of investments still held at the reporting date	10,219	39,154	3,099	1,783	284	(1,540)	1,727	54,726
Changes in unrealized gain (loss) of investments sold during the year	-	(4,760)	-	-	-	-	(446)	(5,206)
Distributions from investments	(10,607)	(49,704)	(37,760)	(7,474)	(8,096)	(8,311)	(72,870)	(194,822)
Transfers in and/or (out) of level 3	(19,950)	(7,004)	-	-	-	-	-	(26,954)
Balance, 31 December 2014	**$ 86,680**	**$ 238,328**	**$ 100,028**	**$ 41,272**	**$ 23,504**	**$ 5,492**	**$ 301,332**	**$ 796,636**
Balance, 31 December 2014 through fund investments	$ 24,028	$ 73,785	$ 68,806	$ 32,219	$ 23,505	$ 5,491	$ -	$ 227,834

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2015

The following table summarizes the valuation methodologies and inputs used for private equity investments categorized in level 3 as of 31 December 2015.

(dollars in thousands)

Private Equity Investment	Fair Value 31 December 2015	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Fund investments	180,106	See note 2	Net Asset Value[4]	N/A	Increase
Direct equity investments					
Large-cap buyout	78,425	Market comparable companies	LTM EBITDA	8.4x-15.8x (11.9x)	Increase
		Other	Book value	1.0x	Increase
Mid-cap buyout	170,376	Discounted cash flow	Discount rate	10.0%-18.0% (17.1%)	Decrease
		Market comparable companies	FWD EBITDA	6.7x	Increase
		Market comparable companies	LTM EBITDA	5.2x-15.1x (9.7x)	Increase
		Other	$ per acre	$2,266.0-$5,535.0 ($3,131.1)	Increase
		Other	$ per BOE	$9.6	Increase
		Other	Book value	0.9x-1.0x (1.0x)	Increase
		Other	Escrow value	0.2x-1.0x (0.3x)	Increase
		Other	Expected sales proceeds	1.0x	Increase
		See note 2	Net Asset Value[4]	N/A	Increase
Special situations	35,298	Market comparable companies	LTM EBITDA	5.9x-8.3x (7.1x)	Increase
		Market comparable companies	Liquidity discount	15%	Decrease
		Market comparable companies	Sales multiple	1.1x	Increase
		Other	Escrow value	1.0x	Increase
		See note 2	Net Asset Value[4]	N/A	Increase
Growth/ venture	27,761	Market comparable companies	LTM revenue	1.4x-1.7x (1.5x)	Increase
		Market comparable companies	LTM EBITDA	11.0x	Increase
		Other	Most recent financing	Series B, Series C, Series C-2, Series D	Increase
Income investments	282,968	Discounted cash flow	Discount rate	9.0%-13.0% (9.8%)	Decrease
		Market comparable companies	Broker quote	58.5%-89.0% (68.8%)	Increase
		Market comparable companies	LTM adj. EBITDA	6.4x-11.0x (8.8x)	Increase
		Market comparable companies	LTM EBITDA	7.0x-13.8x (9.3x)	Increase
		Other	Book value	1.0x	Increase
		Other	Most recent financing	Series E	Increase
Total	774,934				

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2015

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 Dec. 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 [4]	N/A	Increase
Direct equity investments					
Large-cap buyout	62,652	Market comparable companies	LTM EBITDA	11.6x	Increase
		See note 2	Net Asset Value [4]	N/A	Increase
Mid-cap buyout	164,542	Market comparable companies	LTM EBITDA	3.5x-15.8x (9.7x)	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	31,221	Market comparable companies	LTM EBITDA	5.1x-8.5x (6.0x)	Increase
		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	Discount for lack of control	20.80%	Decrease
		Option pricing model	Average volatility	56%	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
Income investments	301,332	Market comparable companies	LTM EBITDA	4.7x-11.1x (8.6x)	Increase
		Discounted cash flow	Discount rate	9.3%-35.0% (13.3%)	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
		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, 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.*

Since 31 December 2014, 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, 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 realisations typically occur considerably before the final exit, with only a small tail existing beyond the standard life of ten years. In the case of direct equity investments and income investments, the Investment Manager does not control the timing of exits but at the time of investment, typically expects investment durations to be meaningfully shorter than fund investments. Therefore although some fund and direct investments may take 10-15 years to reach final realization, the Investment Manager expects the majority of the Company's invested capital in the current portfolio to be returned in much shorter timeframes.

The Company's special situations investments include hedge funds valued at approximately $1.7 million and $1.9 million at 31 December 2015 and 2014 respectively.

