

NB Private Equity Partners Limited

30 September 2016 Quarterly Report



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CHAIRMAN'S LETTER

LETTER FROM THE CHAIRMAN

“In addition to these notable strategic accomplishments this year, I am pleased to report the Company has had strong investment performance, realisations and NAV growth.”

Dear Shareholder,

I am pleased to present the Quarterly Report of NB Private Equity Partners (“NBPE” or the “Company”) for the period ending 30 September 2016. The Company has had a number of notable strategic accomplishments in addition to strong performance in the year to date and I am pleased to provide further information.

Following the re-financing of the Company's credit facility in June, NBPE continued to secure its long term capital position through the issuance of a new class of Zero Dividend Preference (“2022 ZDP Shares”). In September, the Company announced a highly successful issuance of 2022 ZDP Shares at a 4.0% Gross Redemption Yield (“GRY”), the low end of the range, and at the maximum offering size of £50m. The issue was oversubscribed and rollover interest from existing 2017 ZDP Shareholders was very high. In addition to providing low cost, long term financing and substantially redeeming the 2017 ZDP, this new issuance provides significant capacity for new investments.

In addition to these notable strategic accomplishments this year, I am pleased to report the Company has had strong investment performance, realisations and NAV growth. Through the third quarter of 2016, the portfolio has appreciated in value by \$74.5 million, driven by write-ups in the equity co-investment portfolio. Of note, Extraction Oil & Gas (“Extraction”) completed an IPO at \$19 per share in October and has been valued at the IPO price as of 30 September 2016. Extraction is the largest investment in the portfolio, representing approximately 4.2% of NAV.

The portfolio has generated a significant amount of distributions through the third quarter of 2016. In total, the portfolio has generated \$228 million of distributions, with \$140 million from the income portfolio, as a result of company sales, refinancings, sales on the secondary market, and interest income. Equity co-investments have distributed \$53 million of proceeds year to date, of which \$44 million was received as a result of full exits which generated a 2.0x gross multiple in aggregate.

This performance has led to solid NAV growth over the first nine months of the year. After factoring in two dividends paid during the year, total return NAV growth was 8.6% as of 30 September

2016. The Company's share price has generated a total return of 11.0% (assuming dividends re-invested) as of 30 September 2016. The Directors and I are pleased with the performance of the Company's NAV and share price to date, but the board continues to monitor the Company's share price discount to NAV and this remains a frequently discussed topic.

As I noted in my letter to Shareholders in our Interim Financial Report in August, the Directors are evaluating a number of complex technical issues regarding granting Class A shareholders the right to vote for the election of directors and matters related to this possible change. The board, in conjunction with the Manager, lawyers, brokers and other advisors continues to evaluate all options in this regard. This analysis is progressing, but we have not yet reached a stage where we can make a statement as to our likely conclusion.

The Directors and I believe the performance and liquidity year to date are a validation of our strategy and evidence of the high quality of NBPE's portfolio. While this liquidity has been a driver of NBPE's returns, it has resulted in a temporary reduction of NBPE's investment level and of its dividend coverage through interest from the income portfolio. The pace of new investments relative to liquidity highlights the ongoing discipline of the Manager in a highly competitive market. With respect to the dividend coverage from the income portfolio, we would like to note that the dividend is secure at the current level - in addition to the 78% dividend coverage from cash interest through the income portfolio, NBPE has produced substantial liquidity and the security of the dividend should be viewed in this broader context.

The Directors and I believe performance in 2016 year to date has been strong and the Company is well-positioned for the future. The Directors and I thank you for your continued support and look forward to providing further updates on the Company.

Talmai Morgan

Chairman

Guernsey, 15 November 2016

COMPANY OVERVIEW

For the Nine Month Period Ended 30 September 2016
Quarterly Report

COMPANY OVERVIEW & KEY FINANCIAL STATISTICS

- Company** **NB Private Equity Partners Limited (“NBPE” or the “Company”)**
- Guernsey closed-ended investment company
 - 48,790,564 Class A ordinary shares (“Class A Shares” or “Shares”) outstanding
 - 10,000 Class B ordinary shares (“Class B Shares”; together with Class A Shares, “Ordinary Shares”) outstanding
 - 7,019,599 2017 ZDP shares & 50,000,000 2022 ZDP shares (“ZDP Shares”) outstanding
- Investment Manager** **NB Alternatives Advisers LLC (“Investment Manager” or the “Manager”)**
- 29 years of private equity investing experience
 - Investment Committee with approximately 257 years of professional experience
 - Approximately 110 investment professionals
 - Offices in New York, London, Boston, Dallas, Hong Kong, Milan and Bogotá

