NEUBERGER BERMAN

NB Private Equity Partners Limited

2014 Annual Financial Report and Consolidated Financial Statements

NBPE 2014 ANNUAL FINANCIAL REPORT

For the Year Ended 31 December 2014
Annual Financial Report and Financial Statements

CHAIRMAN'S LETTER

"2014 was another successful year. The Company demonstrated strong NAV growth, continued to build a portfolio of high quality assets and achieved a fully covered dividend on a run-rate basis."

Dear Shareholder,

I am pleased to present the 2014 Annual Financial Report and Consolidated Financial Statements of NB Private Equity Partners Limited ("NBPE" or the "Company"). 2014 was another successful year. The Company demonstrated strong NAV growth, continued to build a portfolio of high quality assets and achieved a fully covered dividend on a run-rate basis. During 2014, the Company's total return NAV per share increased 16.2%. The Company continued to execute on its investment strategy and has built a portfolio of high-quality direct income investments and equity co-investments, which now comprise 89% of NAV. In addition, the Company's dividend is fully covered by the run-rate cash yield from its income investments. I am pleased to report several of the major achievements of the Company in more detail.

During 2014, the Company's NAV per Share (ex div) increased by 11.1% (16.2% including dividends), driven by unrealized gains in the equity co-investment portfolio and the income portfolio. Strong performance in the equity co-investment portfolio was driven by the IPO of Sabre, which occurred in April, as well as write-ups of several private companies, as a result of strong operating performance. The income portfolio also demonstrated strong performance during the year, largely driven by write-ups in the equity securities made alongside several of the healthcare credit investments.

2014 was another strong year of distribution activity across the portfolio. The Company received approximately $200 million of distributions during the year, representing over 30% of the Company's NAV at the start of the year. Of note, the successful exits of Firth Rixson and Digital Insight, where the Company held both debt and equity securities, produced strong cash flows and returns for the Company.

Even after significant distribution activity, the Company deployed over $275 million to direct investments during the year. The Directors believe this ability to re-deploy capital to new investment opportunities and the ability to continue to refresh the investment portfolio is an attractive characteristic of the Company. As a result, a significant portion of the Company's assets are invested in recent vintages and the average age of the portfolio remains young. The Directors and I are pleased by the portfolio of high-quality assets the Company has built.

During the year, the Company deployed $186.0 million into new income investments and achieved its stated goal of having the dividend fully covered by the run rate cash yield from income investments. The Directors believe the assets in this portfolio represent an attractive component of the Company's portfolio and believe the portfolio is poised for further value creation.

While the Directors believe this was a positive year for the Company, the Board is particularly focused on the share price discount to NAV. The Directors continue to believe the share price is undervalued and the full value of the Company's assets are not reflected in the price of the stock.

The Directors believe the Company is well-positioned for future growth and that the Company is in a strong financial position with significant resources available for new investments. The Directors and I thank you for your continued support.

Talmai Morgan

Chairman

Guernsey, 10 March 2015

COMPANY OVERVIEW

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

Company

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

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

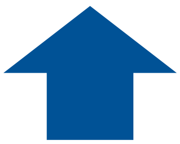
Investment Manager

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

- 27 years of private equity investing experience
- Investment Committee with 220 years of professional experience
- Approximately 70 investment professionals
- Approximately 130 administrative and finance professionals
- Offices in New York, London, Dallas and Hong Kong

Key Statistics	At 31 December 2014	At 31 December 2013
Net Asset Value of the Class A Shares	$694.8m	$625.1m
Equity Co-investments	$283.5m	$160.8m
Income investments	$329.2m	$185.2m
Fund Investments	$227.8m	$291.7m
Total Private Equity Fair Value	$840.6m	$637.7m
Private Equity Investment Level	121%	102%
Cash and Cash Equivalents	$25.6m	$63.7m
Credit Facility Outstanding	$90.0m	-
Net Asset Value per Ordinary Share	$14.24	$12.81
Net Asset Value per Ordinary Share including Cumulative Dividends	$15.10	$13.22
ZDP Shares	£47.2m	£44.0m
Net Asset Value per ZDP Share	143.14p	133.40p
Dividends per Share:		
Dividends paid this period	$0.45	$0.41
Cumulative dividends since inception	$0.86	$0.41

Note: Numbers may not sum due to rounding.

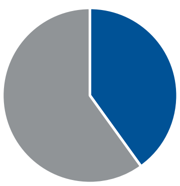


Performance

16.2% NAV per Share total return[1]

21.9% Share price increase

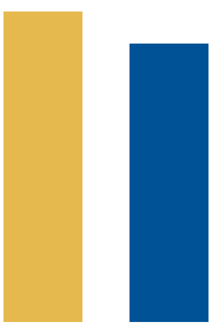
26.9% Share price total return[1]



Portfolio at 31 December 2014

73% of Fair Value in Equity Co-investments/Income Investments

27% of Fair Value in Funds



Cash Flows during the year 2014

$283.9 million funded to Investments[2]

$200.2 million of distributions from Investments

$256.3[3] Million Invested

New Direct Investment Activity during the year 2014

18 Equity Co-investments

24 Income Investments

1. *Assumes re-investment of dividends.*
2. *Includes follow-on investments and contributions to fund investments.*
3. *Invested amounts in new direct investments only. Excludes follow-on investments.*

COMPANY DIVIDEND POLICY

Long-term dividends

During 2014, NBPE paid dividends of $0.45 per Share. Since inception, NBPE has paid cumulative dividends of $0.86 per Share.

$0.45
Dividends paid during 2014

$0.86
Cumulative dividends since inception

Income Investments

As of 31 December 2014, on a run rate basis the income portfolio generates cash income of $28.7 million or approximately $0.59 per Share. Based on dividends paid during 2014, this corresponds to approximately 131% dividend coverage from the cash yield on the Company's income portfolio.

4.0%
Annualized Dividend Yield on Share Price[1]

3.2%
Annualized Dividend Yield on NAV at 31 December 2014

Share Buy Back Programme

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 the Share Buy Back Programme will be cancelled. There were no share repurchases during 2014.

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 prior to the launch of the Share Buy Back Program, which were re-purchased under the Company's Liquidity Enhancement Agreement, are held as Treasury Stock. See note 10 of the Consolidated Financial Statements ("Financial Statements") for further information.

The Board of Directors has approved an extension of the Share Buy Back Programme until 31 May 2015. The documentation for such extension is currently in progress.

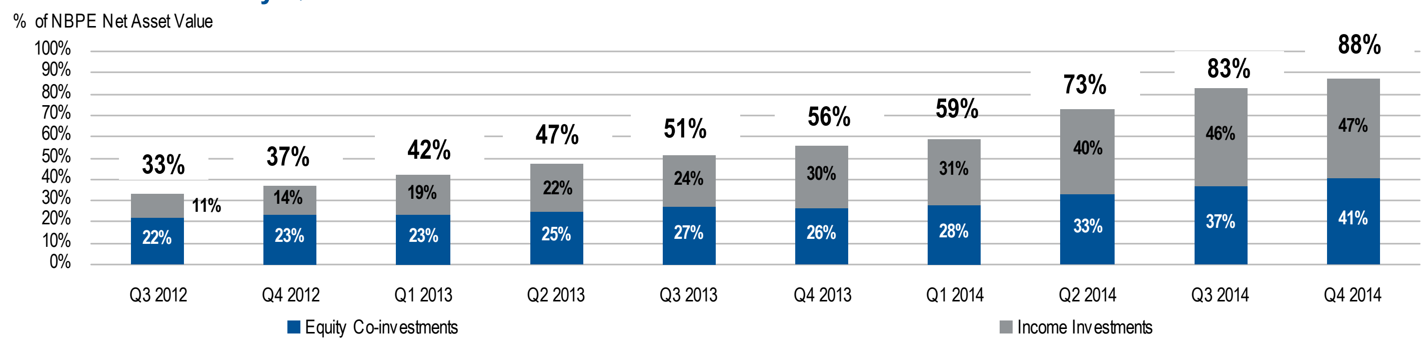
1. *Based on the Euronext closing share price of $11.40 on 31 December 2014.*

Focus on equity co-investments and income investments

The Manager seeks high quality private equity investments for NBPE that have the potential to deliver strong investment returns on a risk-adjusted basis, while maintaining appropriate levels of diversification across geographies, industries, vintage years and sponsors.

New investments are predominantly equity co-investments and income investments. Within this direct portfolio, across cycles, the Manager targets average allocations of 60% of private equity fair value to equity co-investments and 40% of private equity fair value to income investments. At any point in time allocations in the portfolio may vary from this target due to the relative attractiveness of the available opportunity sets. The Manager may also make other types of investments, as appropriate.

Direct Investments by Quarter



Equity co-investments are made alongside premier private equity sponsors in their core areas of expertise, focused primarily on buyout and growth equity transactions in the small and middle market globally. Transaction types typically include traditional buyouts, take-private transactions, corporate carve-outs as well as sponsor-to-sponsor transactions. The Manager seeks investments with differentiating characteristics such as strategic, minority investments that have clear exit paths and the potential for shorter holding periods rather than large, syndicated transactions.

Income investments typically consist of private debt instruments which generate strong cash yields and may offer additional upside through PIK and / or equity. The Manager targets debt investments such as junior financings including mezzanine investments, which consist of notes and equity, second-lien debt and secured term loans in traditional corporate sectors. The Manager also targets healthcare credit investments, which consist of loans to companies in the healthcare sector, royalty backed notes, preferred stock and warrants.

PORTFOLIO HIGHLIGHTS DURING THE YEAR 2014

NB Private Equity Partners leverages the full resources of NB Alternatives' integrated private equity platform for superior deal flow, due diligence and execution capabilities

Continued focus on direct investments has meaningfully refocused the portfolio in line with our strategy

- Direct investment exposure of 88% of NAV at 31 December 2014, up from 56% of NAV as of 31 December 2013
- 42 direct investments completed during the year 2014
- $186.0 million of new and follow-on income investments during the year 2014
- $90.8 million of new and follow-on equity co-investments during the year 2014
- Only $7.1 million of capital calls from fund investments during the year 2014

47% of net asset value in direct income investments with a total estimated yield to maturity of 10.3% and a cash yield of 8.7%

- Income investments producing run-rate cash income of $28.7 million, covering 131% of the 2014 annual dividend[1]

Significant liquidity from the direct investments during the year 2014

- Distributions of $28.9 million from equity co-investments and $81.0 million from income investments, including:
  - $57.6 million of realisation proceeds including principal, pre-payment premiums and associated equity
  - $23.4 million of interest received from income investments
  - $28.9 million from equity co-investments as a result of sales, re-capitalisations and secondary offerings of public shares

Fund investment portfolio continues to mature and return cash to NBPE

- Total distributions of $90.3 million from fund investments during the year 2014

Note: Numbers may not sum due to rounding.
1. Based on $0.45 per Share paid during 2014.

2014 OVERVIEW

$174.3 million invested in income investments[1]

Made directly by NBPE and through the NB Alternatives Healthcare Credit Investment Program

ABG

- Global brand development and trademark licensing business with a diverse portfolio of iconic customer brands
- Second lien term loan with a 9% annual cash interest coupon (L+8.0%, 1% L Floor and 1.0% OID)
- NB Thesis:
    - Contracts structured to provide guaranteed minimum royalties
    - High margin / low capex
    - Diversified portfolio of brands

Central Security Group

- Provider of security alarm monitoring and related services to residential customers in the Sunbelt region of the United States
- Second Lien (L+9.0% cash, 1% L Floor, 5% OID)
- NB Thesis:
    - High recurring revenue with long-term contracts
    - High free cash flow / low capex business model
    - Large and fragmented market with consolidation opportunities

Compuware

- Technology company that provides software solutions and performance monitoring tools for IT organizations
- Second Lien (L+8.0% cash, 1% L Floor, 8% OID)
- NB Thesis:
    - High visibility revenue and strong cash flow characteristics
    - Leading market share in a growing industry
    - Attractive relative valuation

ConVerge-One

- Leading independent provider of communication solutions, managed services and third party technology
- Second lien term loan with a 9% annual cash interest coupon (L+8.0%, 1% L Floor and 1.0% OID)
- NB Thesis:
    - Strong free cash flow and reasonable leverage
    - Strong market position with value added services
    - High maintenance and managed services revenue with strong renewal rates

evoqua WATER TECHNOLOGIES

- Leading provider of technology, equipment and services for water treatment in highly specified industrial and municipal applications
- Second lien term loan with an 8.5% annual cash interest coupon (L+7.5%, 1% L Floor and 0.5% OID)
- NB Thesis:
    - Significant revenue visibility
    - Diversified revenue stream with high quality customer base
    - Reasonable net leverage and significant liquidity

FLEXERA SOFTWARE

- Provider of application usage management software allowing publishers and buyers to track, monitor and manage application usage of software programs
- Second lien term loan with an 8% annual cash interest coupon (L+7.0%, 1% L Floor and 0.5% OID)
- NB Thesis:
    - Attractive business model and recurring revenue
    - High market share and strong value proposition
    - Diverse blue chip customer base

1. Excludes $11.7 million of follow-on investments.

2014 OVERVIEW

$174.3 million invested in income investments[1]

Made directly by NBPE and through the NB Alternatives Healthcare Credit Investment Program

GALCO INDUSTRIAL ELECTRONICS

- Galco is a wholesale distributor of electrical components to industrial and commercial end markets
- Senior subordinated notes with 12% cash and PIK yield (10.75% cash, 1.25% PIK, 1.5% OID). Investment also includes an equity positon
- NB Thesis:
  - Strong cash flow profile and attractive historical growth
  - End market and customer diversity
  - High value add distributor with operational efficiency

Healthcare Credit: Second Lien Term Loan (Biotherapeutics A)

- Second lien term loan in a biotherapeutics company that develops and commercializes innovative therapies for critically ill patients in the hospital and outpatient setting
- Contractual cash interest rate of 8.75% (L+7.75%, 1% L Floor, 1% OID)
- NB Thesis:
  - Adequate headroom between the product cost and reimbursement amounts
  - Low risk of generic substitution
  - Two FDA approved facilities

Healthcare Credit: Sr. Secured Term Loan & Convertible Notes (Biotherapeutics B)

- Biopharmaceutical company focused on the treatment of rare diseases
- Senior secured term loan (L+10% cash, 1% L Floor, 1% OID) and convertible notes with a 4.5% cash coupon, equity & warrants
- NB Thesis:
  - Strong R&D pipeline of early stage drugs
  - Substantial collateral value relative to debt principal
  - Securities include convertible notes, equity & warrants

Healthcare Credit: Convertible Notes (Specialty Pharmaceuticals)

- Specialty pharmaceuticals company that focuses on obesity and sexual health
- Contractual fixed cash interest rate of 4.5%
- NB Thesis:
  - Attractive entry price
  - Numerous patent protections on two key products
  - Strong downside protection through asset base

Healthcare Credit: Senior Secured Term Loan (Medical Diagnostics)

- Medical diagnostics company that sells in-vitro diagnostic test devices for consumer and professional point-of-care use
- Senior secured notes with fixed rate 10.5% cash coupon
- NB Thesis:
  - Large and growing market
  - Technology protected by 44 owned/licensed patents
  - Attractive returns with limited downside risk

Healthcare Credit: Senior Secured Term Loan (Specialty PCP and Pediatric Pharmaceuticals)

- Specialty pharmaceutical company focused on branded and generic pharmaceuticals in the primary care physician ("PCP") and pediatric specialties
- Senior secured notes with 8% fixed rate cash interest coupon
- NB Thesis:
  - Diversified operating business
  - Significant upside potential
  - Line of sight on promising assets for acquisition

1. Excludes $11.7 million of follow-on investments.

2014 OVERVIEW

$174.3 million invested in income investments[1]

Made directly by NBPE and through the NB Alternatives Healthcare Credit Investment Program

Healthcare Credit: Second Lien (Contract Research Organization)

- Contract research organization focused on specialized services for pharmaceutical trials
- Second lien with a cash interest rate of 9.3% (L+8.25%, 1% L Floor, 1% OID)
- NB Thesis:
  - Deep relationships with pharmaceutical and CRO companies; high retention rate of clinical trials
  - Business model with strong EBITDA margins, high cash flow and low capex
  - Attractive industry dynamics / overall R&D spend

Healthcare Credit: Senior Secured Term Loan (Specialty Pharmaceutical Company)

- Specialty pharmaceuticals company that currently sells two products in the arthritis, pain and inflammatory disease space
- Senior secured term loan with a cash interest rate of 9.0% (L+8.0%, 1% L Floor)
- NB Thesis:
  - Tuck-in acquisition opportunities
  - Attractive financial profile with strong organic growth
  - Downside protection

K&N THE WORLD'S BEST AIR FILTER

- Leading provider of automotive performance air filters and air intake systems
- Second Lien (L+8.625%, 1% Floor, 2.25% OID)
- NB Thesis:
  - Number one market share in high performance air filters
  - Attractive cash flow and variable cost structure
  - Compelling value proposition to channel partners and consumers

LANDesk SOFTWARE

- Lifecycle management, endpoint security, IT service management, and mobility management software for IT departments
- Second lien term loan with an 8.25% annual cash interest coupon (L+7.25%, 1% L Floor, 1% OID)
- NB Thesis:
  - Strong visibility on recurring revenue and free cash flow
  - Attractive industry dynamics
  - Diverse blue chip customer base

Ortholite®

- Provider of high-performance insoles and related shoe components to large branded footwear companies
- Senior subordinate notes with 11.8% cash yield (11.75% cash, 1.5% OID) and equity
- NB Thesis:
  - Leading provider of a high value product
  - Low leverage and significant equity cushion
  - Attractive financial profile and strong growth

OnDeck

- Portfolio of short term loans to small businesses in the US originated through a direct lending platform
- NB Thesis:
  - Attractive return profile and opportunity to participate in growing disintermediated bank lending market

1. *Excludes $11.7 million of follow-on investments.*

2014 OVERVIEW

$174.3 million invested in income investments[1]

Made directly by NBPE and through the NB Alternatives Healthcare Credit Investment Program

Trinity Consultants

- Leading provider of environmental consulting services, specializing in industrial air quality issues
- PIK toggle notes (10% cash, 3% PIK)
- NB Thesis:
    - High recurring revenue and business is typically sole-sourced, resulting in high profitability
    - Leading pure play air quality consulting firm with strong brand awareness
    - Attractive market with strong macro and regulatory growth drivers

vestcom

- Leading provider of outsourced shelf-edge information and media solutions to food and drug retailers
- Second Lien (L+8% Cash, 1% L Floor, 1.5% OID)
- NB Thesis:
    - Strong market leader
    - High switching costs and sticky customer base
    - High free cash flow dynamics

1. Excludes $11.7 million of follow-on investments.

2014 OVERVIEW

$82.0 million invested in equity co-investments[1]
Made directly by NBPE and through the NB Alternatives Co-investment Program

- DM Healthcare is the largest private healthcare operator in the Middle East
- NB Thesis:
  - Leading provider in the region across multi-geography and multi-vertical operations
  - Significant growth opportunities
  - Attractive valuation