Note 5 – Credit Facility

On 12 December 2012, a subsidiary of the Company amended an agreement with Lloyds Banking Group (formerly Bank of Scotland) to provide for a revised senior secured revolving credit facility (the "Credit Facility") of up to $200 million that expires in April 2017. At 31 December 2015 and 2014, $52.5 million and $90 million were borrowed, 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 Credit 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 Credit Facility limits the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers, repurchase of shares, liens or other matters customarily restricted in such agreements. The ZDP Shares (note 6) and the forward foreign exchange contract (note 7) are compliant with the Credit Facility agreements. At 31 December 2015 and 2014, the Company met all requirements under the Credit Facility.

Under the Credit 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 Credit Facility, the Company is required to pay a commitment fee calculated as 0.8% per annum on the daily balance of the unused facility amount.

For the year ended 31 December 2015, the Company incurred and expensed $2,663,141 interest and $934,167 for commitment fees. For the year ended 31 December 2014, the Company incurred and expensed $1,382,550 interest and $1,269,222 for commitment fees. As of 31 December 2015 and 2014, unamortized capitalized debt issuance costs (included in other assets) were $719,475 and $1,259,822 respectively. For the years ended 31 December 2015 and 2014, capitalized amounts are being amortized on a straight-line basis over the term of the Credit Facility. Such amortization amounted to $540,346 and $540,346 for the years ended 31 December 2015 and 2014, respectively.

An active market for debt that is similar to that of the Credit Facility does not exist. The Investment Manager estimates the fair value of the Credit Facility based on comparison to debt instruments with comparable characteristics and considers that, based on the balance borrowed, the Credit facility had a fair value of $52.5 million at 31 December 2015 and $90 million at 31 December 2014.

Note 6 – Zero Dividend Preference Shares ("ZDP Shares")

On 30 November 2009 the Company issued 30,000,000 ZDP Shares. On 16 April 2010 the Company issued an additional 2,999,999 ZDP Shares. The additional ZDP Shares 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 Shares and B Shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and their entire return takes the form of capital.

The following table reconciles the liability for ZDP Shares, which approximates fair value, for the years ended 31 December 2015 and 2014.

ZDP Shares	Pounds Sterling	U.S. Dollars
Liability, 31 December 2013	£ 44,087,988	$ 72,996,481
Accrued interest	3,215,557	5,295,027
Unamortized premium	(16,045)	(24,405)
Currency conversion	-	(4,607,364)
Liability, 31 December 2014	£ 47,287,500	$ 73,659,739
Accrued interest	3,450,436	5,291,830
Premium amortization	(18,633)	(23,048)
Currency conversion	-	(4,188,558)
Liability, 31 December 2015	£ 50,719,303	$ 74,739,963

Capitalized offering costs are being amortized using the effective interest rate method. The unamortized balance at 31 December 2015 and 2014 is $390,691 and $665,268, 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 the Company 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 the Company may owe the bank pursuant to this contract. As of 31 December 2015 and 2014, the fair value of the forward foreign exchange contract was a liability of $5,319,583 and $2,216,985, respectively, included in accrued expenses and other liabilities in the Consolidated Balance Sheets. The change in unrealised loss on the Forward Foreign Exchange Contract for the years ended 31 December 2015 and 2014 is $3,102,598 and $2,481,487, 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 2015	31 December 2014
Current tax expense	$ 2,710,748	$ 405,078
Deferred tax expense (benefit)	288,408	(168,022)
Total tax expense (benefit)	$ 2,999,156	$ 237,056

	31 December 2015	31 December 2014
Gross deferred tax assets	$ 4,457,393	$ 3,219,846
Valuation allowance	(2,071,267)	(1,216,533)
Net deferred tax assets	2,386,126	2,003,313
Gross deferred tax liabilities	6,998,717	6,317,000
Net deferred tax liabilities	**$ 4,612,591**	**$ 4,313,687**

Current tax expense is reflected in net realised gains and deferred tax expense (benefit) is reflected in net changes in unrealised gains on the Consolidated Statements of Operations. 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 Company has no gross unrecognized tax benefits. The Company is subject to examination by tax regulators for the years subsequent to 2011.

Note 9 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the years ended 31 December 2015 and 2014 are as follows:

	For the Years Ended 31 December	
	2015	2014
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 28,943,697	$ 91,675,272
Divided by weighted average shares outstanding for Class A Shares and Class B Shares of the controlling interest	48,800,564	48,800,564
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	**$ 0.59**	**$ 1.88**

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 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, the Company 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 2016; 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 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 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 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 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 2015 and 2014.