Key Statistics	At 30 September 2016	At 31 December 2015
Net Asset Value (“NAV”) of the Class A Shares	\$734.3m	\$700.3m
Direct Equity Investments	\$395.0m	\$350.5m
Income Investments	\$211.9m	\$283.0m
Fund Investments	\$157.6m	\$180.1m
Total Private Equity Fair Value	\$764.6m	\$813.6m
Private Equity Investment Level	104%	116%
Cash and Cash Equivalents	\$55.2m	\$26.1m
Credit Facility Borrowings Drawn	\$0.0	(\$52.5m)
ZDP Share Liability (Dollar equivalent liability)	(\$79.9m)	(\$74.7m)
Net Other Liabilities	(\$5.5m)	(\$12.1m)
NAV per Ordinary Share	\$15.05	\$14.35
NAV per Ordinary Share including dividends paid during financial period	\$15.55	
ZDP Shares (2017 / 2022)	£11.5m / £50.1m	£50.7m / -
Net Asset Value per ZDP Share (2017 / 2022)	162.0p / 100.2p	153.6p / -
Dividends per Ordinary Share:		
Dividends paid during financial period	\$0.50	\$0.48
Cumulative dividends paid since inception	\$1.84	\$1.34

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Key Performance

For the Nine Month Period Ended 30 September 2016

Quarterly Report

KEY PERFORMANCE HIGHLIGHTS DURING THE FIRST NINE MONTHS OF 2016

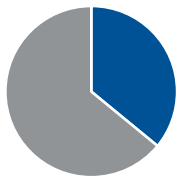
Performance



8.6% NAV per Share total return¹

5.7% Share price return

11.0% Share price total return¹



Portfolio at 30 September 2016

72% of fair value in equity investments²

28% of fair value in income investments



Cash Flows during the first nine months of 2016

\$228.3 million of distributions from investments

\$104.7 million funded to investments

\$24.4 million of dividends paid

\$89.5
Million Invested

New Direct Investment Activity during the first nine months of 2016

11 Direct equity investments

7 Income investments

1. Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date. Total return figures reflect cumulative returns over the period shown.

2. Includes fund investments, including some which have a credit orientation.

2022 ZDP SHARE OVERVIEW

In September, the Company announced the highly successful issuance of 2022 ZDP Shares. The issuance was at the low end of the indicative Gross Redemption Yield ("GRY") range and at the maximum offering size

Overview of Issuance

- On 14 September 2016, the Company announced the issuance of 2022 ZDP Shares, with trading beginning on 16 September 2016
- The offering was completed via an auction process and was oversubscribed at the lowest point in the range of possible GRYs
- Rollover interest was high, with approximately 85% of the 2022 Share issue being allocated to rollover investors
- The 4.0% GRY compares highly favourably to the GRY at issuance of NBPE's 2017 ZDP Shares of 7.3% in late 2009

Security Details

- £50 million 2022 ZDP Shares
- GRY: 4.00%
- Final capital entitlement: 126.74 pence
- Maturity date: 30 September 2022
- Trading symbol: NBPP
- Trading information: Specialist Fund Segment of the London Stock Exchange's Main Market

Forward Currency Contract


- Following the issuance of 2022 ZDP Shares, on 21 September 2016, the Company entered into a forward currency contract to hedge the Sterling liability
- The contract expires on 31 May 2017 and may be rolled forward from that point

Note: Numbers may not sum due to rounding.


PORTFOLIO HIGHLIGHTS DURING THE FIRST NINE MONTHS OF 2016

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

Strong liquidity from investments during the first nine months of 2016

- 
- Distributions of \$53.3 million from direct equity investments and \$139.9 million from income investments, including:
 - \$53.3 million from direct equity investments as a result of sales, re-capitalisations and secondary sales of public shares
 - \$20.5 million of proceeds received as a result of the distribution and subsequent sale of Sabre stock
 - \$23.7 million received from the full exit of six other equity co-investments
 - \$9.0 million of additional proceeds from partial realisations
 - \$117.2 million of realisation proceeds from the realisation of income investments including principal and pre-payment premiums
 - \$22.6 million of interest received from income investments
 - Total distributions of \$35.1 million received from fund investments during 2016 year to date

Direct investments in private equity backed companies

- 
- Direct investment exposure of 83% of NAV at 30 September 2016
 - During the first nine months of 2016:
 - 18 direct investments completed
 - \$60.0 million of new and follow-on direct equity investments
 - \$43.1 million of new and follow-on income investments
 - \$1.5 million of capital calls from fund investments
 - 28% of NAV in income investments with a total estimated yield to maturity of 10.8% and a cash yield of 9.6%
 - Income investments producing run-rate cash income of \$19.1 million, covering 78% of the August 2016 annualised dividend

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Dividends

For the Nine Month Period Ended 30 September 2016

Quarterly Report

DIVIDEND ACTIVITY

Semi-annual dividends

NBPE paid its first dividend for the year of \$0.25 per Share on 29 February 2016 and paid its second dividend of \$0.25 per Share on 31 August 2016.

Since inception, NBPE has paid cumulative dividends of \$1.84 per Share.

Income Investments

As of 30 September 2016, on a run rate basis, the income investment portfolio generated annual cash income of \$19.1 million or approximately \$0.39 per Share. This corresponds to approximately 78% dividend coverage from the cash yield on the Company's income portfolio, based on the annualised August 2016 dividend.