- Supplier of aluminium automotive components to OEM's and Tier 1 suppliers
- NB Thesis:
  - Earnings visibility
  - Positive industry dynamics
  - Strong free cash flow generation
  - Attractive "mid-life" characteristics

- Supplier of rigid packaging materials and related value-added services
- NB Thesis:
  - Quality asset with tangible value proposition
  - High free cash flow and large, growing market
  - Strong management and alignment

- Technology company using innovative software, automation and robotics to re-engineer the process of genetic testing
- NB Thesis:
  - Significant base of insured patients and large growth opportunity
  - Proprietary software and platform
  - Experienced management team

- Leading building materials company in Latin America that manufactures, distributes and commercializes tiles, faucets, paints, plasters and other building materials
- NB Thesis:
  - Strong brand recognition and significant player in the space
  - Fragmented industry poised for consolidation
  - Access to emerging Latin America market
  - Vertically integrated company

- Leading provider of technology, equipment and services for water treatment in highly specified industrial and municipal applications
- NB Thesis:
  - Attractive industry dynamics
  - Leader in the North American water industry
  - Significant opportunity to optimise the business

1. Excludes $8.8 million of follow-on investments.

2014 OVERVIEW

$82.0 million invested in equity co-investments[1]
Made directly by NBPE and through the NB Alternatives Co-investment Program

Hilco Smart Optical Solutions

- Distributor and manufacturer of prescription protective eyewear products
- NB Thesis:
  - Attractive diverse business model and high free cash flow driven by EBITDA and limited capital expenditures
  - Strong acquisition opportunities with several potential add-on targets identified
  - High quality management team with long tenure of working together

MBI Energy Services

- Diversified provider of energy services including fluid management and well intervention services
- NB Thesis:
  - Attractive valuation with substantial asset value
  - High cash flow characteristics; capex related to growth
  - Highly aligned management team

Inflection Energy, LLC

- Dry gas exploration company in the Marcellus Shale
- NB Thesis:
  - Strong upside potential with downside protection through security structure
  - Assembled acreage positions in attractive area of Marcellus Shale

NB Brand Licensing Program

- Direct investment strategy which intends to identify, acquire and license consumer brands
- NB Thesis:
  - Favourable acquisition multiples
  - Guaranteed minimum royalties help provide downside protection and visibility
  - Strong free cash flow profile

KIK Custom Products

- Largest privately-held manufacturer of both national and private label consumer products
- NB Thesis:
  - Discounted entry valuation
  - Attractive "mid-life" characteristics
  - Significant expected synergies

Oil and Gas Exploration Company

- North American exploration and production energy company
- NB Thesis:
  - Attractive acreage position with expansion opportunities
  - Strong management team and financial sponsor

1. Excludes $8.8 million of follow-on investments.

$82.0 million invested in equity co-investments[1]

Made directly by NBPE and through the NB Alternatives Co-investment Program

Patheon

- Leading provider of outsourced formulation development and commercial manufacturing services to the global pharmaceutical and biotechnology industries
- NB Thesis:
  - Favourable industry growth trends
  - Recurring revenue model and sticky customer base
  - Industry consolidation opportunity

Stratus Technologies

- Stratus provides fault tolerant high availability technology solutions which prevent downtime of mission-critical applications where downtime results in loss of revenue
- NB Thesis:
  - Longstanding blue chip customer base and high revenue visibility through recurring revenue
  - Large installed base of servers and software
  - Strong free cash flow, minimal capital expenditures and flexible capital structure to pursue strategic acquisitions

Pro Mach

- Provider of packaging machinery solutions and related aftermarket products for food, beverage and pharmaceutical and consumer packaged goods companies
- NB Thesis:
  - Large addressable market and favourable demand drivers
  - Strong free cash flow generation
  - Well diversified and loyal customer base

the warranty group

- Full-service underwriter and administrator of extended warranties for the automotive and consumer products industries
- NB Thesis:
  - Embedded earnings growth and revenue visibility with attractive cash flow characteristics
  - Stable financial results
  - Actionable value creation levers including yield optimization and cost savings opportunities

SBI Mortgage

- Provides primarily fixed rate mortgages to borrowers throughout Japan
- NB Thesis:
  - High margin business that generates strong cash flow
  - Clear growth path through franchisee expansion
  - Strong underwriting process and standards

Technology Company (Encryption App)

- Application that provides encryption of text, picture, audio and video messages
- NB Thesis:
  - Strong encryption technology
  - Increasing need for data security and data encryption
  - Fast growing user base and monthly messages sent

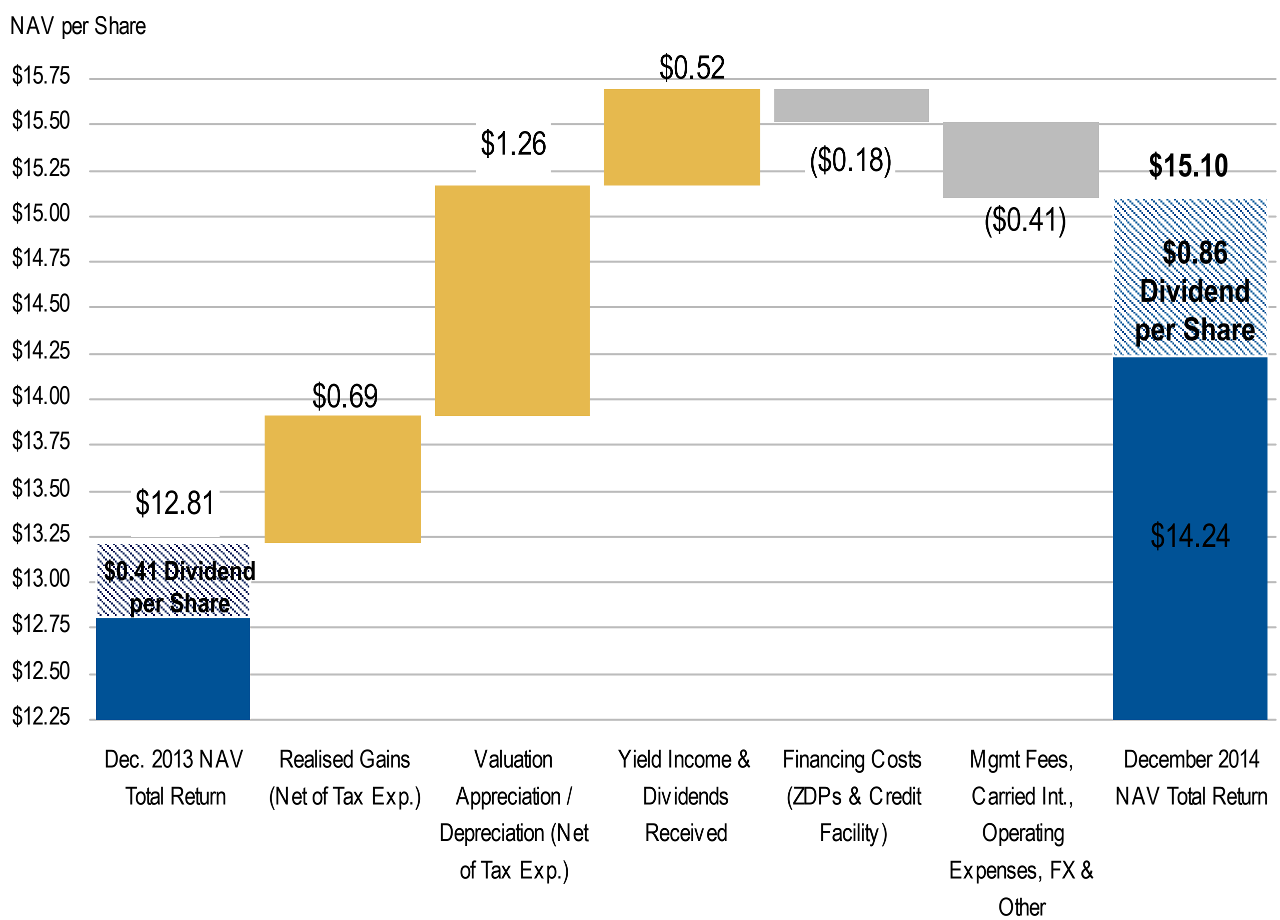
1. *Excludes $8.8 million of follow-on investments.*

INVESTMENT RESULTS

During 2014, including the Company's semi-annual dividends, the NAV per Share total return was 16.2%[1]. Including the impact of the dividend payment, NBPE's NAV per Share increased 11.2%, driven by realized gains in the underlying investment portfolio and offset by financing costs, including ZDP and credit facility expenses, as well as management fees, carried interest, operating and other expenses and FX. Excluding investment cash flows, NBPE's private equity fair value appreciated by $119.2 million, net of underlying fees and expenses.

Key changes to NBPE's NAV per Share:

- $33.5 million of realised gains, or $0.69 per Share, net of tax expense
- $61.6 million of unrealised gains, or $1.26 per Share, net of tax expense
- $25.3 million of yield income and dividends, or $0.52 per Share
- $28.6 million of operating expenses and other expenses, or $0.59 per Share
- $22.0 million of dividends paid, or $0.45 per Share



Note: Numbers may not sum due to rounding.
1. Total return assumes re-investment of dividends.

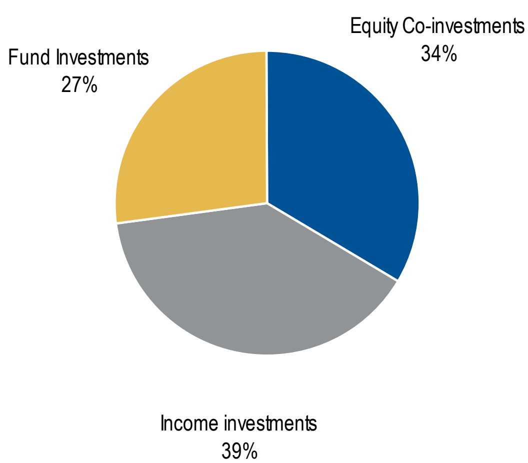
PORTFOLIO ANALYSIS

PORTFOLIO OVERVIEW

NBPE's portfolio is comprised of three investment types: income investments, which consist of corporate private debt and healthcare credit investments, equity co-investments and fund investments. Equity co-investments and income investments are a majority of the portfolio and represent approximately 73% of private equity fair value. NBPE's fund portfolio consists of 35 fund investments, many of which are past their investment periods, giving the portfolio exposure to a mature group of underlying companies and securities. As cash distribution activity from NBPE's fund portfolio continues, the Manager intends to use these proceeds to fund new direct investments.

	Investments	Private Equity Fair Value	Adjusted Unfunded Commitments[1]	Adjusted Total Exposure[1]
Equity Co-investments	58	$283.5m	$87.6m	$371.1m
Income Investments	41	$329.2m	$13.4m	$342.6m
Fund Investments	35	$227.8m	$9.7m	$237.5m
Total Private Equity Investments	**134**	**$840.6m**	**$110.8m**	**$951.2m**

Portfolio Diversification by Fair Value

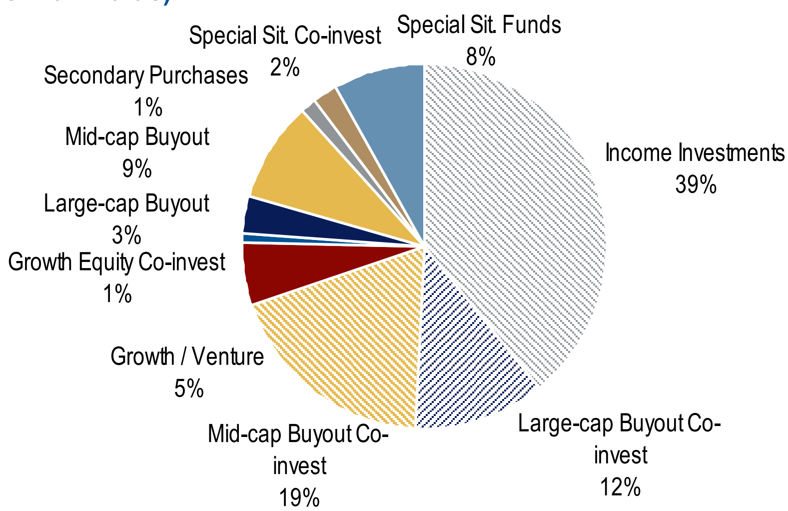


Note: Numbers may not sum due to rounding.

1. Please refer to page 35 for more information on unfunded commitments to funds past their investment period. Actual unfunded commitments and total exposure is $153.8 million and $994.2 million. Actual unfunded commitments is comprised of $87.6 million, $15.9 million and $50.3 million to equity co-investments, income investments and fund investments, respectively. Actual total exposure is $371.1 million, $345.1 million and $278.1 million to equity co-investments, income investments and fund investments, respectively.

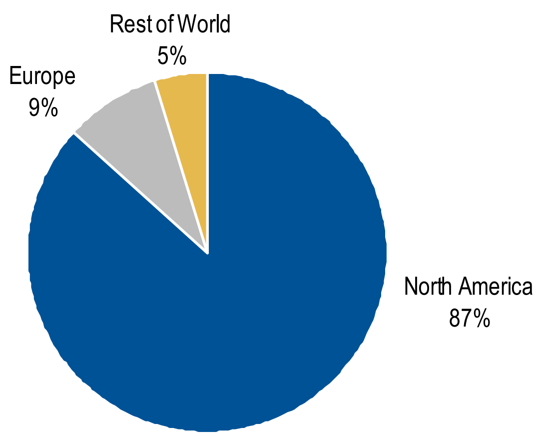
PORTFOLIO ANALYSIS

Diversified private equity assets and industry exposure with a tactical over allocation to North America (% of Fair Value)

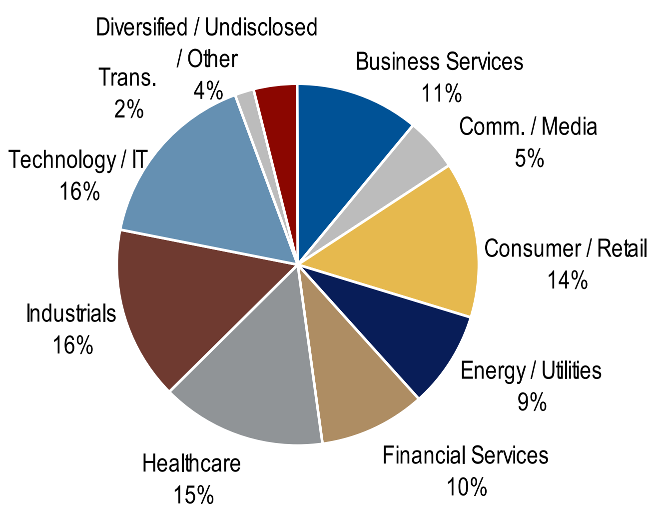


Portfolio Diversification

NBPE adapts its asset allocation over time to tactically allocate the portfolio to what the Manager believes are the most attractive opportunities. NBPE's current allocation is weighted to income investments and equity co-investments and these investments represent the majority of private equity fair value. Fund investments represent 27% of private equity fair value and the Investment Manager expects the fund portfolio to become a smaller portion of NBPE's private equity fair value as capital is re-deployed into direct investments.



NBPE's portfolio is tactically over allocated to North America. The Investment Manager believes the overall health in this market relative to other geographies offers attractive investment opportunities. Within NBPE's European exposure, many companies have significant scale and share within their markets or revenue bases from multiple countries. Approximately 5% of NBPE's portfolio is invested in other parts of the world, primarily Asia and Latin America.



NBPE's portfolio is broadly diversified across industries. The Investment 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 with strong business characteristics in favoured sectors that the Manager believes can grow faster than GDP and companies backed by strong general partners.

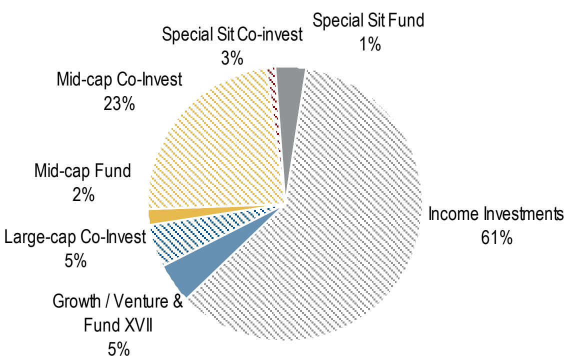
Note: Numbers may not sum due to rounding.

PORTFOLIO ANALYSIS

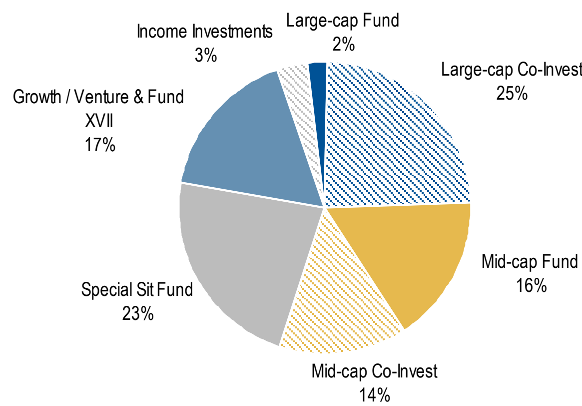
Recent capital deployment is primarily concentrated in direct investments (% of Fair Value)

The pie charts below represent the percentage of the current private equity fair value by investment type made during the time periods shown. Year of investment is calculated at the portfolio company level and is defined as the date of capital deployment into a particular underlying investment. This differs from the vintage year as vintage year shows when a fund was formed rather than when the capital was deployed.

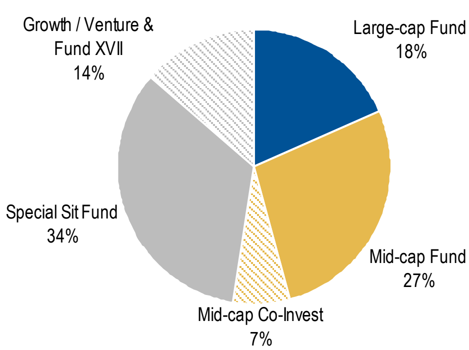
2012 - 2014 (64% of Fair Value)



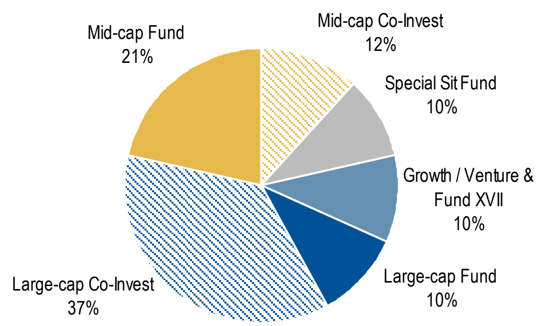
2010 & 2011 (13% of Fair Value)



2008 & 2009 (10% of Fair Value)



2007 & Earlier (13% of Fair Value)



Note: Numbers may not sum due to rounding. Based on private equity fair value as of 31 December 2014.