	31 December 2015	31 December 2014
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 and B Shares have been computed for the years ended 31 December 2015 and 2014:

Per share operating performance **(based on average shares outstanding during the year)**		**2015**		**2014**
Beginning net asset value	$	14.24	$	12.81
Net increase in net assets resulting from operations:				
Net investment income (loss)		0.22		(0.07)
Net realized and unrealized gain (loss)		0.37		1.95
Dividend payment		(0.48)		(0.45)
Ending net asset value	**$**	**14.35**	**$**	**14.24**

Total return **(based on change in net asset value per share)**	**2015**	**2014**
Total return before carried interest	4.14%	15.77%
Carried interest	-	(1.09%)
Total return after carried interest	**4.14%**	**14.68%**

Net investment income (loss) and expense ratios **(based on weighted average net assets)**	**2015**	**2014**
Net investment income (loss)	1.53%	(0.51%)
Expense ratios:		
Expenses before interest and carried interest	2.37%	2.31%
Interest expense	1.13%	1.02%
Carried interest	-	1.04%
Expense ratios total	**3.50%**	**4.37%**

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 25 January 2016, the board of directors of the Company declared a dividend payment of $0.25 on each ordinary share which was payable on 29 February 2016 with a dividend record date of 5 February 2016.

One or more limited partners of an affiliate fund of the Company owns more than ten percent of the affiliate fund as well as debt issued by KPMG LLP. Under those facts, which were disclosed to the Company by KPMG LLP on 8 March 2016 and subsequently to the Audit Committee, although KPMG Channel Islands Limited is independent from the Company in accordance with the Auditing Practices Board Ethical Standards and KPMG LLP is independent from the Company in accordance with the AICPA Code of Professional Conduct, neither KPMG entity is independent from the Company under Rule 2-01(c)(1)(ii)(A) of Regulation S-X as adopted by the U.S. Securities and Exchange Commission (SEC).

KPMG Channel Islands Limited and KPMG LLP considered whether the matters noted above impacted their objectivity and ability to exercise impartial judgment with regard to their engagement as the Company's auditors and have concluded that there has been no impairment of KPMG Channel Islands Limited or KPMG LLP's objectivity and ability to exercise impartial judgment in the performance of their audit of the Company. As of the date of this report, KPMG LLP has entered into discussions with the SEC staff of the Office of Chief Accountant and KPMG LLP is presenting its conclusions regarding objectivity and impartiality.

This was discussed with the Audit Committee on 11 March 2016, and the Audit Committee was satisfied that the auditor KPMG Channel Islands Limited remains objective and impartial for purposes of this audit.

There have been no other subsequent events through 14 March 2016, the date the consolidated financial statements were issued, that requires recognition or disclosure in the consolidated financial statements.

VALUATION METHODOLOGY

Equity

The Company carries private equity investments at fair value using the best information the Manager has reasonably available to determine or estimate fair value. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions associated with the securities, if any, that affect marketability. The Manager determines 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. The Manager estimates 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. The Manager proactively re-values investments before receiving updated information from the fund manager or lead sponsor if the Manager becomes aware of material events that justify a change in valuation. If the Manager concludes that it is probable that an investment will be sold, the Manager adjusts the carrying value to the amount expected from the sale, exclusive of transaction costs.

Debt

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

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

FORWARD LOOKING STATEMENTS

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

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

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

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

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

OVERVIEW OF THE INVESTMENT MANAGER

About NB Alternatives

The NB Alternatives group of Neuberger Berman has 29 years of investing experience specializing in direct equity investments, income investments, private equity funds and secondary investments and has built relationships with leading private equity fund managers over that time.

The Investment Manager makes all of the Company's investment decisions, and the board of directors of the Company has delegated to the Investment Manager the day-to-day management and operations of the Company's business. The Investment Manager's investment decisions are made by its Investment Committee (the "Investment Committee"), which currently consists of eight members with approximately 230 years of professional experience and average over 16 years with the firm. The sourcing and evaluation of the Company's investments is conducted by the Investment Manager's team of approximately 100 investment professionals who specialize in direct equity investments, income investments and fund investments. The Investment Manager currently maintains offices in New York, London, Boston, Dallas, Hong Kong, Milan and Bogotá.

About Neuberger Berman

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages equities, fixed income, private equity and hedge fund portfolios for institutions and advisors worldwide. With offices in 18 countries, Neuberger Berman's team is more than 2,100 professionals and the company was named by Pensions & Investments as a 2013, 2014 and 2015 Best Place to Work in Money Management. Tenured, stable and long-term in focus, the firm fosters an investment culture of fundamental research and independent thinking. It manages $240 billion in client assets as of 31 December 2015. For more information, please visit the Investment Manager's website at www.nb.com.

APPENDIX

DIRECTORS, ADVISORS & CONTACT INFORMATION

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

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

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John Falla
Christopher Sherwell
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