\$0.50

Dividends cumulatively paid in Q1 and Q3 2016

\$1.84

Cumulative dividends since inception

4.5%

Annualised dividend yield on share price¹

3.3%

Annualised dividend yield on NAV at 30 September 2016

1. Based on the Euronext closing share price of \$11.20 on 30 September 2016.

INVESTMENT MANAGER'S REPORT

NAV Results

For the Nine Month Period Ended 30 September 2016

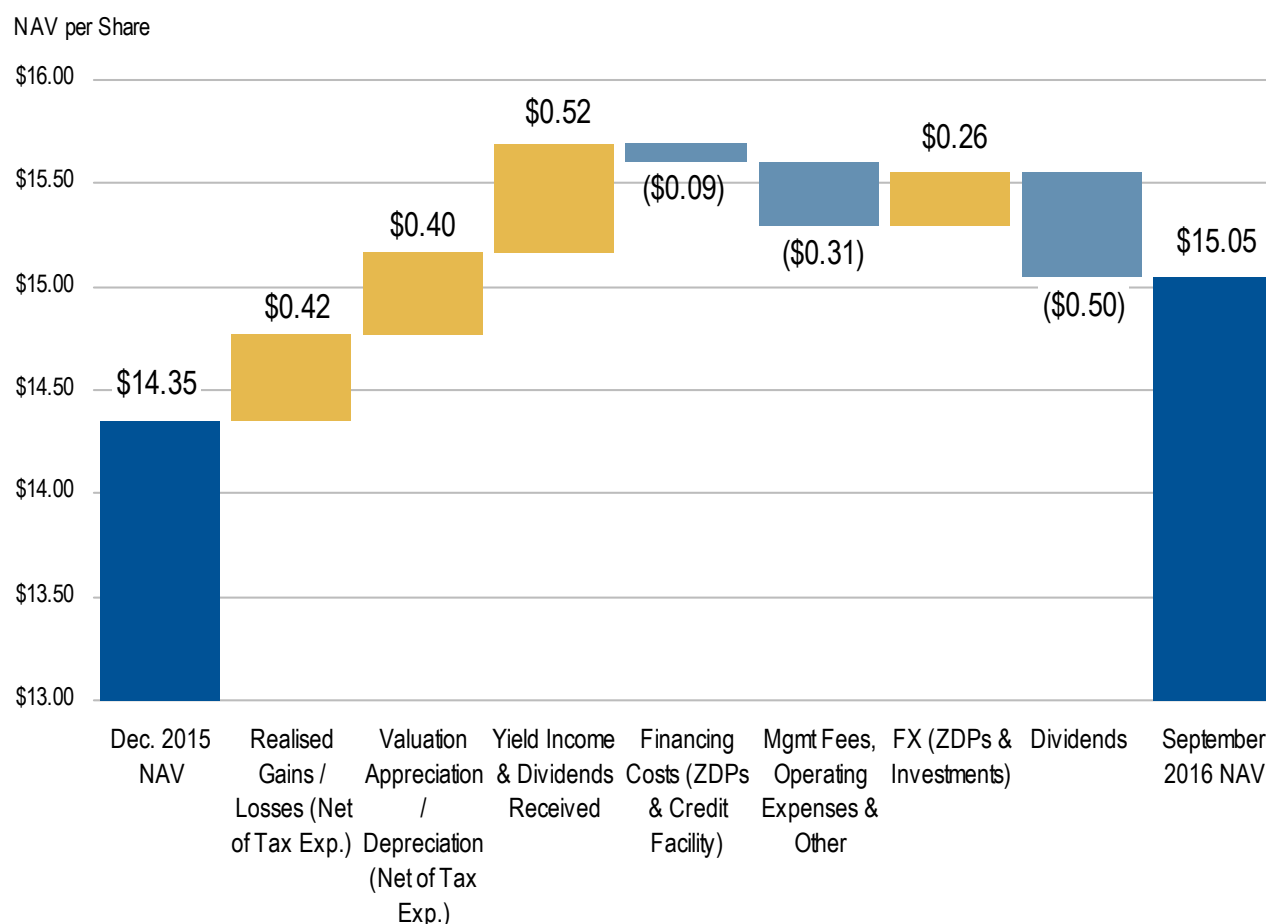
Quarterly Report

NAV RESULTS

During the first nine months of 2016, including the Company's semi-annual dividends, the NAV per Share total return was 8.6%¹. NAV per Share change was driven by realised investment gains and portfolio yield income offset by dividends paid, unrealised investment depreciation and expenses.

Key changes to NBPE's NAV per Share:

- \$20.6 million of realised gains, or \$0.42 per Share, net of tax expense
- \$19.5 million of unrealised gains, or \$0.40 per Share, net of tax expense
- \$25.3 million of yield income and dividends, or \$0.52 per Share
- \$4.5 million of financing costs, or (\$0.09) per Share
- \$15.2 million of management fees, operating expenses, performance fee accrual, and other expenses, or (\$0.31) per Share
- \$12.7 million of FX gains related to ZDPs and investments, or \$0.26 per Share
- \$24.4 million of dividends paid, or (\$0.50) per Share



Note: Numbers may not sum due to rounding.