PORTFOLIO ANALYSIS

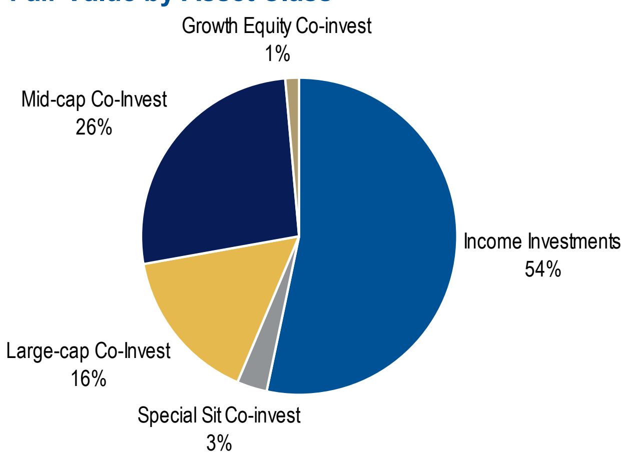
Equity co-investments and income investments portfolio diversification

As of 31 December 2014, the private equity fair value of the direct investment portfolio, consisting of equity co-investments and income investments, was $612.8 million. Approximately $283.5 and $329.2 million was held in equity co-investments and income investments, respectively. Within the direct investment portfolio, over 54% of the fair value is invested in income investments and 26% is invested in mid-cap buyout equity co-investments. The industry diversification is broad, allocated to what the Manager believes are attractive investment opportunities in business services, industrials, technology / IT, healthcare and others.

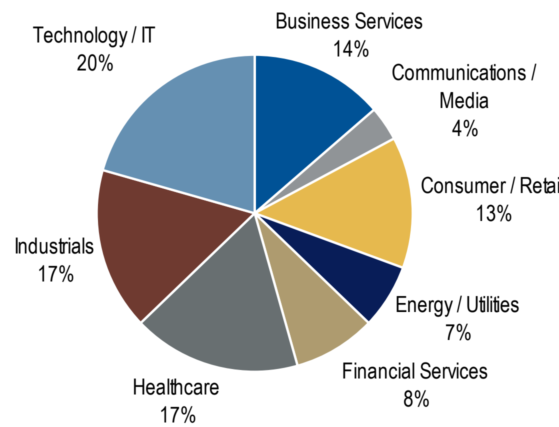
Approximately 87% of the direct investment fair value is in investments made since the beginning of 2011, which demonstrates the young age of the portfolio. The Manager continues to be selective in making new investments and believes NBPE has built an attractive portfolio of direct private equity investments.

The direct investment portfolio is allocated primarily to North America. The Manager's current expectation is that this allocation will continue, with investments made in other geographies on an opportunistic basis.

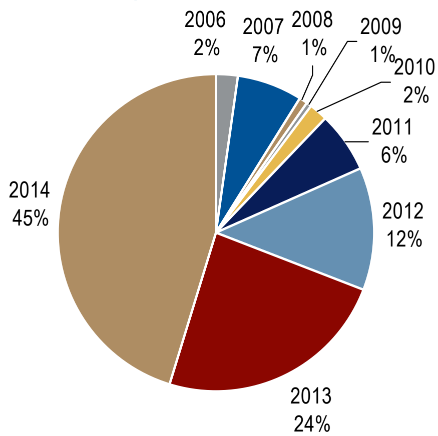
Fair Value by Asset Class



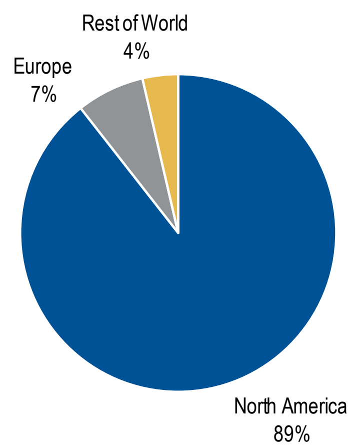
Fair Value by Industry



Fair Value by Year of Investment (Incl. Follow-ons)



Fair Value by Geography



PORTFOLIO ANALYSIS

The top 20 companies below represent 51% of NAV and $354 million of private equity fair value

Investment / Description	Status	Year of Investment	Investment Type / Asset Class	Equity Sponsor	% of NBPE NAV
Archroma Specialty chemicals provider	Private	2013	**Direct-Yielding** Senior Secured Debt	SK Capital Partners	2 – 3% of NAV
Authentic Brands Group Brand development and trademark licensing	Private	2014	**Direct-Yielding** 2nd Lien Debt	Leonard Green Partners	1 – 2% of NAV
Blue Coat Systems Business application optimization	Private	2012 / 2013	**Equity Co-investment & Direct-Yielding**	Thoma Bravo	3 – 4% of NAV
Biotherapeutics Company A Therapies for critically ill patients	Private	2014	**Direct-Yielding** 2nd Lien Debt	Madison Dearborn	2 – 3% of NAV
Capsugel Generic pharmaceutical manufacturing	Private	2011	**Equity Co-Investment** Large-cap Buyout	KKR	1 – 2% of NAV
ConvergeOne Provider of communication solutions	Private	2014	**Direct-Yielding** 2nd Lien Debt	Clearlake Capital	2 – 3% of NAV
Deltek Enterprise software and solutions	Private	2012	**Equity Co-investment & Direct-Yielding**	Thoma Bravo	3 – 4% of NAV
Evans Network of Companies Intermodal freight business services	Private	2012	**Direct-Yielding** Mezzanine	AEA	3 – 4% of NAV
Evoqua Water treatment technology services	Private	2014	**Equity Co-investment & Direct-Yielding**	AEA	1 – 2% of NAV
Heartland Dental Dental administrative services	Private	2012	**Direct-Yielding** 2nd Lien Debt	N/A	3 – 4% of NAV
K&N Engineering Manufacturer of air intake systems	Private	2014	**Direct-Yielding** 2nd Lien Debt	Gryphon Partners	2 – 3% of NAV
KIK Custom Products Manufacturer of consumer products	Private	2013	**Equity Co-investment & Direct-Yielding**	CI Capital Partners	4 – 5% of NAV
Oil & Gas Company E&P company focused on the United States	Private	2014	**Equity Co-investment** Mid-cap Buyout	N/A	2 – 3% of NAV
Ortholite Provider of high-performance insoles	Private	2014	**Direct-Yielding** Senior Sub. Notes	Blue Point Capital Partners	3 – 4% of NAV
Patheon Manufacturing services for prescription drugs	Private	2014	**Equity Co-investment** Mid-cap Buyout	JLL Partners	2 – 3% of NAV
Specialty Pharmaceutical Company Specialty PCP and Pediatric Pharmaceuticals	Private	2014	**Direct-Yielding** Senior Secured Debt	N/A	1 – 2% of NAV
Sabre Holdings Technology solutions for global travel	Public	2007	**Equity Co-investment** Large-cap Buyout	TPG / Silver Lake	4 – 5% of NAV
Taylor Precision Products Consumer & food service products	Private	2012	**Equity Co-investment** Mid-cap Buyout	Centre Partners	1 – 2% of NAV
The RAC UK motor and breakdown assistance services	Private	2011	**Equity Co-investment** Large-cap Buyout	Carlyle	1 – 2% of NAV
The Warranty Group Underwriter of extended warranties	Private	2014	**Equity Co-investment** Large-cap Buyout	TPG	1 – 2% of NAV

PORTFOLIO ANALYSIS

58 Equity co-investments with $283.5 million of fair value, broadly diversified across industries

Equity Co-investments ($ in millions)	Principal Geography	Vintage Year	Description	Fair Value
Mid-cap Buyout, Special Situations and Growth Equity				
American Dental Partners, Inc.	U.S.	2012	Dental practice management services	-
Aster / DM Healthcare	Middle East / India	2014	Healthcare operator of hospitals, clinics and pharmacies	-
Berlin Packaging	U.S.	2014	Supplier of rigid packaging materials and value-added services	-
Blue Coat Systems	U.S.	2012	Business application optimization & security	-
Boa Vista	Brazil	2012	Second largest credit bureau in Brazil	-
Brand Licensing Program	Global	2014	Program to acquire and license consumer branded IP assets	-
CoAdvantage	U.S.	2013	Leading professional employer organization	-
Compass Auto Group	U.S.	2014	Aluminium automotive components supplier	-
Corona Industrials	South America	2014	Building materials company	-
Counsyl	U.S.	2014	Genetic testing and services using innovative software	-
Deltek (Equity)	U.S.	2012	Enterprise software and information solutions	-
Evoqua Equity	U.S.	2014	Water treatment technology, equipment and services	-
Fairmount Minerals	U.S.	2010	Producer of high purity sand / sand based proppants	-
Firth Rixson Equity	Global	2007	Supplier of rings, forgings and specialist metal	-
Formation Energy	U.S.	2013	Oil & gas shale formations including the Bakken and Eagle Ford	-
Gabriel Brothers	U.S.	2012	Discount retailer	-
GazTransport & Technigaz	Global	2008	Containment systems for liquefied natural gas carriers	-
Group Ark Insurance	Global	2007	Global specialty insurance and re-insurance	-
Hilsinger	U.S. / U.K. / Australia	2014	Supplier of eye wear and eye care accessories	-
Inflection Energy	U.S.	2014	Dry gas exploration company in the Marcellus Shale	-
Into University Partnerships	U.K./U.S.	2013	Collegiate recruitment, placement and education	-
KIK Custom Products (Equity)	U.S.	2014	Manufacturer of consumer products	-
Kyobo Life Insurance Co.	Asia	2007	Life insurance in Korea	-
MBI Energy	U.S.	2014	Oil field services company in Bakken region of North Dakota	-
Oil & Gas Company	U.S.	2014	E&P company in the U.S.	-
Oticas Carol	Brazil	2013	2nd largest eyewear retailer in Brazil	-
Patheon	U.S.	2014	Manufacturing services for prescription drugs	-
Pepcom	Germany	2011	Germany's 5th largest cable operator	-
Press Ganey Associates	U.S.	2008	Measurement & performance solutions for healthcare	-
ProMach	U.S.	2014	Packaging machinery for consumer goods	-
RevSpring	U.S.	2012	Outsourced provider of accounts receivable	-
Saguaro	Canada	2013	E&P pursuing unconventional light oil/liquids-rich gas properties	-
Salient Federal Solutions	U.S.	2010	Technology and engineering services for government	-
SBI Mortgage Co.	Japan	2014	Mortgage company in Japan offering primarily fixed rate mortgages	-
Seventh Generation	U.S.	2008	Maker of environmentally responsible household products	-
Shelf Drilling	Global	2013	Shallow water offshore drilling contractor	-
Stratus Technologies	U.S.	2014	Techology solutions that prevent downtime of critical applications	-
Swissport	Europe	2011	Ground handling services for airlines	-
Taylor Precision Products	U.S.	2012	Consumer & foodservice measurement products	-
Technology Company (Encryption App)	U.S.	2014	Encryption app for text, audio, picture and video messaging	-
The Warranty Group	Global	2014	Underwriter & administrator of extended warranties	-
TPF Genco	U.S.	2006	Five natural gas-fired power plants	-
Vencore (f/k/a The SI Organization)	U.S.	2010	High-end systems engineering to US Intelligence Industry	-
Total Mid-cap, Special Situations and Growth Equity				**$188.6**
Large-cap Buyout				
Acteon	Europe	2012	Products & services to offshore energy sector	-
Avaya	Global	2007	Communications systems provider	-
Black Knight Financial Services	U.S.	2013	Mortgage servicing technology and appraisal / origination services	-
Brickman Group	U.S.	2013	Commercial landscape and turf maintenance	-
Capsugel	Global	2011	Hard capsules and drug delivery systems	-
CommScope	Global	2011	Communications infrastructure solutions	-
Energy Future Holdings (TXU)	U.S.	2007	Texas based energy company	-
First Data	Global	2007	Electronic commerce and payments	-
Freescale Semiconductor	Global	2006	Semiconductors manufacturer	-
Gardner Denver, Inc.	U.S.	2013	Maker of industrial equipment	-
J.Crew Group	U.S.	2011	Specialty retailer	-
RAC	U.K.	2011	UK motor related and breakdown assistance services	-
Sabre	Global	2007	Technology solutions for global travel industry	-
Syniverse Technologies	Global	2011	Global telecommunications technology solutions	-
Univar	Global	2010	Commodity and specialty chemicals distributor	-
Total Large-cap Buyout				**$94.9**
Total Equity Co-investments				**$283.5**

NBPE's equity co-investments are primarily mid-cap and large-cap buyout investments, diversified across vintage years, geographies and industries. The Manager believes these companies are poised for value creation and are an attractive component of NBPE's private equity portfolio. Many companies benefit from highly experienced and capable management teams and sponsor groups, which the Manager thinks is critical to the investment thesis and outcome.

In addition, the Manager believes many of these companies benefit from strong industry growth or secular trends and have the opportunity to appreciate in value from operational enhancements, growth of product offerings or expanding into new markets. The Manager thinks these characteristics distinguish NBPE's investment portfolio.

No individual company within NBPE's equity co-investment portfolio accounts for more than 4.5% of NBPE's net asset value.

Note: Numbers may not sum due to rounding.

41 income investments in corporate private debt and healthcare credits with a total fair value of $329.2 million

On a run rate basis, the investments in the direct-yielding portfolio generate cash and PIK income of $27.9 million. The corporate private debt portfolio is broadly diversified across sectors including business services, industrials and technology. The Manager believes securities within this portfolio benefit from strong customer bases, diversified revenue sources and favourable industry dynamics. Many of the debt securities are cash-pay at strong yields from a risk-return perspective. The weighted average cash yield on NBPE's corporate private debt investments is 9.2%.[1] The weighted average total leverage and senior leverage is 4.5x and 3.2x, respectively.[2] Approximately 74% of value within corporate private debt investments is invested in floating rate debt.[3] The healthcare credit investments consist of royalty backed notes and senior secured loans with a weighted average cash yield of 7.5%.[1] No individual company within the income portfolio represents more than 3.5% of NBPE's net asset value.

Income Investment Portfolio[1,4]

INVESTMENT NAME	SECURITY DETAILS	INVESTMENT DATE	FAIR VALUE[1]	CASH + PIK COUPON	CASH YIELD	TOTAL EST. YTM
Corporate Private Debt Investments						
Compuware	Second Lien (L+8.00% Cash, 1.0% L Floor, 8% OID)	Dec-14	-	9.0%	9.8%	9.4%
Central Security Group	Second Lien (L+9.0% Cash, 1% L Floor, 5% OID)	Nov-14	-	10.0%	10.5%	10.5%
Vestcom	Second Lien (L+8.0% Cash, 1.0% L Floor, 1.5% OID)	Oct-14	-	9.0%	8.9%	9.4%
Trinity Consultants	PIK Toggle Notes (10% Cash, 3% PIK)	Aug-14	-	13.0%	10.1%	13.2%
Authentic Brands - Secondary	Second Lien (L+8.0%, 1% L Floor)	Jul-14	-	9.0%	9.1%	9.4%
K&N Engineering	Second Lien (L+8.625%, 1% L Floor, 2.25% OID)	Jul-14	-	9.6%	9.8%	10.1%
Heartland Dental - 2014 Secondary	Second Lien (L+8.5% Cash, 1.25% L Floor, 2.75% Premium)	Jul-14	-	9.8%	9.7%	10.2%
Converge One	Second Lien (L+8.0%, 1% L Floor, 1.0% OID)	Jun-14	-	9.0%	9.1%	9.4%
Authentic Brands	Second Lien (L+8.0%, 1% L Floor, 1.0% OID)	Jun-14	-	9.0%	9.1%	9.4%
Galco Industrial Electronics	Sr. Sub Notes (10.75% Cash, 1.25% PIK, 1.5% OID) & Equity	May-14	-	12.0%	10.9%	12.3%
Ortholite	Sr. Sub Notes (11.75% Cash, 1.5% OID) & Equity	Apr-14	-	11.8%	11.9%	12.4%
On Deck	Portfolio of Small Business Loans	Apr-14	-	-	-	-
Flexera	Second Lien (L+7.0%, 1% L Floor, 0.5% OID)	Apr-14	-	8.0%	8.0%	8.3%
Archroma - Secondary	Sr. Secured Term Loan (L+8.25%, 1.25% L Floor, 1% OID)	Apr-14	-	9.5%	9.6%	10.0%
LANDesk	Second Lien (L+7.25%, 1% L Floor, 1% OID)	Mar-14	-	8.3%	8.2%	8.6%
Evoqua	Second Lien (L+7.5%, 1% L Floor, 0.5% OID)	Jan-14	-	8.5%	8.5%	8.9%
Taylor Precision Products	Sr. Sub Notes (13% Cash, 1.5% OID)	Nov-13	-	13.0%	11.4%	13.8%
P2 Energy Solutions	Second Lien (L+8.00% Cash, 1.0% L Floor, 1% OID)	Nov-13	-	9.0%	9.0%	9.4%
Archroma	Sr. Secured Term Loan (L+8.25%, 1.25% L Floor, 2% OID)	Oct-13	-	9.5%	9.6%	10.0%
Blue Coat	Second Lien (L+8.5% Cash, 1% L Floor, 1% OID)	Jul-13	-	9.5%	9.4%	10.0%
Deltek - Secondary	Second Lien (L+8.75% Cash, 1.25% L Floor, 1 OID)	Jun-13	-	10.0%	9.9%	10.5%
KIK Custom Products	Second Lien (L+8.25% Cash, 1.25% L Floor, 2% OID)	May-13	-	9.5%	9.5%	10.0%
Heartland Dental - 2013 Secondary	Second Lien (L+8.5% Cash, 1.25% L Floor, 0.5% OID)	Jan-13	-	9.8%	9.7%	10.2%
Heartland Dental	Second Lien (L+8.5% Cash, 1.25% L Floor, 1.5% OID)	Jan-13	-	9.8%	9.7%	10.2%
Deltek	Second Lien (L+8.75% Cash, 1.25% L Floor, 1.5% OID)	Oct-12	-	10.0%	9.9%	10.5%
Evans Network of Companies	Sr. Sub Notes (12% Cash, 2% PIK, 2% OID) & Equity	Jun-12	-	14.0%	12.1%	14.5%
Total Corporate Private Debt			**$267.0**	**9.2%**	**9.2%**	**10.4%**
Total Healthcare Credit Investments						
Specialty Pharmaceutical Company (Public)	Senior Secured Term Loan (L+8.0%, 1% L Floor)	Sep-14	-	9.0%	9.2%	9.4%
Term Loan (Biotherapeutics B)	Senior Secured Loan (First Lien, L+10.0% cash, 1% L Floor, 1% OID)	Jun-14	-	11.0%	11.8%	11.6%
Convertible Notes (Biotherapeutics B)	Convertible Notes (4.5% Cash), Equity & Warrants	Jun-14	-	4.5%	5.1%	4.6%
Convertible Notes (Specialty Pharmaceuticals)	Convertible Notes (4.5% Cash)	Apr-14	-	4.5%	6.6%	4.6%
Term Loan (Contract Research Organization)	Second Lien (L+8.25%, 1% L Floor, 1% OID)	Apr-14	-	9.3%	9.3%	9.7%
Term Loan (Specialty PCP and Pediatric Pharmaceuticals)	Senior Secured Loan (First Lien, 8% cash, 0.75% fee)	Feb-14	-	8.0%	5.3%	8.3%
Term Loan (Biotherapeutics A)	Second Lien (L+7.75%, 1% L Floor, 1% OID)	Feb-14	-	8.8%	8.7%	9.1%
Term Loan (Medical Diagnostics)	Senior Secured Loan (10.5% Cash)	Jan-14	-	10.5%	11.0%	11.0%
Term Loan (Specialty Drug Pharmaceuticals)	Escrow Value	Nov-13	-	-	-	-
Royalty Notes (Hormone Therapy)	Royalty Backed Note	Apr-11	-	17.0%	18.5%	13.0%
Term Loan (Skin Products Company)	Senior Secured Loan (First Lien, 10.5% Cash, 1.5% Fee)	Jul-13	-	10.5%	9.7%	11.1%
Term Loan (Genetic Testing)	Senior Secured Loan (First Lien, 10% Cash, 1% Fee)	Jun-13	-	10.0%	1.8%	10.5%
Term Loan (Cardiac Device)	Senior Secured Loan (First Lien, 13.5% Cash, 1.5% OID, 1% Fee)	Feb-13	-	13.5%	11.5%	14.4%
Royalty Notes (Internal Medication)	Royalty Backed Note	Jan-13	-	11.0%	11.0%	11.6%
Term Loan (PCR)	Escrow Value	Aug-12	-	-	-	-
Total Healthcare Credit Investments			**$62.3**	**8.9%**	**7.5%**	**9.9%**
Total Direct Yielding Portfolio			**$329.2**	**8.7%**	**8.7%**	**10.3%**

1.The mezzanine debt investments include equity investments completed as part of the mezzanine transaction and the fair value includes the value of these equity investments. The yield to maturity is inclusive of PIK interest and represents the return (IRR) from this reporting period to the maturity of the investment. Cash yield calculations include $34.6 million of value associated with equity investments and $294.6m of debt value.
2. Based on the net leverage that is senior to the security held by NBPE.
3. Based on the fair value of the debt only and excludes the fair value of equity investments and warrants.
4. Includes a portfolio of small business loans ($5.3m of fair value) at an interest rate at least at the rate stated above but not included in the yield calculation.

PORTFOLIO ANALYSIS

Mature funds portfolio with a significant proportion of fair value in mid-cap buyout and special situations funds

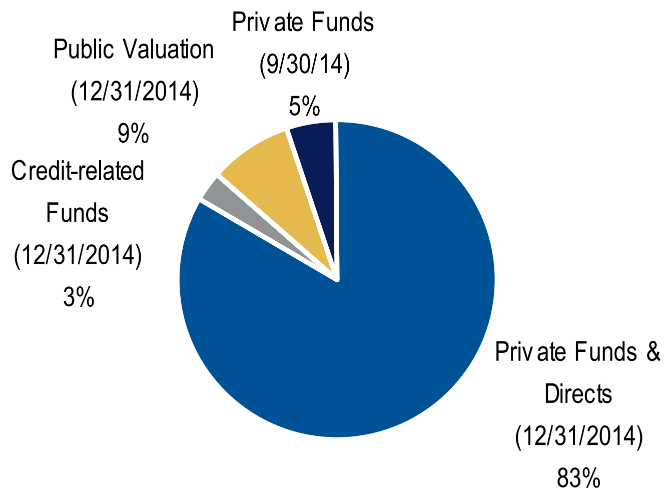
($ in millions) Fund Investments	Principal Geography	Vintage Year	Fair Value	Unfunded Commitment	Total Exposure
Catalyst Fund III	Canada	2009	$14.2	$3.8	$17.9
Centerbridge Credit Partners	U.S.	2008	1.6	-	1.6
CVI Global Value Fund	Global	2006	5.3	0.8	6.0
OCM Opportunities Fund VIIb	U.S.	2008	4.6	3.0	7.6
Oaktree Opportunities Fund VIII	U.S.	2009	6.7	-	6.7
Platinum Equity Capital Partners II	U.S.	2007	11.3	3.5	14.9
Prospect Harbor Credit Partners	U.S.	2007	0.3	-	0.3
Sankaty Credit Opportunities III	U.S.	2007	10.4	-	10.4
Strategic Value Special Situations Fund	Global	2010	0.3	0.0	0.3
Strategic Value Global Opportunities Fund I-A	Global	2010	0.4	0.1	0.5
Sun Capital Partners V	U.S.	2007	8.2	1.5	9.7
Total Special Situations Funds			**$63.4**	**$12.6**	**$76.0**
Mid-cap Buyout					
American Capital Equity II	U.S.	2007	3.4	1.2	4.6
Aquiline Financial Services Fund	U.S.	2005	3.4	-	3.4
ArcLight Energy Partners Fund IV	U.S.	2007	4.5	4.6	9.0
Avista Capital Partners	U.S.	2006	9.7	0.7	10.3
Clessidra Capital Partners	Europe	2004	1.1	0.1	1.2
Corsair III Financial Services Capital Partners	Global	2007	6.4	1.2	7.5
Highstar Capital II	U.S.	2004	2.8	0.1	2.9
Investitori Associati III	Europe	2000	0.3	0.4	0.6
Lightyear Fund II	U.S.	2006	3.4	1.4	4.8
OCM Principal Opportunities Fund IV	U.S.	2006	10.0	2.0	12.0
Trident IV	U.S.	2007	3.0	0.5	3.5
Total Mid-cap Buyout Funds			**$48.0**	**$12.0**	**$60.0**
Large-cap Buyout					
Carlyle Europe Partners II	Europe	2003	2.8	0.4	3.1
First Reserve Fund XI	U.S.	2006	8.7	-	8.7
J.C. Flowers II	Global	2006	2.8	0.3	3.1
Total Large-cap Buyout Funds			**$14.3**	**$0.8**	**$15.0**
Growth Equity					
Bertram Growth Capital I	U.S.	2007	8.6	1.3	9.9
Bertram Growth Capital II	U.S.	2010	6.8	4.2	11.0
DBAG Expansion Capital Fund	Europe	2012	0.6	4.2	4.8
NG Capital Partners	Peru	2010	6.7	0.3	7.0
Total Growth Equity Funds			**$22.8**	**$9.9**	**$32.7**
Fund of Funds Investments					
NB Crossroads Fund XVII	U.S.	2002-06	23.5	2.0	25.5
NB Crossroads Fund XVIII Large-cap Buyout	Global	2005-10	9.8	2.2	11.9
NB Crossroads Fund XVIII Mid-cap Buyout	Global	2005-10	25.8	7.1	32.9
NB Crossroads Fund XVIII Special Situations	Global	2005-10	5.4	0.9	6.4
NB Crossroads Fund XVIII Venture Capital	U.S.	2005-10	9.5	1.7	11.1
NB Fund of Funds Secondary 2009	Global	2009-10	5.5	1.1	6.5
Total Fund of Funds			**$79.5**	**$14.9**	**$94.4**
Total Fund Investments			**$227.8**	**$50.2**	**$278.1**

Note: Numbers may not sum due to rounding.

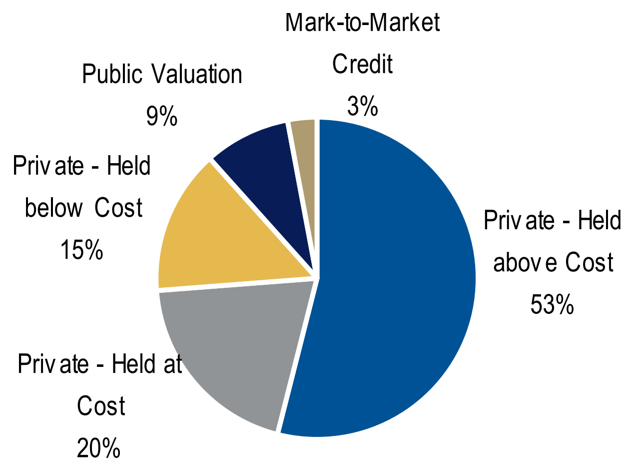
1. *$26.6 million of unfunded commitments are to funds past their investment period. Please refer to page 30 for more information on unfunded commitments to funds past their investment period.*

PORTFOLIO ANALYSIS

By Date of Information & Valuation Type (% of Fair Value)[1]



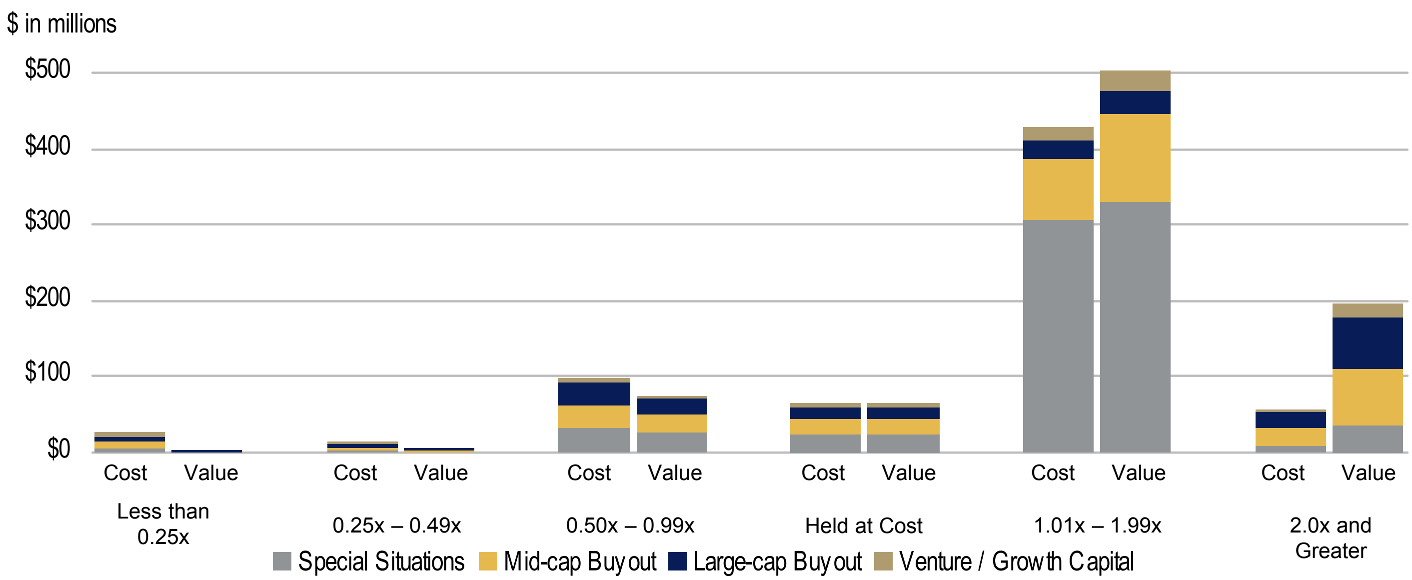
Valuation Method (% of Fair Value)



The NAV per Share of $14.24 was $0.29 higher than previously reported in the December Monthly NAV estimate, principally due to the receipt of additional valuation information after 12 January 2015, the publication date of the December Monthly NAV estimate.[2] As of 31 December 2014, approximately 9% of fair value was held in public securities. The top five public stock exposures are listed below as a percentage of fair value:

- Sabre Holdings Corporation (NASDAQ: SABR): 3.6% of fair value
- Freescale Semiconductor (NYSE: FSL): 0.9% of fair value
- Commscope (NASDAQ: COMM): 0.5% of fair value
- Fairmount Minerals (NYSE: FMSA): 0.4% of fair value
- InRetail Peru Corp. (BVL: INR): 0.3% of fair value

Underlying Company Performance by Asset Class and Multiple of Invested Capital Range



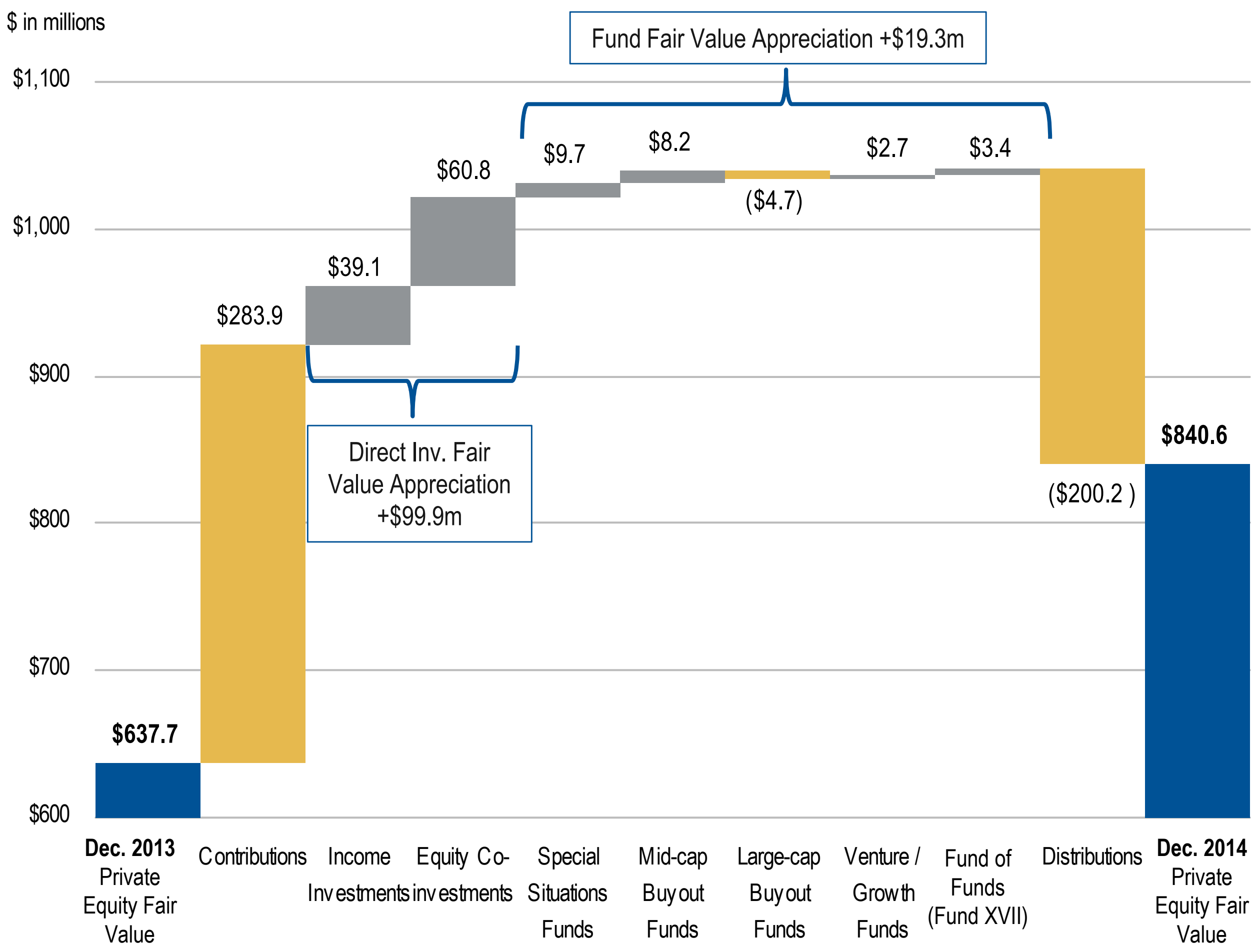
1. Please refer to page 87 for a detailed description of the valuation policy. While some information is as of 30 September 2014, the Manager's analysis and historical experience lead the Manager to believe that this approximates fair value at 31 December 2014.

2. As reported in the monthly NAV estimate the percent of private equity fair value was held: 40% in Private Funds & Directs, 3% in Credit-related Funds and 9% in publics as of 31 December 2014, 1% in Directs as of 31 October 2014, and 47% in Private Funds & Directs as of 30 September 2014.

PERFORMANCE OVERVIEW

During 2014, the private equity fair value appreciated in value across asset classes and investment types, with the largest gains in value coming from equity co-investments and income investments. Special situations funds continue to generate liquidity and distributed $36.3 million to NBPE during 2014. NBPE also received approximately $81.0 million of distributions consisting of cash interest, principal repayment and equity proceeds from income investments. During 2014, NBPE's gross portfolio Internal Rate of Return ("IRR") was 17.5%, driven by[1]:

- 32.9% gross portfolio IRR from equity co-investments
- 16.4% gross portfolio IRR from income investments
- 7.6% gross portfolio IRR from fund investments

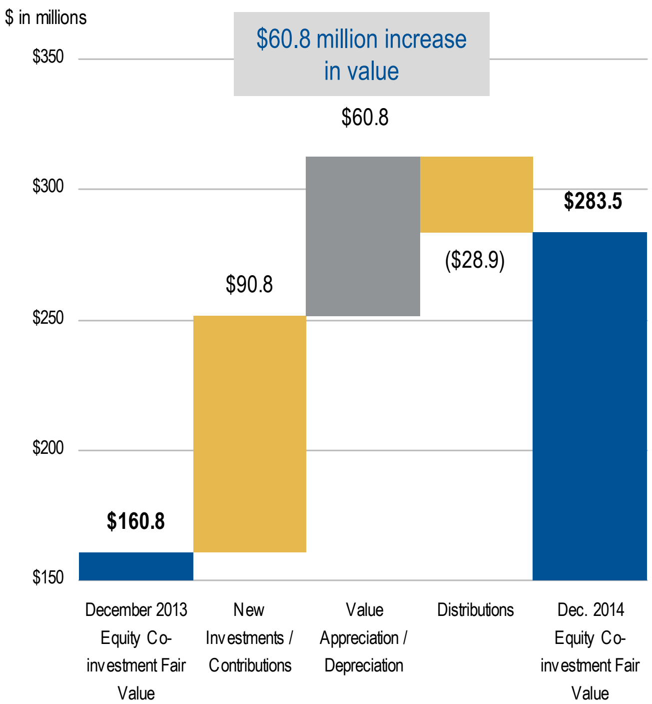


Note: Income investment appreciation includes equity investments completed as part of the mezzanine transaction. Income investment appreciation includes both fair value appreciation as a result of accrued cash interest as well as accrued non-cash (PIK) yield. The Company's investment performance related 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 ("IRR") during 2014 and include only investment level cash flows. Returns are before NBPE expenses, but net of underlying fees and expenses.

PERFORMANCE ANALYSIS

$90.8 million of new and follow-on equity co-investment activity and a $60.8 million increase in value during 2014



Equity Co-investment portfolio

During 2014, NBPE participated in 18 new equity co-investments in the industrials, technology, energy, consumer products and healthcare industries.