1. Assumes re-investment of dividends at the closing NAV on the ex-dividend date. Total return figures reflect cumulative returns over the period shown.

INVESTMENT MANAGER'S REPORT

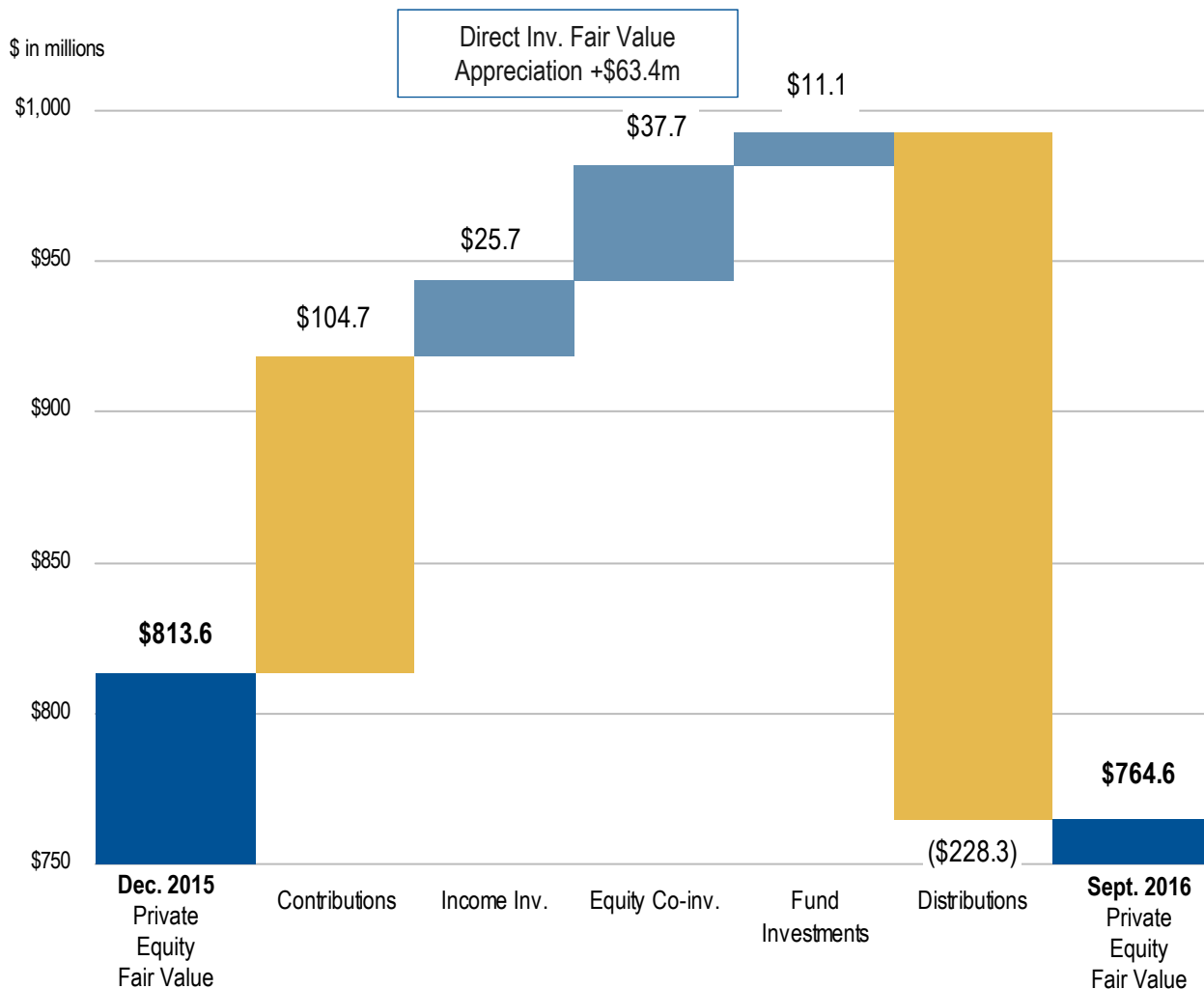
Performance Analysis

For the Nine Month Period Ended 30 September 2016

Quarterly Report

PERFORMANCE OVERVIEW

During the first nine months of 2016, excluding investment cash flows, private equity fair value appreciated by \$74.5 million, largely driven by equity co-investments. Cash distributions were driven by income investments, which have distributed a total of \$139.9 million year to date, largely as a result of full exit proceeds. NBPE also received \$53.3 million of distributions from equity co-investments consisting of proceeds as a result of full exits, dividends and secondary sales of public shares. Legacy fund investments continue to run off and generate liquidity, distributing \$35.1 million to NBPE during the first nine months of 2016.



Note: Income investment appreciation includes both fair value appreciation as a result of accrued cash interest as well as accrued non-cash (PIK) yield.