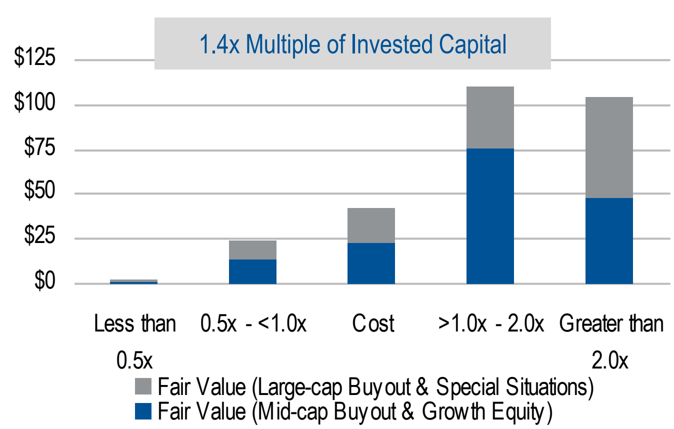
The portfolio appreciated in value by $60.8 million during 2014, due mainly to write-ups of several equity co-investments, offset by declines in certain other investments. The top five investments appreciated by $34.7 million and represented approximately 57.1% of the overall increase in the portfolio. Strong performance was driven by the write-up of a 2014 vintage co-investment, a write-up of a large-cap 2007 vintage co-investment and the write-up of a 2011 large-cap equity co-investment.

NBPE received approximately $28.9 million in distributions during the year which included proceeds from the sale of one 2013 vintage co-investment, one 2009 vintage co-investment and proceeds as a result of partial realizations in seven companies and proceeds from the expiration of insurance industry loss warranties.

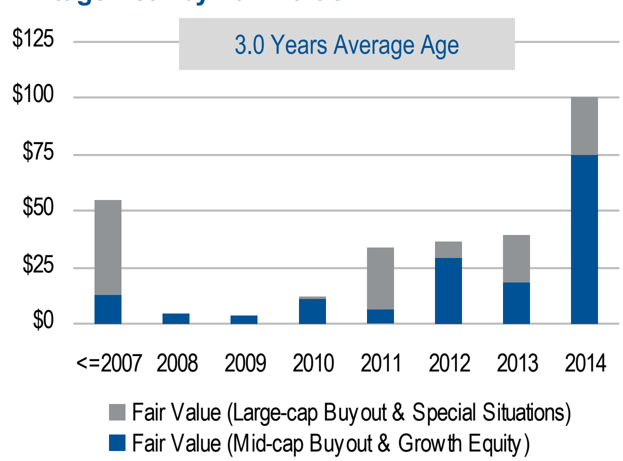
The investment multiple range by fair value shows the dispersion of value within the equity co-investment portfolio. The majority of the private equity fair value is currently held above cost and only approximately 9% of private equity fair value was held below cost.

The average age of the equity co-investments was 3.0 years and approximately 78% of the fair value was due to investments made in 2010 or after.

Investment Multiple Range by Fair Value



Vintage Year by Fair Value

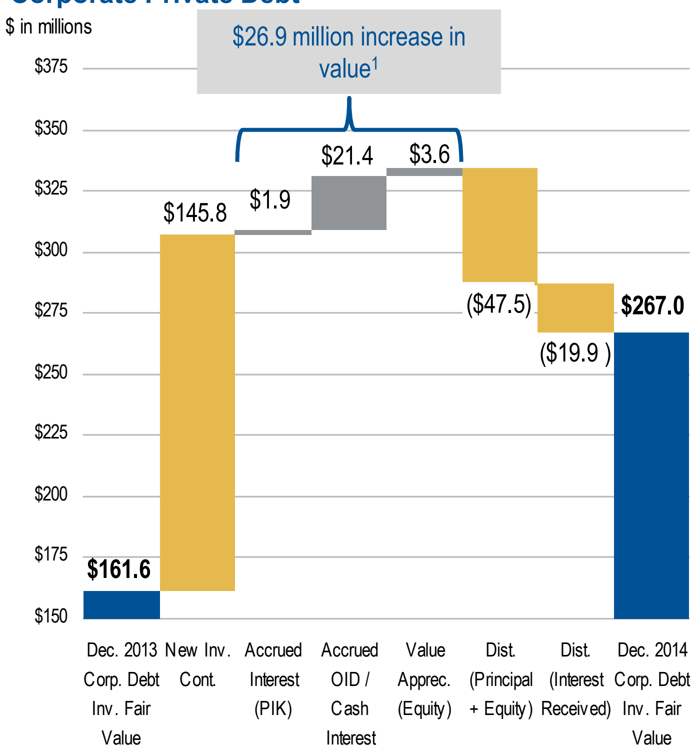


Note: Numbers may not sum due to rounding.

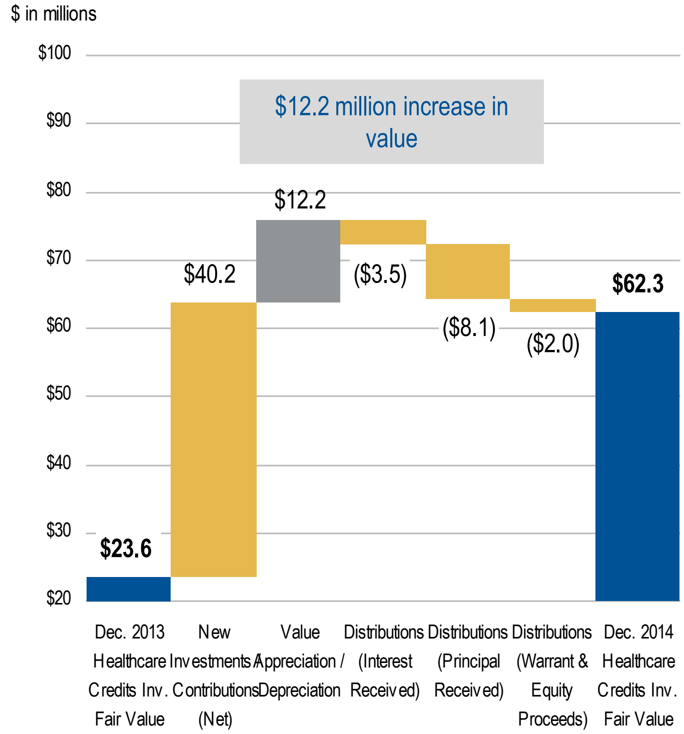
PERFORMANCE ANALYSIS

$26.9 million and $12.2 million increase in the value of corporate private debt and healthcare credit investments, respectively. Run-rate cash income was $28.7 million as of 31 December 2014

Corporate Private Debt[1]



Healthcare Credit Investments



Corporate Private Debt Investment Portfolio

During 2014, NBPE funded approximately $145.8 million to 16 corporate private debt investments, including three secondary purchases. NBPE also received approximately $67.4 million of distributions consisting of cash interest, principal repayment and equity proceeds. NBPE received principal and equity proceeds from the sale of a 2013 corporate debt investment and principal proceeds from the refinancing of another 2013 corporate debt investment.

The portfolio includes 26 corporate private debt investments, consisting of mezzanine investments, term loans and 2nd-lien debt

- 9.2% cash yield
- $22.7 million of run-rate cash income
- 10.4% weighted average estimated yield to maturity
- 4.5x weighted average total leverage
- 3.2x weighted average senior leverage[2]
- 74% of value invested in floating rate debt[3]

Healthcare Credit Investment Portfolio

During 2014, NBPE participated in eight healthcare credit investments. The eight investments were in senior secured term loans, second lien debt, convertible notes, equity and warrants. In 2014, the portfolio increased in value by $12.2 million, driven by write-ups in two healthcare credit investments.

NBPE received approximately $13.6 million in distributions consisting of cash interest, principal repayments and warrant proceeds during the year 2014. During 2014, two healthcare credit investments were sold.

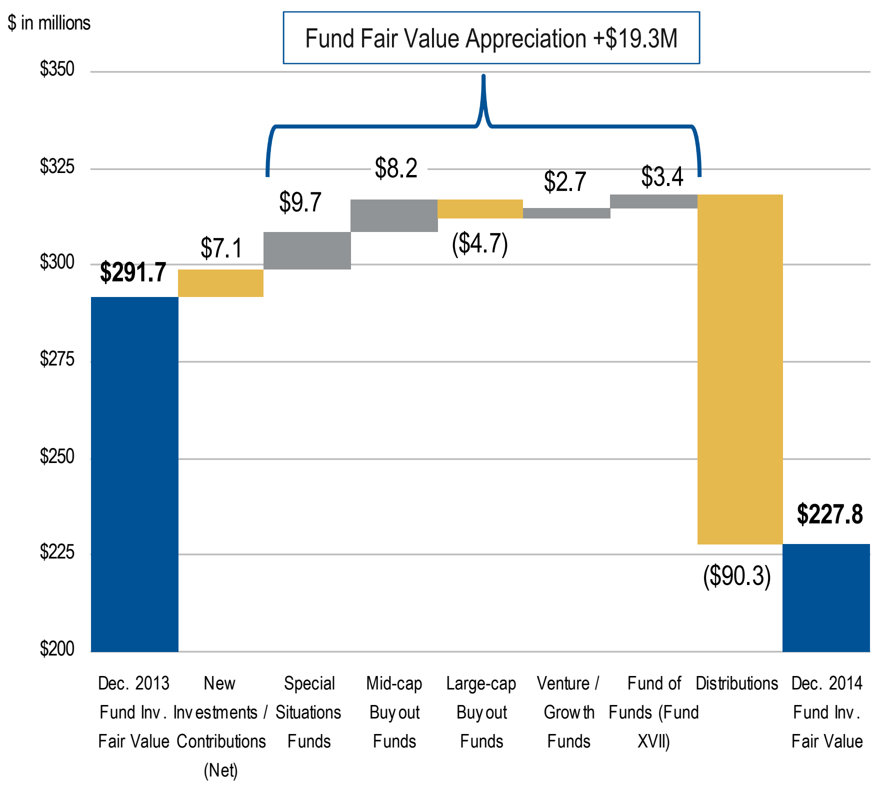
This portfolio includes 13 healthcare credits and two royalty backed notes

- 7.5% cash yield
- $4.7 million of run-rate cash income
- 9.9% weighted average estimated yield to maturity

Note: Numbers may not sum due to rounding. Cash yield calculations include $34.6 million of value associated with equity investments and $294.6m of debt value.
1. The mezzanine debt investments include equity investments completed as part of the mezzanine transaction.
2. Based on the net leverage that is senior to the security held by NBPE.
3. Based on the fair value of the debt only and excludes the fair value of equity investments and warrants.

PERFORMANCE ANALYSIS

$19.3 million appreciation in value of the fund investment portfolio



Fund Portfolio Investment Performance

The largest valuation gains were in the special situations and mid-cap buyout asset classes. Four of the top ten fund value drivers, measured in terms of dollar appreciation, were special situations funds. The Manager believes this appreciation reflects the strength of the progression of many of the underlying companies. Within the buyout portfolios, the Manager believes companies are benefiting from the healthy economic environment, strong governance and resulting robust operating performance.

During 2014, NBPE received $90.3 million of distributions from fund investments, including approximately $28.5 million from mid-cap buyout funds, of which $7.5 million was from a single mid-cap buyout fund as a result of the sales of two underlying companies. In addition, NBPE received $36.3 million from special situations funds.

Excluding investment cash flow activity, during 2014, the top ten fund value drivers had a combined fair value appreciation of $20.3 million. The top ten negative drivers had a combined depreciation in fair value of $8.7 million. The remaining 18 funds had a combined fair value appreciation of $7.7 million.

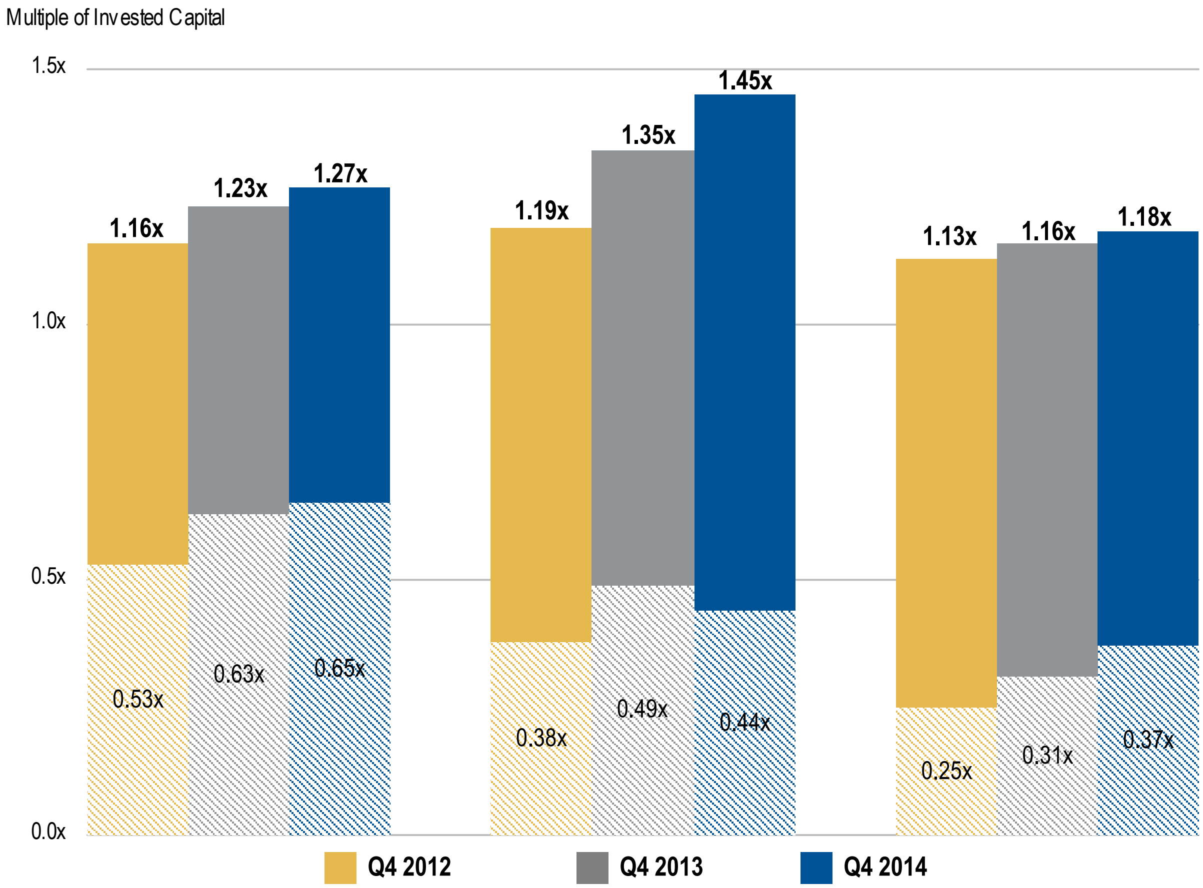
Note: Numbers may not sum due to rounding.

PERFORMANCE SINCE INCEPTION[1]

PERFORMANCE ANALYSIS

The Manager believes NBPE has generated strong performance since inception and a significant amount of invested capital has been returned to the Company through distributions from its portfolio of private equity investments

Since inception, including realized investments and based on the multiple of total value to paid-in capital ("TVPI"), NBPE's total portfolio has generated a 1.27x gross TVPI multiple. During 2014, the portfolio increased in value; however, valuation increases across the portfolio were offset by the funding of new investments, which were held at cost. NBPE has received cash distributions from its portfolio of private equity investments of approximately $771.8 million. The equity co-investments are held at a 1.45x gross TVPI multiple and NBPE has received total distributions of $122.0 million, or 44% of paid-in capital, through sales, recapitalizations and dividends. As of 31 December 2014, the income investments were held at a 1.18x gross TVPI multiple and NBPE has received total distributions of $149.7 million, or 37% of paid-in capital, through sales, cash interest and principal repayments.



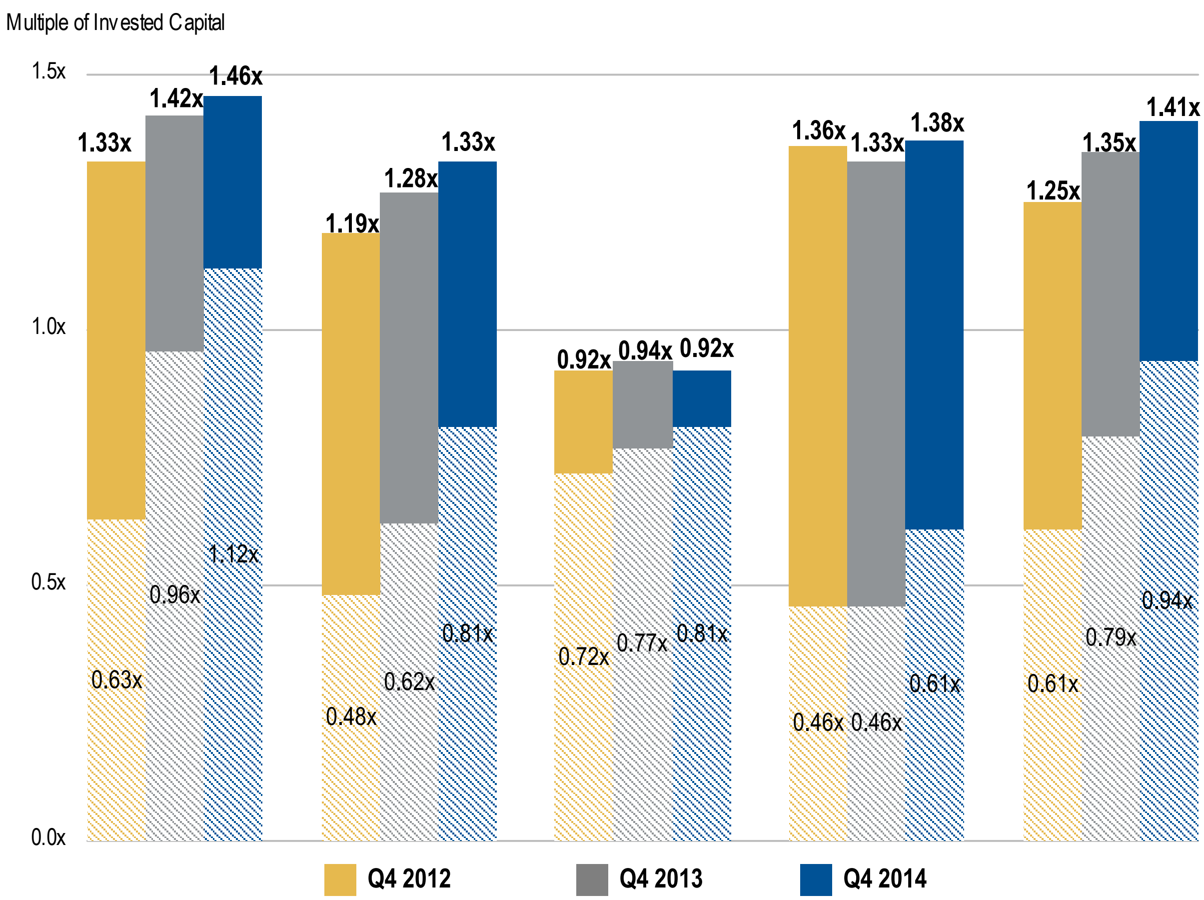
	Total Portfolio	Equity Co-investments	Income Investments
Fair Value at 31 December 2014	$840.6m	$283.5m	$329.2m
Cash Distributions received since Inception	$771.8m	$122.0m	$149.7m

1. Dashed bars represent distributed to paid-in capital. Total distributions exclude Strategic Asset Sale proceeds of $100.5 million. Numbers may not sum due to rounding.

PERFORMANCE ANALYSIS

Mid-cap buyout and special situations funds continue to generate gains

Mid-cap buyout funds, the largest asset class by fair value within the fund portfolio, have generated a gross TVPI multiple of 1.33x and NBPE has received approximately $124.3 million in distributions, or 81% of paid-in capital. Special situations funds, the second largest asset class within the fund portfolio, have generated a gross TVPI multiple of 1.46x. NBPE has received cash distributions of approximately $224.2 million, or 112% of paid-in capital, driven by the monetization of credit positions by underlying managers as well as redemption proceeds realized from the full redemption of two special situations funds in 2012 and 2013. The Manager expects cash distribution activity to continue over the coming quarters within this asset class. The Manager believes the remaining fund asset classes, including large-cap buyout, venture / growth capital and NB Crossroads Fund XVII, while smaller parts of the overall portfolio, will continue to drive value and provide cash distributions.



	Special Sit Funds	**Mid-cap Buyout Funds**	**Large-cap Buyout Funds**	**Venture / Growth Funds**	**NB Crossroads Fund XVII**
Fair Value at 31 December 2014	$68.8m	$79.3m	$24.0m	$32.2m	$23.5m
Cash Distributions since Inception	$224.2m	$124.3m	$78.5m	$25.9m	$47.1m

1. Dashed bars represent distributed to paid in capital. Total distributions exclude Strategic Asset Sale proceeds of $100.5 million. NBPE's 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.

BUYOUT PORTFOLIO

Buyout Realizations

During 2014, NBPE received $68.2 million from buyout funds (including buyout fund of funds commitments) and equity co-investments. The Investment Manager analysed $52.2 million of this amount. $35.2 million of these distributions was the result of sales with an average uplift of 22.0%, relative to the carrying value the quarter end prior to the announcement of the transaction, $4.1 million was the result of dividends and recapitalisations and $13.0 million was the result of partial sales and secondary offerings.

Buyout Company Analysis

In connection with our portfolio monitoring process, the Investment Manager analysed the operational performance and valuation metrics for the 50 largest buyout investments (including co-investments) based upon fair value at 31 December 2014. There are 39 companies valued on traditional buyout metrics and 11 companies valued on other metrics.

Traditional Buyout Investments

- Traditional buyout investments that were valued based on a multiple of cash flow (total enterprise value as a multiple of EBITDA)
    - 39 companies with approximately $187.6 million of fair value, representing 22% of private equity fair value and 52% of buyout fair value
- Summary Metrics for the traditional buyout investments:
    - Weighted average valuation multiple of 10.1x LTM EBITDA
    - Weighted average leverage multiple of 4.8x LTM EBITDA
    - Weighted average LTM revenue growth of 18.6%
    - Weighted average LTM EBITDA growth of 28.8%

Other Buyout Investments

- Power generation and utility companies, financial institutions and publicly traded companies
    - 11 companies with approximately $73.2 million of fair value, representing 8.7% of private equity fair value and 20.4% of buyout fair value
- Two privately held financial institutions, representing $7.5 million of fair value. The two privately held financial institutions grew book value by 9.1% over the last twelve months and were valued at 1.3x book value on a weighted average basis
- Two power generation and utility companies and three E&P companies ($19.9 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
- Four publicly traded companies ($45.8 million of fair value) generated a weighted average total return of 22% during 2014[2]

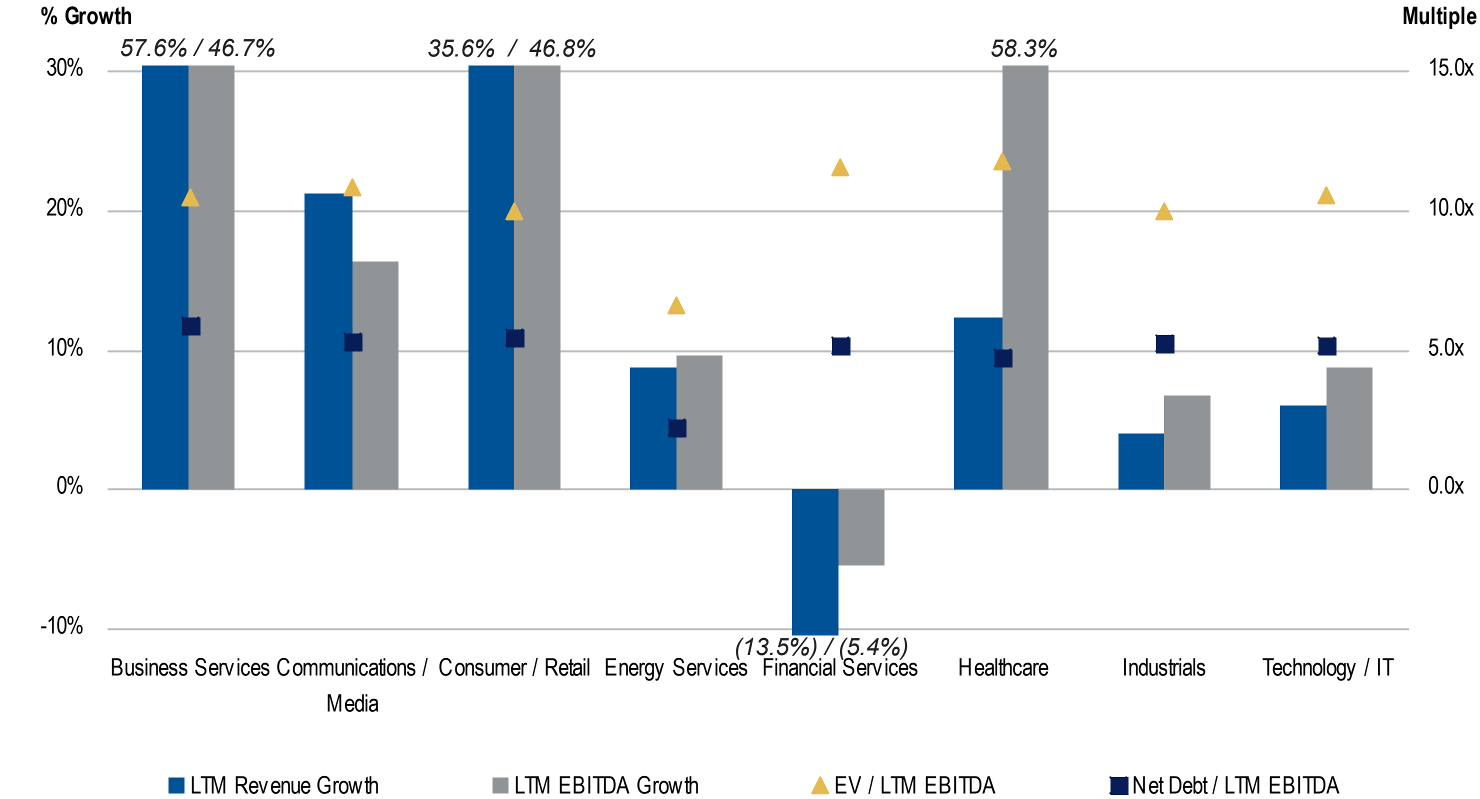
1. *Portfolio company operating and valuation metrics are based on most recently available information (unaudited). Private equity fair value as of 31 December 2014. Numbers may not sum due to rounding.*
2. *Includes two IPOs that occurred during 2014. Performance is based on the time of the IPO to 31 December 2014.*

BUYOUT PORTFOLIO

Traditional Buyout Companies[1]

The figure below illustrates the key operating, valuation, and leverage statistics for the largest traditional buyout investments based on fair value by industry sector. In conducting the analysis, the Investment Manager utilized the most recently available information (as of 31 December 2014 and 30 September 2014) to evaluate the year-over-year growth in revenue and EBITDA for each company. In addition, the Investment Manager analyzed the most recently available valuation multiple (enterprise value to LTM EBITDA) and leverage multiple (net debt to LTM 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 2014.

Operating Performance, Valuation and Leverage by Sector



Fair Value ($mm):	$27.9	$4.0	$29.1	$28.6	$13.8	$35.8	$22.9	$25.6
# of Companies:	7	1	6	5	3	6	6	5

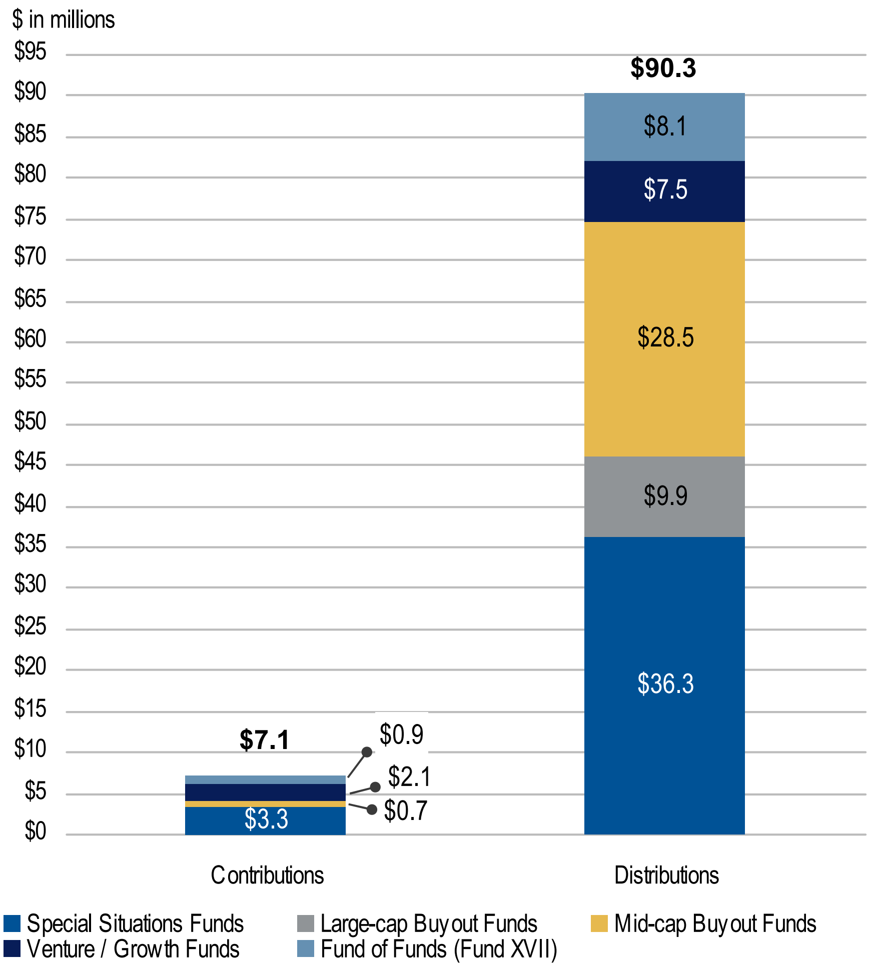
1. *Portfolio company operating and valuation metrics are based on most recently available information. Private equity fair value as of 31 December 2014. Numbers may not sum due to rounding.*

PERFORMANCE ANALYSIS

Liquidity events and IPO activity during the year 2014

- Within NBPE's portfolio, 225 companies completed liquidity events, leading to $200.2 million of distributions to NBPE
- 56 companies in NBPE's portfolio, representing $47.1 million of unrealized value, completed IPOs during 2014, which may lead to future distributions to NBPE. The IPOs below represent the top five companies by value that completed an IPO during 2014.
  - Sabre Holdings Corporation (NASDAQ: SABR) – NBPE (co-investment), NB Crossroads Fund XVII, and NB Crossroads Fund XVIII
  - Callidus Capital, Inc. (TSE: CBL) – NBPE (Catalyst III)
  - Fairmount Minerals (NYSE: FMSA) – NBPE and NB Crossroads Fund XVIII
  - Enable Midstream Partners LP (NYSE: ENBL) – NBPE (Arclight IV)
  - Lending Club Corporation (NYSE: LC) – NB Crossroads Fund XVII

Fund capital call activity continues to slow while distribution activity from NBPE's mature funds remains strong



The Fund portfolio's capital call activity has decreased as the portfolio matures. During the year, special situations funds experienced the most capital call activity. NBPE also funded $2.1 million to Venture / Growth funds during 2014.

NBPE received $36.3 million in distributions from special situations funds during 2014. NBPE also received $38.4 million from buyout funds as managers focus on harvesting portfolio companies and returning cash.

During 2014, the largest fund distributions were received from NB Crossroads Fund XVII, Lightyear Capital Fund II, Sankaty Credit Opp. III, Wayzata Opp. Fund II, and NB Crossroads Fund XVIII.

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.

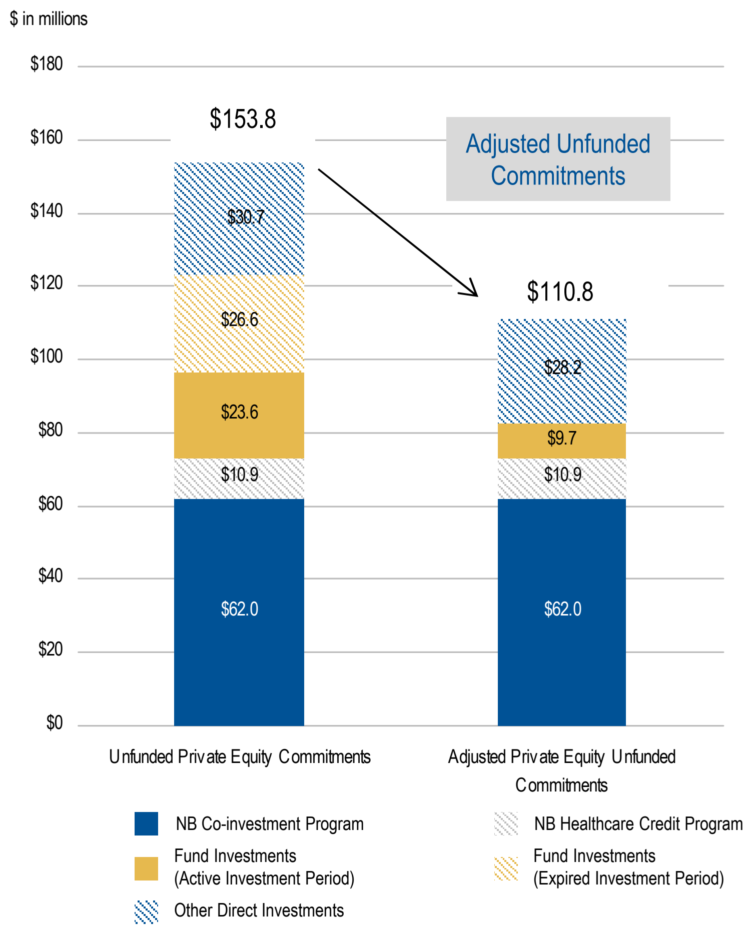
UNFUNDED COMMITMENTS

Favourable capital position for new investments

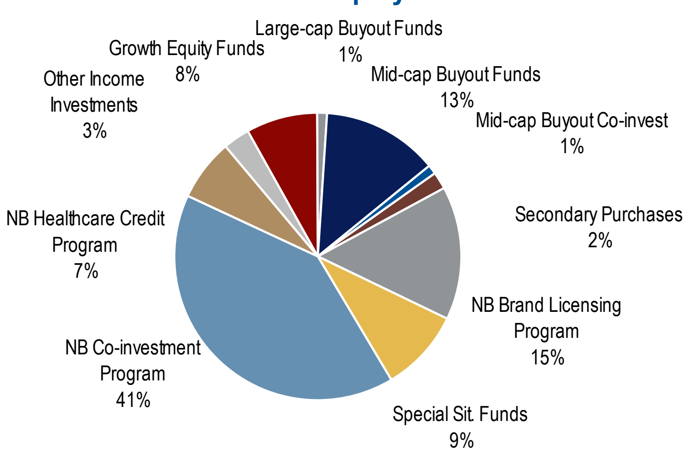
As of 31 December 2014, NBPE's unfunded commitments were approximately $153.8 million. Approximately $62.0 million and $10.9 million were unfunded commitments to the NB Alternatives Co-investment and Healthcare Credit Programs, respectively. Approximately $13.9 million of unfunded commitments were to fund of funds managed by NB Alternatives and $36.4 million of unfunded commitments were to third party direct funds. Within the fund portfolio, $26.6 million of the unfunded commitments are to funds past their investment period. The Manager believes a portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

Unfunded commitments are primarily to the NB Alternatives Co-investment and NB Healthcare Credit Programs. The Manager expects capital to be called in future quarters to fund new direct investments. Approximately 31% of the unfunded commitments were to the fund portfolio, with large unfunded commitments to special situations and mid-cap buyout funds. However, approximately 100% and 94% of unfunded commitments to these asset classes, respectively, were to funds past their investment period. Approximately 8% of the unfunded commitments were to growth equity funds; capital deployment by underlying managers within this asset class is typically prolonged.

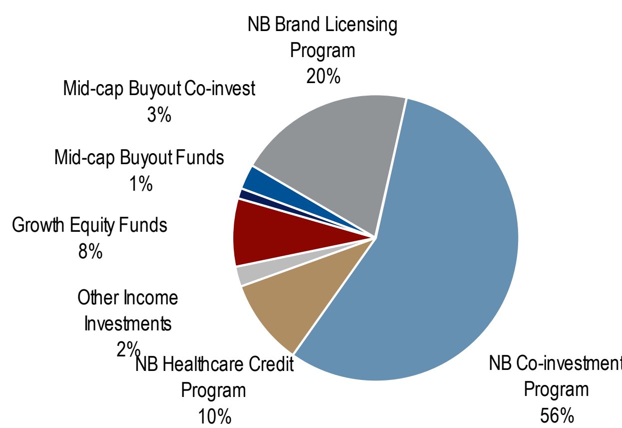
The Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted lower by removing unfunded commitments past their investment period, unfunded commitments to fund of funds managed by NB Alternatives and the unfunded commitment to one investment in the income investment category where we do not expect net capital drawn to exceed ~40% of the original commitment due to daily paybacks. Following these adjustments, the unfunded commitments would be $110.8 million. On an adjusted basis this would correspond to excess capital resources of $24.8 million and a commitment coverage ratio of 122%.