INVESTMENT MANAGER'S REPORT

For the Nine Month Period Ended 30 September 2016

Portfolio Overview

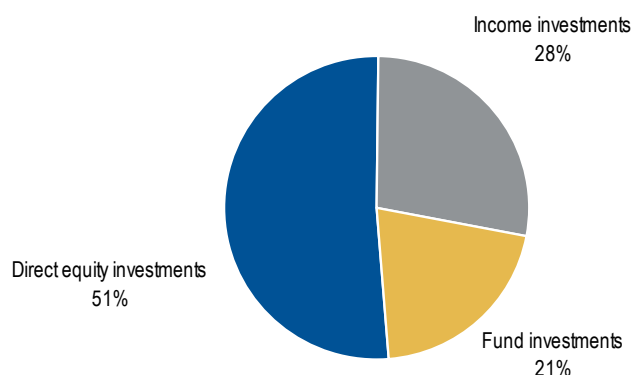
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PORTFOLIO OVERVIEW

NBPE's portfolio is comprised of direct equity investments, income investments and fund investments. Direct investments represent approximately 79% of private equity fair value. NBPE's fund portfolio consists of 34 fund investments, most of which are past their investment periods. These fund investments are expected to continue to liquidate in the coming years and will be replaced with new direct investment exposure over time.

	Investments	Private Equity Fair Value	Adjusted Unfunded Commitments ¹	Adjusted Total Exposure ¹
Direct equity investments	77	\$395.0m	\$41.5m	\$436.5m
Income investments	38	\$211.9m	\$1.0m	\$212.9m
Fund investments	34	\$157.6m	\$1.8m	\$159.4m
Total Private Equity Investments	149	\$764.6m	\$44.3m	\$808.8m

Portfolio Diversification by Fair Value



Note: Numbers may not sum due to rounding.

1. Please refer to page 25 for more information on unfunded commitments to funds past their investment period. Actual unfunded commitments and total exposure is \$271.8 million and \$1.0 billion, respectively. Actual unfunded commitments is comprised of \$188.1 million, \$44.0, and \$39.7 million to direct equity investments, income investments, and fund investments, respectively. Actual total exposure is \$583.1 million, \$256.0 million, and \$197.3 million to direct equity investments and fund investments, respectively.

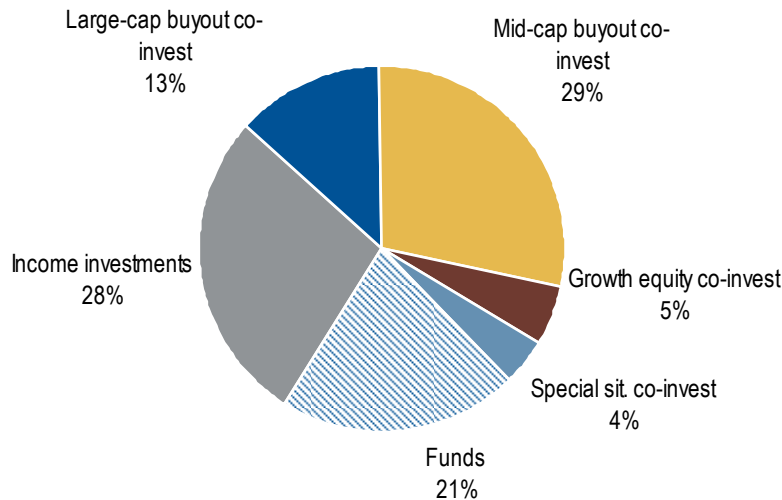
INVESTMENT MANAGER'S REPORT

Portfolio Diversification

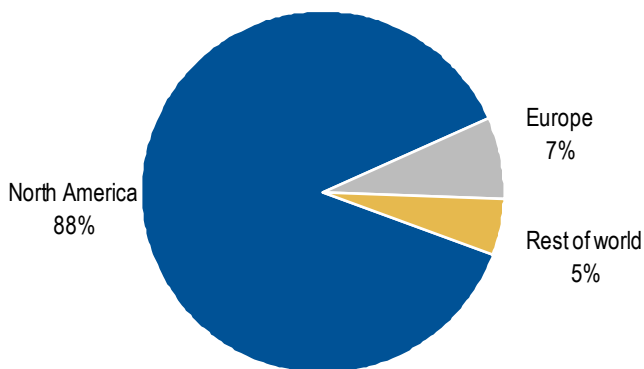
For the Nine Month Period Ended 30 September 2016