Actual Unfunded Private Equity Commitments



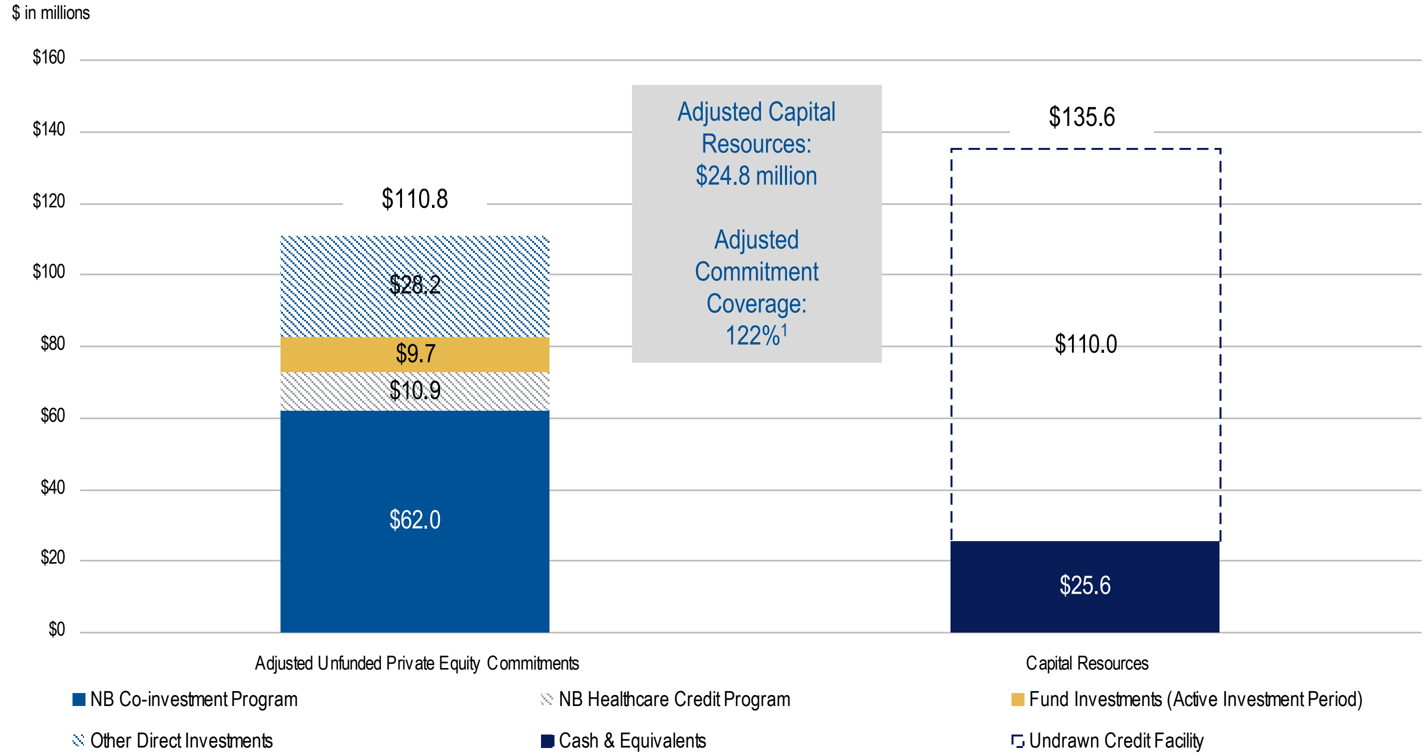
Adjusted Unfunded Private Equity Commitments



Note: Numbers may not sum due to rounding.

LIQUIDITY & CAPITAL RESOURCES

Adjusted capital resources of $24.8 million and $110 million of credit facility undrawn as of 31 December 2014[1]



Credit Facility

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. 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 2014, the debt to value ratio was 12.3%.

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 2014, the secured asset ratio was 17.3%.

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 2014, the commitment ratio was 111.1%.

Note: Numbers may not sum due to rounding.
1. Actual unfunded commitments are $153.8 million, actual capital resources are $18.2 million overcommitted and the commitment coverage ratio is 88%. See page 35 for detail on the adjustments to unfunded commitments.

MARKET COMMENTARY

After an increase in volatility during the third quarter of 2014, equity markets resumed their climb higher for the year and the sell off during October proved to be short-lived. The S&P index finished the year above 2,050 and gained over 11% during 2014, showing the relative strength of U.S. equity markets versus other global indexes. The MSCI World Index gained 2.9% during 2014, as growth in broader global markets appeared more challenging. Emerging markets, as measured by the MSCI Emerging Markets Index, suffered declines during the year with the index falling by approximately 4.9%. In terms of the bond market, the U.S. Corporate Investment Grade Index posted strong gains versus high yield and aggregate bond indexes. The U.S. Corporate Investment Grade Index increased 1.8% during the fourth quarter of 2014 and 7.5% for the full year. The U.S. High Yield Index, on the other hand, saw declines during the fourth quarter and gains of only 2.5% during the full year.[1]

During late October, as expected, the Federal Reserve ended its asset purchase program from the pace of $15 billion per month. Even though asset purchases were ended, the Federal Reserve continued the commitment to keep interest rates low for the coming months, particularly if inflation remained below the long-run target of 2%. While the Federal Reserve left the timing of an interest rate increase open, it was generally expected that interest rates would remain accommodative through at least the spring of 2015.

Economic activity in the U.S. continued to show generally positive results toward the end of 2014; however, this was largely overshadowed by the significant decline in oil prices toward the end of the year. After experiencing price levels in the range of $90 per barrel for the first half of the year, the price of oil declined to approximately $53 per barrel by the end of the year. With the sharp decline in oil prices, investors became concerned over energy sector assets and there was some worry that the large decline in oil prices could begin to impact other parts of the economy. However, the ISM Manufacturing Index ended the year above 50, indicating the manufacturing economy was still expanding. In addition, business fundamentals continued to appear generally positive throughout the end of the year and the decline in gas prices would likely be positive for consumers over the coming months.

The generally positive economic environment in the U.S. was contrasted by slowing growth in Europe. By the end of the year, pressure was mounting for a response from the ECB to combat low inflation. In addition, the fall in oil prices was causing increased worry that the Eurozone could fall further into a low inflationary environment. Concerns over growth and expectations the ECB would need to implement strong measures helped contribute to the Euro's further decline against the Dollar. By the end of the year, the ECB had failed to deliver a quantitative easing program, but signaled that monetary policy would be further assessed in 2015. With no action from the ECB, there was a brief rally in the Euro, but this proved short-lived and by the end of the year the price of a Euro fell to $1.21 as investors continued to expect action from the ECB to combat slow growth in the Eurozone.

Private Equity Buyout Market

Private equity buyers had sufficient capital to invest, credit was readily available and many companies have demonstrated strong performance over the last few years. Companies with strong growth profiles, high free cash flow and more predictable business models insulated from broad macroeconomic trends attracted premium multiples. In addition, active competition from cash-rich strategic acquirers and private equity firms, combined with ample credit availability, kept transaction valuation multiples at elevated levels, particularly for larger transactions. Strong M&A and generally receptive IPO markets created ample selling opportunities for private equity firms seeking exits for portfolio companies. The Manager believes this strong environment was advantageous for NBPE's portfolio during 2014.

U.S. leveraged buyout volume was $28.6 billion in the fourth quarter of 2014, which was down 9% from the previous quarter, but up 14.5% from the same quarter in 2013. The Manager believes the buyout market remains healthy and year to date activity remains strong, with U.S. leveraged buyout volume totaling approximately $148.6 billion. Large-cap transactions (defined by S&P as companies with enterprise values above $500 million) continued to be the largest contributor to volume, representing slightly under 70% of buyout volume in 2014.

Average purchase price multiples rose to 9.7x EBITDA in 2014, up from 8.8x EBITDA in 2013 and equity contributions as a percentage of the capital structure increased to 37.3% in 2014 from 35.6% in 2013.[2]

Buyouts of middle market companies, with less than $500 million in transaction value, continued to be more conservatively capitalized than large-cap transactions. Equity contributions for mid-cap buyouts during 2014 were 43.2%, or approximately 20% 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. The Manager believes a favourable opportunity continues to exist to invest at reasonable valuations in the small and mid-cap buyout markets, where the availability of credit is typically lower and equity contributions are higher. Given the lower absolute leverage levels employed in the small- to mid-cap market, co-investors have frequently been utilized to fund the equity portion of these transactions.

In Europe, the Netherlands, UK, and France were the most active countries by total LBO volume and the average purchase price multiple for all LBOs was 9.7x EBITDA in 2014.[3] While multiples remained elevated relative to prior years, the Manager believes the executed transactions involved stable businesses with healthy cash flows which generally demand a higher valuation.

1. *Source: CapitalIQ.*
2. *S&P Q4 2014 U.S. Leveraged Buyout Review.*
3. *S&P Q4 2014 European Leveraged Buyout Review.*

MARKET COMMENTARY

Debt Markets

Private equity managers continue to be very active in the credit markets, and there were 149 LBO transactions completed in 2014. The average leverage for U.S. middle market buyout transactions remains high at 5.0 in the fourth quarter, but below the average of 5.3x for the full year. Equity contributions for transactions have remained well north of 40% since 2008 and the average equity contribution was 42% in Q4 2014 demonstrating continued support from sponsors. Interest coverage levels also remain high, at or above 3.0x since 2012 and was 3.3x for Q4 2014. Default rates remain low, indicating that portfolio company performance remains stable and a majority of lenders expect stable to improved company performance in 2014. Demand for junior loans was hit hard in the fourth quarter by outflows from loan and high-yield funds which resulted in second lien clearing yields surging to a two year high of 10.1% in December, as compared to 6.5% for U.S. high yield bonds, demonstrating the yield premium investors are compensated with for more illiquid investments.

Fundraising Environment

During 2014, approximately $140.3 billion was raised in the U.S. buyout market, of which approximately $64.3 billion was raised by funds with a fund size under $2.5 billion.[1] This fundraising activity represents an increase of over 5% relative to amounts raised in the U.S. buyout market during 2013. However, the Manager believes the majority of this capital was limited to a small number of traditional buyout funds with strong prior fund track records. In Europe, during 2014, approximately $42.8 billion was raised in the buyout market, of which approximately $22.0 billion was raised by managers with a fund size under $2.5 billion.[1]

1. *Thomson Reuters through 31 December 2014. Excludes venture, mezzanine, fund of funds, and secondary fundraising.*

COMPANY & BUSINESS REVIEW

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, and the Consolidated Financial Statements.

Principal Activity

NBPE is a closed-end investment company registered in Guernsey. The registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. The Company invests in private equity assets, which consist of equity co-investments, income investments, and private equity fund investments. Equity co-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, royalty backed notes, preferred stock and warrants. 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. 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 Adviser and Administrator

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

Investment Objective

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

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.

Results and Dividends

The financial results for the year ended 31 December 2014 are included in the consolidated financial statements, beginning on page 64. As of 31 December 2014, the net asset value attributable to the Class A Shares was $694.8 million, which represents an increase of $69.7 million relative to the net asset value attributable to the Class A Shares of $625.1 million as of 31 December 2013. During 2014, the Company paid total dividends to Ordinary Shareholders of $0.45 per Ordinary Share. Including the dividend payments, the total return for the year was 16.2%, assuming the re-investment of dividends.

Major Shareholders

As at 31 December 2014, 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
ING Bank	6,265,650
Asset Value Investors	4,337,925
Smith & Williamson Investment Management	4,025,401

COMPANY & BUSINESS REVIEW (CONT.)

Major Shareholders (Cont.)

Shareholder	Number of Class A Shares
Quilter Cheviot Investment Management	2,823,946
Clearstream Banking	2,385,193
Seven Investment Management	2,129,650
Baillie Gifford & Co.	2,063,542
Cathay Life Insurance	2,000,000
Cazenove Capital Management	1,660,010

Going Concern

The Company's principal activities and the Company's financial position are described on page 39 and page 64 of the report, respectively, and the Company's investment objective is stated on page 39 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 64 of the report, the Company's financial position is shown and on page 36 detail is provided on the Company's liquidity and available borrowing facilities. The Company's cash flows are provided on page 68 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 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 and annual 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 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 reports, as well as other times throughout the year.

CERTAIN INFORMATION & MATERIAL CONTRACTS

Certain Information

The Company is subject to The Netherlands Financial Supervision Act (Wet op het financieel toezicht, "Wft") as a listed entity (uitgevende instelling) as defined in section 1:1 of the Wft. The Company is subject to certain ongoing requirements under the Wft, the Decree on Supervision of Conduct by Financial Enterprises (Besluit Gedragstoezicht financiële ondernemingen Wft) and the Decree on the Implementation Directive Transparency Issuing Entities (Besluit uitvoeringsrichtlijn transparantie uitgevende instellingen Wft, the "Wft Decree") relating to the disclosure of certain information to investors, including the publication of the Company's financial statements.

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 on page 39 of this report, and the responsibilities of the Investment Manager, described on page 42 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 Heritage International Fund Managers Limited entered into an Administration Agreement on 3 July 2007 (as amended by side letter on 22 September 2009), whereby NBPE appointed Heritage International Fund Managers Limited to act as administrator and company secretary to NBPE. NBPE, as general partner, 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.

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 Program until 31 May 2015. 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 in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008, as amended (the "Law") requires the Directors to prepare consolidated financial statements for each financial year. These consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss and are in accordance with and are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as allowed by rules published in The Netherlands to effect implementation of the EU Transparency Directive, and are presented in United States dollars. The Company prepares its financial statements in compliance with the Law. The consolidated financial statements are required by law to give a true and fair view 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.

Delegation of Responsibilities

The Board delegates certain responsibilities to the Investment Manager and the Company's administrator.

The Company is managed by NB Alternatives pursuant to an Investment Management and Services Agreement, described further on page 38 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 investment strategy set by the Board. The Investment Manager's team of professionals is also responsible for 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 71 of this report. In addition, the Investment Manager is responsible for certain accounting and administrative services, including the preparation of the Company's investment reports, financial statements and accounts. The Company pays the Investment Manager a fee for these services which can be found on page 75 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 75 of this report.

STATEMENT OF RESPONSIBILITY

Statement of Responsibility

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole as required by the EU Transparency Directive, Disclosure and Transparency Rules ("DTR") 4.1.12R and by the Wft Decree; and
- The annual financial report and consolidated financial statements include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face as required by the EU Transparency Directive, DTR 4.1.12R and by the Wft Decree.
- The annual financial report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Talmai Morgan
Director

John Hallam
Director

Date: 10 March 2015

THE BOARD

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
- 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 (other than as disclosed in the 16 November 2009 Prospectus). 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. Mr. Morgan sits on the Board of the NB Distressed Debt Investment Fund whose investment manager is Neuberger Berman Fixed Income LLC. The Board believes that Mr. Morgan remains independent as the businesses of the two funds are significantly different and have different managers which are geographically separated. The Company is in compliance with this recommendation.
2. A majority of the Board should be independent of the manager.	The Company is in compliance with the principle. Messrs. Hallam, Morgan and Sherwell sit on the Board of the NB Distressed Debt Investment Fund whose investment manager is Neuberger Berman Fixed Income LLC. The Board believes that, notwithstanding this, Messrs. Hallam, Morgan and Sherwell remain independent as the businesses of the two funds are significantly different and have different managers which are geographically separated.

THE BOARD

AIC Code Principle	Compliance Statement
2. A majority of the Board should be independent of the manager.	Two of the directors are employees/directors of the Investment Manager, which is disclosed in the Prospectus and the Annual Report, along with biographical information of the Directors on pages 60 and 61 of this report. All Directors offer themselves for re-election at least once every three years.
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. 2014 is the first year for which NBPE has been a member of the AIC and detailed discussions have subsequently taken place in respect of the Company's compliance with the AIC code. The Board believes that it is appropriate for each of the Directors to be re-elected based on the skills described on pages 60 and 61.
4. The Board should have a policy on tenure, which is disclosed in the annual report.	The Directors were all appointed on 22 June 2007. Therefore, no director has served for nine years or longer. While the Company has not been in existence for nine years and no Director has served for nine years or longer, the Board conducts an annual review exercise to ensure it is performing to the highest possible standards.
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 Report and Prospectuses. The Board has established an Audit Committee and a Management Engagement Committee but 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 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. Terms of reference for the Audit Committee and the Management Engagement Committee are available from the Company Secretary. No Nomination Committee or Remuneration Committee has been appointed.
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. All Directors have served the same term and have the same level of knowledge of the company.

THE BOARD

AIC Code Principle	Compliance Statement
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 consultants have 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.	There are no plans to appoint any further directors to the Board.
10. Directors should be offered relevant training and induction.	Independent Directors have visited the Investment Manager's offices and met with key personnel. They are regularly provided with updated, detailed information regarding the Investment Manager and have also received anti-money laundering and Bribery Act training.
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 believe the Company is in compliance.
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, acquisition opportunities, 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.

THE BOARD

AIC Code Principle	Compliance Statement
13. (Cont. from previous page) 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.	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.
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 48. 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. These matters are considered by the Board on an on-going basis. Furthermore, the Board has received a paper entitled “Evaluation of the Manager: A Paper for Non-Executive Directors of Investment Companies on meeting the requirements of the Listing Rules”, which is available on the AICs website.
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 independent third parties which address the discount. The Board and the Investment Manager have been proactive in managing the discount, not only by means of establishing a treasury share policy, but also by increasing the Company’s exposure to income investments. These actions have allowed the Company to pay semi-annual dividends for the past two years and the discount to NAV has reduced over time.
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 not so conflicted but keeps this issue under regular review.
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 and provides the Board with regular updates. The Chairman also notifies all Directors immediately upon receipt of any suggestions, issues or concerns raised by major shareholders.

THE BOARD

AIC Code Principle	Compliance Statement
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 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 Talmai Morgan to be its Chairman. Three of the Directors, Messrs. Hallam, Morgan and Sherwell are considered to be independent while the other two, Messrs. Buser and Von Lehe are not as they are employed by NB Alternatives.

Messrs. Hallam, Morgan and Sherwell sit on the Board of the NB Distressed Debt Investment Fund whose investment manager is Neuberger Berman Fixed Income LLC. The Board believes that notwithstanding this Messrs. Hallam, Morgan and Sherwell remain independent as the businesses of the two funds are significantly different and have different managers which are geographically separated.

The biographical details of the Directors are presented on page 60 and 61 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.

The Board has established a Management Engagement Committee and an Audit Committee and the responsibilities of these committees are described below and on the following pages.