Quarterly Report

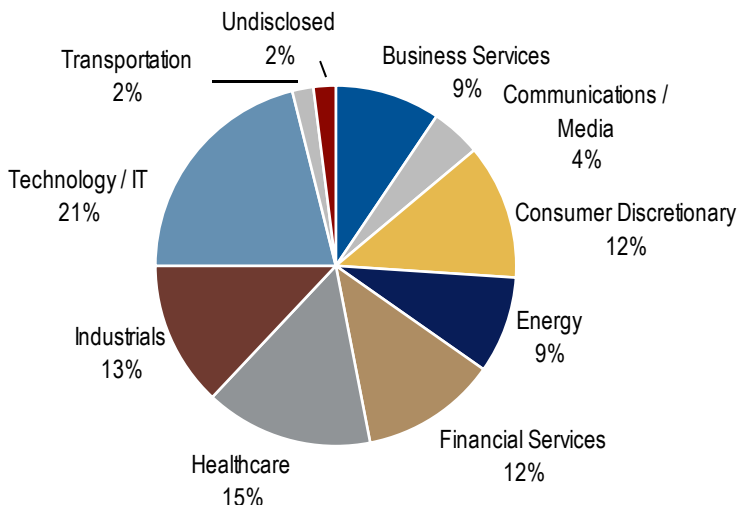
DIVERSIFICATION ANALYSIS



NBPE invests directly into private equity backed companies, pursuing the securities that the Manager believes present the most attractive risk / return opportunity. Currently the portfolio is weighted to equity investments, and 28% of the portfolio is in income investments. Fund investments represent 21% of private equity fair value but the fund portfolio will continue to become a smaller portion of NBPE's private equity fair value as capital is re-deployed into direct investments over time.



NBPE's portfolio is weighted to North American investments. The Manager believes the overall dynamics in this market relative to other geographies have offered the most attractive investment opportunities. The Manager is constantly monitoring and evaluating markets globally and may adjust this strategy over time. Approximately 7% of NBPE's portfolio is invested in European companies and 5% in other parts of the world, primarily Asia and Latin America.



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

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Largest Company Exposures

For the Nine Month Period Ended 30 September 2016

Quarterly Report

TOP TEN LARGEST COMPANY EXPOSURES

Investment / Description	Status	Year of Investment	Investment Type / Asset Class	Equity Sponsor	NBPE Fair Value
Extraction Oil & Gas U.S. oil & gas exploration and production	Private ¹	2014	Direct equity investment Mid-cap buyout	Yorktown Partners	\$31.0 million
ConvergeOne Provider of communications solutions	Private	2014	Income investment 2nd lien debt	Clearlake Capital	\$19.9 million
Deltek Enterprise software and solutions	Private	2012 / 2015	Direct equity investment & Income investment	Thoma Bravo	\$19.4 million
Patheon Manufacturing services for prescription drugs	Public	2014	Direct equity investment Mid-cap buyout	JLL Partners	\$19.4 million
K&N Engineering Manufacturer of air intake systems	Private	2014	Income investment 2nd lien debt	Gryphon Partners	\$18.1 million
The Warranty Group Underwriter & administrator of extended warranties	Private	2014	Direct equity investment Large-cap buyout	TPG	\$16.0 million
Business Services Company* Marketing services	Private	2015	Income investment 2nd lien debt	N/A	\$15.9 million
Black Knight Financial Services Mortgage servicing services	Public ²	2015	Direct equity investment Large-cap buyout	Thomas H. Lee	\$14.0 million
Digital River Digital eCommerce and payments	Private	2015	Direct equity investment & Income investment	Siris Capital	\$13.4 million
Funding Circle Portfolio of small business loans	Private	2015	Income investment	N/A	\$13.0 million
Total Top Ten Largest Exposures					\$180.1 million

Note: Numbers may not sum due to rounding. *Undisclosed position.

1. The company completed an initial public offering subsequent to the reporting period on 11 October 2016 and is now public. As of 30 September 2016, Extraction is valued at the IPO price of \$19 per share.

2. Fair value includes the valuation of an entity which remains private.

INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Nine Month Period Ended 30 September 2016
Quarterly Report

DIRECT EQUITY INVESTMENTS: KEY PORTFOLIO STATS

Portfolio Overview



77 Investments & **\$395.0** million of fair value

Primarily buyout investments, diversified across industry, vintage year and sponsor

Unique investment angles & multiple value creation levers:

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

Key Stats



3.0 Years average age of portfolio

1.4x Current multiple of invested capital

72% of portfolio value invested in small and mid-cap companies

45+ equity co-investment sponsors

Strong Performance



\$53 million of distributions from direct equity investments during the first nine months of 2016

7 investment were fully exited which generated **\$44** million of distributions in 2016 and a

2.0x multiple of capital and **10%** IRR in aggregate¹

¹ Returns are inclusive of prior distributions.

INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Nine Month Period Ended 30 September 2016
Quarterly Report

NEW INVESTMENTS DURING THE FIRST NINE MONTHS OF 2016

\$58 million invested in **11** new direct equity investments during the first nine months of 2016



\$10.1m invested alongside **KKR**

- Life sciences measurement and testing company



\$7.2m invested alongside **Thoma Bravo**

- Provider of enterprise-class IT infrastructure management software



\$6.2m invested alongside **NB Renaissance**

- Information technology company in Italy



\$5.7m invested alongside **TDR Capital**

- Fleet management company



\$5.0m invested alongside **KKR**

- Value-based retailer in the U.S. Midwest



\$5.0m invested alongside **Bridge Growth Partners**

- Enterprise messaging solutions company



\$4.4m invested alongside **Owner Resource Group**

- Provider of call center management and collection agency services



\$3.5m invested alongside **Quadria Capital**

- Active pharmaceutical ingredients manufacturer



\$3.5m invested alongside **NewSpring Capital**

- Job search and human capital management provider



\$1.5m invested alongside **Goode Partners**

- Designer and developer of accessories for smartphones and tablets

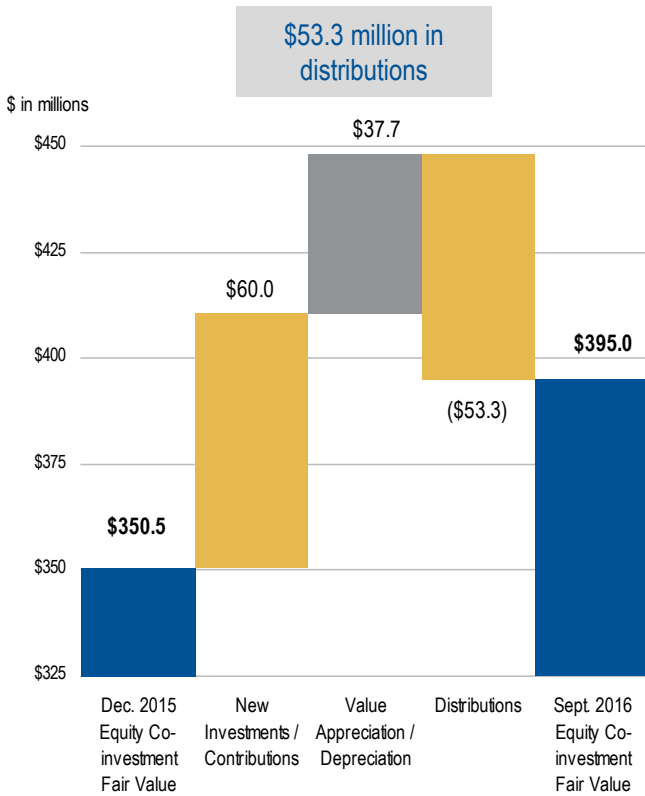
Note: \$5.0m invested in an undisclosed financial services company not shown above due to confidentiality provisions.

INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Nine Month Period Ended 30 September 2016
Quarterly Report

DIRECT EQUITY INVESTMENT PERFORMANCE



During the first nine months of 2016, NBPE participated in 11 new direct equity investments in the technology, healthcare, business services, financial services and consumer sectors.

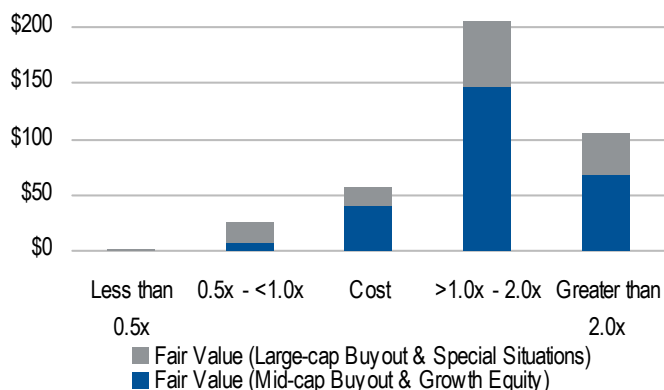
The portfolio appreciated in value by \$37.7 million during the first nine months of 2016. The top five investments, measured by dollar gains, appreciated by \$25.0 million. The largest increases in value were as a result of write-ups in Extraction Oil & Gas, due to the company's IPO in October, and Ortholite, a manufacturer of shoe insoles.

NBPE received approximately \$53.3 million in distributions during the first nine months of 2016, driven by proceeds from the full / final exit of Sabre Holdings and Freescale / NXP, Swissport, RAC, Press Ganey, TPF Genco and Salient. NBPE also received dividend distributions from Vencore, Petsmart and proceeds from the secondary sales of Commscope shares during the first nine months of 2016.

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

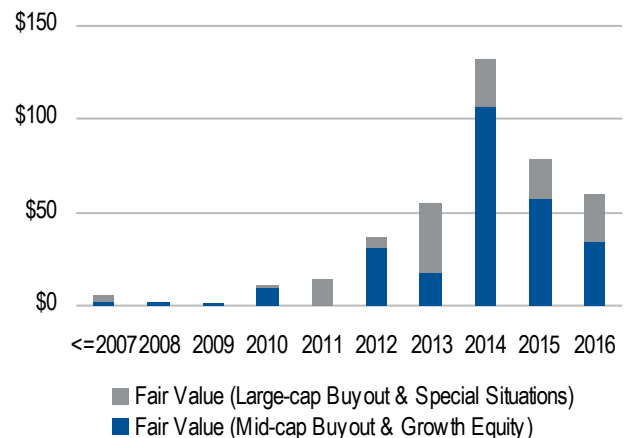
The average age of the direct equity investments is 3.0 years and approximately 98% of the fair value is due to investments made in 2010 or after.