Management Engagement Committee Responsibilities

On 7 March 2014, a Management Engagement Committee, comprised of Messrs. Hallam, Morgan and Sherwell and Christopher Sherwell has been elected Chairman of the Management Engagement Committee. 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 Responsibilities

The Board has established an Audit Committee comprised of Mr. Hallam (Chairman), Mr. Morgan and Mr. Sherwell who were appointed at the Board meeting held on 3 July 2007. Membership is confined to independent non-executive Directors and the Board may revise the membership of the Audit Committee at any time. The Audit Committee meets at least three times per year and other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate. The main duties of the Audit Committee are:

Internal control and risk assessment:

- Evaluating the effectiveness of the Company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risk
- Reviewing any statements on internal control systems provided by the Investment Manager or the Administrator prior to endorsement by the Board
- Ensuring coordination between the auditors of the Investment Manager and the Company's external auditors and, where appropriate between the external auditors and the auditors of the Administrator, and if made available shall consider the contents of any management letters issued by the auditors

THE BOARD

- Reviewing internal control reports as may have been prepared in respect of its service providers

External Audit
- Considering and make recommendations to the Board in relation to the appointment and re-appointment of the Company's external auditors and any questions of resignation or dismissal of the external auditors
- Meeting with the external auditors at least once each year to discuss, before the audit commences, the nature and scope of the audit
- Meeting with the external auditors to review, prior to consideration by the Board, their report to the Board and management's responses
- Keeping under review the relationship with the external auditors, including but not limited to: the independence and objectivity of the external auditors, the consideration of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities, discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made regarding internal auditing standards

Internal Audit
- Considering, at least once a year, whether there is a need for an internal audit function

Financial Statements
- Reviewing the consistency of accounting policies on a year to year basis and satisfying itself that:
    - The annual financial statements, the preliminary statement of financial results, the interim financial statement of financial results, the interim financial statements and any other major financial statement issued by the Company follow United States generally accepted accounting principles
    - Matters raised by the external auditors about any aspect of the accounts or of the Company's control and audit procedures are appropriately considered and, if necessary, brought to the attention of the Board for resolution
- Reviewing the quarterly, interim and annual accounts before their submission to the full Board, and focusing on:
    - Changes in accounting policies and practices
    - Main judgmental areas
    - Significant adjustments arising from the audit
    - The "going concern" assumption
    - Compliance with the accounting standards
    - Compliance with relevant listing requirements
- Ensuring the annual financial report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy
- Ensuring compliance with legal and regulatory (including corporate governance) requirements
- Discussing and resolving any problems or reservations which the Company's auditors may have arising from final audits and any interim audits or otherwise
- Reviewing the Company's external auditor's management letter and the response by the Investment Manager or Administrator

Investment Manager and other service providers
- Assisting and advising the Board with matters relating to the Investment Manager's performance under the Company's Investment Management and Services Agreement

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.

THE BOARD (CONT.)

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 2014, 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 as follows. In addition to the scheduled Board Meetings below, the Board met three times during the year to discuss the Company's dividend policy and other matters related to the Company.

	Scheduled Board Meetings Committee 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	N/A	N/A	N/A	N/A
John Hallam:	4	4	3	3	1	1
Christopher Sherwell:	4	4	3	3	1	1
Peter Von Lehe:	4	3	N/A	N/A	N/A	N/A

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 2014, the Directors fees were paid as follows: the Chairman, $75,000; the Chairman of the Audit Committee, $60,000; and the third independent Director, $60,000. The same fees were paid during the year ended 31 December 2013. 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.

Shareholdings of the Directors

The Shareholdings of the Directors as of 31 December 2014 and 31 December 2013 are as follows:

	2014	2013
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:	10,000 Class A Shares	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

Performance Evaluation and Training

The Directors complete evaluations of the Board and Chairman on a yearly basis. The Board adopted this evaluation 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 2014, it was concluded by the Board that the performance of both the Board and the Chairman was satisfactory. In addition, during 2014, all Board members completed formal training on anti-money laundering and anti-bribery, facilitated by the Company Secretary.

THE BOARD (CONT.)

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.

Appointment of the External Auditors

KPMG Channel Islands Limited has been the Company's external auditor since 2009, the time of the last audit tender. The Company's audit engagement partner, Robert A. Hutchinson, stepped down in 2014, in line with the requirement to rotate audit engagement partners every five years and Dermot Dempsey was appointed as the new audit engagement partner to the Company in 2014.

The external auditor is appointed to perform audit and non-audit services; however, the non-audit services may not conflict with the statutory audit responsibilities. The non-audit services performed and the fee for these services during 2014 are described on page 58 of this report. In addition, the external auditor may not perform any work for the Company with respect to the following: the preparation of financial statements, preparation of valuations used in the financial statements, taking management decisions or the provision of investment advice.

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 2014 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 39 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 on the following pages.

RISK MANAGEMENT

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 investing in the Company's Class A 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 • Building income investment portfolio to sustain dividend from the cash income • 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
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

RISK MANAGEMENT (CONT.)

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 private corporate sector 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.

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 220 years of combined professional experience and include 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 71 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 85 of this report.

RISK MANAGEMENT (CONT.) & RISK FACTORS

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.

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 your investment. 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 page. If any such risks occur, the Company's business, financial condition, results of operations and the value of your investment would likely suffer.

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 our 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 of 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 Shares could continue to trade at a discount to NAV

The 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 Investment Manager's investment management activities. 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 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 Shares for cash. Accordingly, in the event that a holder of Shares requires immediate liquidity, or otherwise seeks to realize the value of its investment in the Company, through a sale of Shares, the amount received by the holder upon such sale may be less than the underlying NAV of the relevant Shares sold.

RISK FACTORS

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 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 Shares, especially in large blocks. To date the Company's Shares have actively traded, but with generally low daily volumes. The Company cannot predict the effects on the price of the 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 Shares. For example, sales of a significant number of 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 agreement. 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 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.

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.

AUDIT COMMITTEE REPORT

REPORT FROM THE AUDIT COMMITTEE CHAIRMAN

Dear Shareholder,

During 2014, the Audit Committee held three meetings in order to conduct its scope of responsibilities, as described in further detail on pages 48 and 49 of this report. During the year, the Audit Committee discussed several key issues for the Company, including financial statements and reporting matters, auditor effectiveness and independence, and the terms of engagement of the Company's external auditors. I was present for all Audit Committee meetings and was responsible for matters that fall within the scope of the Audit Committee's responsibilities. I am pleased to present this section, the Audit Committee Report, which details key issues that impacted the Audit Committee during 2014 and how the issues were resolved by the Committee.

John Hallam

Audit Committee Chairman

Guernsey, 10 March 2015

Audit Committee Activities

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. The following paragraphs in this report describe the key issues affecting the Company and how these were addressed by the Audit Committee during 2014.

Financial Statements

The Audit Committee reviewed the interim and annual financial reports as well as the consolidated financial statements of the Company. To assist in their reviews, the Audit Committee also received detailed analysis of the underlying performance and valuations of investments and discussed the contents of these reports in detail. The Audit Committee reviewed the annual financial report and the consolidated financial statements and the Directors advised the Board that it was satisfied that the annual 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.

Future Developments

The Audit Committee received a report from KPMG Channel Islands Limited ("KPMG") that new audit legislation was published in May 2014 and that new rules would become applicable in the EU in 2016. The new EU legislation provided new rules on mandatory audit firm rotation, non-audit service prohibitions and caps on non-audit services. The Audit Committee stated that the Committee would continue to monitor developments and KPMG noted that it would do so as well and would provide the Audit Committee with future updates in due course.

Internal Audit

The Company itself does not have an internal audit function, but instead relies on the internal audit functions and departments of the Investment Manager and the Company's Administrator. The Board is comfortable this function provides sufficient control to help mitigate risks to the Company and the Audit Committee considers the need for an internal auditor as part of the responsibility, as described on page 49 of this report.

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, significant audit risks and areas of audit focus as well as the terms of the audit work. The audit approach remained unchanged relative to prior years and the Audit Committee was informed that a majority of the audit work would be performed by KPMG in Dallas, Texas, under the direction, supervision and review of KPMG Channel Islands Limited.

Terms of Engagement

The Audit Committee reviewed the audit scope and fee proposal through an engagement letter and Audit Committee reports issued by the external auditors to the Directors on 16 October 2014 and 10 March 2015. The Audit Committee focused on the increase in the audit and review fee from $137,100 in 2013 to $167,100 in 2014. The Company's auditors noted that the fee increase was due to a larger portfolio of direct investments and a small hourly rate increase. Following the summary by the Company's auditors, the Audit Committee was satisfied by the audit and review fee for 2014.

AUDIT COMMITTEE REPORT

Auditor Effectiveness

The Audit Committee assessed the effectiveness of the external auditors by focusing on deviations from the audit plan and a report by the auditors which highlighted the significant risks during the audit. The Audit Committee noted that there were no deviations from the audit plan and that the audit process had stayed consistent with the approach in prior years. The Audit Committee reviewed the report by the auditors of the 2014 year end audit. Significant risks which arose during the year end audit are outlined in the section below titled, Financial Statements and Significant Reporting Matters. The Audit Committee was satisfied with the performance of the audit team and concluded that the auditor was conducting the audit in an effective manner.

Financial Statements and Significant Reporting Matters

As part of the 2014 year end audit, the Audit Committee reviewed and discussed the most relevant issues for the Company and received a report from the external auditors. Given the number of income investments had increased, the Company's auditors explained that the review of level three assets would require a greater use of judgment and specialization of senior members of the audit team. In addition, the Company's auditors would utilize their Economic Valuation Services team to assist in this process. The Audit Committee was informed that the audit team had maintained significant levels of contact with the team at the Investment Manager throughout the audit process and were familiar with the procedures adopted for the valuation of investments.

The Audit Committee received a report from the Company's auditors regarding the valuation of investments. Following a question from the Audit Committee, the Company's auditors reported that they used a number of techniques to evaluate the design and implementation of control 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. In addition, the auditors developed an expectation of ranges of comparable company multiples and compared those to that of the underlying investment. The auditors also made an evaluation of the Investment Manager's ability to obtain quality financial information 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 also reported to the Audit Committee that they had made specific inquiries to the Investment Manager throughout the audit. The Audit Committee was satisfied with the level of analysis and the work performed to mitigate the risk of material misstatements to the valuation of investments.

Auditor Independence

The Audit Committee understands the importance of auditor independence and during 2014, the Audit Committee reviewed the independence and objectivity of the Company's external auditor, KPMG Channel Islands Limited. The Audit Committee received a report from the external auditor describing its independence, controls and current practices to safeguard and maintain auditor independence. The Audit Committee also focused on the level of non-audit services that were performed during the year. Non-audit services performed during 2014 consisted of the review of the interim financial statements and tax compliance for which the Company paid a fee of $23,000 and approximately $7,500, respectively.

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.

AUDIT COMMITTEE REPORT

Auditor Independence (Continued)

As an additional safeguard for independence, Robert A. Hutchinson, the Company's previous audit partner, stepped down in 2014 in line with the requirement to rotate audit engagement partners every five years. Dermot Dempsey, the Company's current audit engagement partner, was appointed in 2014 following Robert A. Hutchinson's departure. The Audit Committee was satisfied that KPMG Channel Islands Limited was independent in conducting the audit.

Audit Tender

The Audit Committee follows 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. In 2014, the Audit Committee and the Board considered an audit tendering process to coincide with the personal retirement of KPMG's audit engagement partner. After due consideration however, 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 during the new audit engagement partner's term of office 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.

BIOGRAPHICAL INFORMATION, APPOINTMENT DATES & LIST OF DIRECTORSHIPS

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

Appointed to the Board 22 June 2007.

Mr. Morgan (aged 62) has been a non-executive director of a number of investment companies since 2005. He is currently chairman of NB Private Equity Partners Limited and Global Fixed Income Realisation Limited as well as Sherborne Investors (Guernsey) B Limited. He also serves on the board of BH Macro Limited, BH Global Limited, NB Distressed Debt Investment Fund Limited, John Laing Infrastructure Fund Limited and Real Estate Credit Investments PCC Limited. All of these companies are publicly listed. From 1999 to 2004, Mr. Morgan was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission where he was responsible for the design and 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. Prior to 1999, Mr. Morgan held positions at Barings and the Bank of Bermuda. He qualified as a barrister in 1976 and holds an M.A. in economics and law from the University of Cambridge.

Other public company directorships:

- BH Global Limited
- BH Macro Limited
- Global Fixed Income Realisation Limited
- John Laing Infrastructure Fund Limited
- NB Distressed Debt Investment Fund Limited
- Real Estate Credit Investments PCC Limited
- Sherborne Investors (Guernsey) B Limited

John Buser (Director) / 22 June 2007

John P. Buser (aged 57) is Global Head of Private Investment Portfolios for Neuberger Berman and a Managing Director of Neuberger Berman. He is also a member of the Investment Committee, Co-investment Investment Committee and Secondary Investment Committee. 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 Hallam (Chairman of the Audit Committee, Independent Director) / 22 June 2007

John Hallam, aged 65 and resident in Guernsey, is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. He is a former partner of PricewaterhouseCoopers having retired in 1999 after 27 years with the firm both in Guernsey and in other countries. He is a director of a number of financial services companies, some of which are listed on the London Stock Exchange. He served for many years as a member of the Guernsey Financial Services Commission from which he retired in 2006 having been its Chairman for the previous three years. Other public company directorships:

- BH Global Limited
- HICL Infrastructure Co Limited
- NB Distressed Debt Investment Fund Limited
- Partners Group Global Opportunities Limited

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

BIOGRAPHICAL INFORMATION, APPOINTMENT DATES & LIST OF DIRECTORSHIPS

Christopher Sherwell (Independent Director) / 22 June 2007

Christopher Sherwell (aged 67) is a Guernsey resident and former managing director of Schroders in the Channel Islands. Before joining Schroders in 1993, he was a Far East Regional strategist in London and Hong Kong for Smith New Court Securities and, prior to that, spent 15 years a journalist, much of them as foreign correspondent for the Financial Times. He has considerable public company experience and acts as a non-executive director on a number of publicly-listed funds.

Other public company directorships:

- 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 J. Von Lehe (aged 46) is a Managing Director of Neuberger Berman and a member of the Investment Committee. 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 has served on the advisory committees of a number of private equity funds in the United States and Europe. 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 that are also listed but not actively traded on various exchanges. Details may be obtained from the Company Secretary.

KPMG

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Independent auditor's report to the members of NB Private Equity Partners Limited

We have audited the Group 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 2014 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 Directors' Responsibility Statement set out on page 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 (APB'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.

KPMG

Independent auditor's report to the members of NB Private Equity Partners Limited (continued)

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 2014 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

10 March 2015

CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2014 AND 2013

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

The accounts were approved by the board of directors on 10 March 2015 and signed on its behalf by

Talmai Morgan **John Hallam**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

Note 1 – Organization

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

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

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

Note 2 – Summary of Significant Accounting Policies and Risks

Basis of Presentation

These consolidated financial statements 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 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.

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

Principles of Consolidation

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

Market Risk

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

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

Credit Risk

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

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Investment Manager mitigates this risk by monitoring the sufficiency of cash balances and availability under the credit facility to meet expected liquidity requirements for investment funding and operating expenses.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the inherent uncertainty of such estimates, including estimates of values of investments as described above, amounts ultimately determined may differ from our current estimates and such differences may be significant.

Cash and Cash Equivalents

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

Valuation of Investments

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

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

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

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

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

Investment Income

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

Operating Expenses

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

Realized Gains and Losses on Investments

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

Net Change in Unrealized Gains and Losses of Investments

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

Carried Interest

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

Currency Translation

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

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

Income Taxes

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

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

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

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

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

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

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

Forward Foreign Exchange Contracts

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

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

Reclassifications

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

Recent Accounting Pronouncements

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

Note 3 – Agreements, including related party transactions

Management and Administration

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

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

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

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

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

Special Limited Partner’s Noncontrolling Interest in Subsidiary

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

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

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

Carried Interest

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

Investments with the Investment Manager's Platform

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

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

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

Note 4 – Fair Value of Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

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

(dollars in thousands)

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

(1) LTM means Last Twelve Months, FWD means Forward, EBITDA means Earnings Before Interest Taxes Depreciation and Amortization.
(2) Inputs weighted based on fair value of investments in range.
(3) Unless otherwise noted, this column represents the directional change in the fair value of level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.
4) The Company utilizes the same valuation methodology as it does for fund investments as these investments are held by investment companies.

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

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

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

Since 31 December 2013, there have been no changes in valuation methodologies within level 2 and level 3 that have had a material impact on the valuation of financial instruments.

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

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

Note 5 – Credit Facility

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

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

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

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

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

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

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

Note 6 – Zero Dividend Preference Shares

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

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

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

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

Note 7 – Forward Foreign Exchange Contract

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

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

Note 8 – Income Taxes

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

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

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

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

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

Note 9 – Earnings (Loss) per Share

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

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

Note 10 – Treasury Stock

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

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

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

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

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

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Note 11 – Financial Highlights

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

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

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

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

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

Note 12 – Commitments and Contingencies

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

Note 13 – Subsequent Events

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

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

VALUATION METHODOLOGY

Equity

We carry our private equity investments on our books at fair value using the best information we have 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. We determine such values for publicly traded securities held directly as well as known public positions held in the underlying private equity investments on a look-through basis. We estimate fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events. We proactively re-value our investments before we have received updated information from the fund manager or lead sponsor if we become aware of material events that justify a change in valuation. If we conclude that it is probable that we will sell an investment, we adjust our carrying value to the amount we expect to realize from the sale, exclusive of transaction costs.

Debt

We estimate the enterprise value of each portfolio company and compare such amount to the total amount of the company's debt as well as the level of debt senior to our interest. Estimates of enterprise value are based on 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, we 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 we are invested in and securities senior to our position.

If the principal repayment of debt and any accrued interest is supported by the enterprise value analysis described above, we 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, we 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 we believe market yields for similar investments have changed substantially since the pricing of our security, we will perform a discounted cash flow analysis, based on the expected future cash flows of the debt securities and current market rates. We will also consider the maturity of the investment, compliance with covenants and ability to pay cash interest when estimating the fair value of our debt investment.

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:

- Our future operating results;
- Our business prospects and the prospects of our investments;
- The impact of investments that we expect to make;
- The dependence of our future success on the general economy and its impact on the industries in which we invest;
- The ability of our investments to achieve their objectives;
- Differences between our investment objective and the investment objectives of the private equity funds in which we invest;
- The rate at which we deploy our capital in private equity investments, co-investments and opportunistic investments;
- Our expected financings and investments;
- The continuation of the Investment Manager as our service provider and the continued affiliation with the Investment Manager of its key investment professionals;
- The adequacy of our cash resources and working capital; and
- The timing of cash flows, if any, from the operations of our underlying private equity funds and our 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 our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. 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 us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Factors and events that could cause our 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 our prospectus relating to our IPO and our prospectus relating to our ZDP Shares.

The foregoing is not a comprehensive list of the risks and uncertainties to which we are subject. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements to reflect any change in our 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 our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors.

About NB Alternatives

The NB Alternatives group of Neuberger Berman has 27 years of investing experience specializing in co-investments, direct-yielding 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 Director's of the Company have 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 over 210 years of professional experience. The sourcing and evaluation of the Company's investments is conducted by the Investment Manager's team of over 70 investment professionals who specialize in co-investments, direct-yielding investments and fund investments. In addition, the Investment Manager's staff of approximately 130 administrative and finance professionals are responsible for the Company's administrative, financial management and reporting needs. The Investment Manager currently maintains offices in New York, London, Dallas and Hong Kong.

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 and 2014 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 $250 billion in client assets as of December 31, 2014. For more information, please visit our website at www.nb.com.

DIRECTORS, ADVISORS AND 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 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 Hallam
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