Investment Multiple Range by Fair Value



Note: Numbers may not sum due to rounding.

Vintage Year by Fair Value



INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Nine Month Period Ended 30 September 2016

Quarterly Report

SCHEDULE OF INVESTMENTS

Direct Equity Investments (\$ in millions)	Principal Geography	Investment Date	Description	Fair Value
Extraction Oil & Gas	U.S.	May-14	E&P company in the U.S.	\$31.0
Patheon	U.S.	Mar-14	Manufacturing services for prescription drugs	19.4
The Warranty Group	Global	Jul-14	Underwriter & administrator of extended warranties	16.0
Black Knight Financial Services	U.S.	Dec-13	Mortgage servicing technology and appraisal / origination services	14.0
RiverBed	U.S.	Feb-15	Provider of application performance infrastructure	12.2
Evans Delivery Company (Equity)	U.S.	Jun-12	Intermodal freight services company	11.7
Saguaro	Canada	Jul-13	E&P company pursuing unconventional light oil/liquids-rich gas properties	11.7
Ortholite (Equity)	U.S.	Apr-14	Provider of high-performance insoles and related shoe components	9.8
Capsugel	Global	Jul-11	Hard capsules and drug delivery systems	9.7
LGC	Europe	Mar-16	Life sciences measurement and testing company	9.6
Delttek (Equity)	U.S.	Dec-12	Enterprise software and information solutions	9.3
Digital River (Equity)	U.S.	Feb-15	Digital eCommerce, payments and marketing solutions	9.1
ARUHI Corporation	Japan	Oct-14	Mortgage company in Japan offering primarily fixed rate mortgages	8.5
Solace Systems	U.S.	Apr-16	Enterprise messaging solutions	8.0
Genetic Testing Company - Equity*	U.S.	Jun-13	Genetic testing company	7.8
Petsmart	U.S.	Jun-15	Pet supplies retailer	7.6
Marquee Brands	Global	Dec-14	Portfolio of consumer branded IP assets, licensed to third parties	7.6
Ellucian	Global	Sep-15	Developer of higher education ERP software	7.2
SolarWinds	U.S.	Feb-16	Provider of enterprise-class IT and infrastructure management software	7.2
Brightview	U.S.	Dec-13	Commercial landscape and turf maintenance	7.0
Gardner Denver, Inc.	U.S.	Jul-13	Maker of industrial equipment	7.0
Vencore	U.S.	Nov-10	High-end systems engineering to U.S. Intelligence Industry	6.8
Looking Glass	U.S.	Feb-15	Cyber security technology company	6.7
Berlin Packaging	U.S.	Oct-14	Supplier of rigid packaging materials and value-added services	6.2
Engineering Ingegneria Informatica	Italy	May-16	Italian IT firm	6.1
CSC Service Works	U.S.	Mar-15	Provider of outsourced services to laundry & air vending markets	5.8
Standard Aero	U.S.	Jun-15	Provider of aircraft maintenance, repair and overhaul services	5.7
Leaseplan	Europe	Apr-16	Fleet management company	5.6
Aster / DM Healthcare	Middle East / India	Jun-14	Operator of hospitals, clinics and pharmacies	5.6
Consilio	U.S.	Jul-15	eDiscovery company providing end-to-end services globally	5.5
Mills Fleet Farms	U.S.	Feb-16	Value-based retailer with 35 stores in the Midwest U.S.	5.5
Evoqua Equity	U.S.	Jan-14	Water treatment technology, equipment and services	5.2
Alex & Ani	U.S.	May-15	Designer jewelry company	4.7
Financial Services Company	Global	Sep-16	Global financial services firm	5.0
American Dental Partners, Inc.	U.S.	Feb-12	Dental practice management services	4.0
Hilsinger	U.S. / U.K. / Australia	May-14	Supplier of eye wear and eye care accessories	4.5
GC Services	U.S.	Jan-16	Provider of call center management and collection agency services	4.5
Infection Energy	U.S.	Oct-14	Dry gas exploration company in the Marcellus Shale	4.1
Connector Company*	U.S.	Oct-15	Producer of embedded solid-state connectors	4.0
ProMach	U.S.	Nov-14	Packaging machinery for consumer goods	3.8
Gabriel Brothers	U.S.	Mar-12	Discount retailer	3.8
Snagajob	U.S.	Jun-16	Job search and human capital management provider	3.5
Concord Bio	India	Jun-16	Active pharmaceutical ingredients manufacturer	3.4
Centro	U.S.	Jun-15	Provider of digital advertising management solutions	3.3
Counsyl - Follow-on	U.S.	Jun-15	Genetic testing and services using innovative software	3.1
Taylor Precision Products	U.S.	Jul-12	Consumer & foodservice measurement products	2.8
Syniverse Technologies	Global	Feb-11	Global telecommunications technology solutions	3.0
Stratus Technologies	U.S.	Apr-14	Technology solutions that prevent downtime of critical applications	2.9
First Data	Global	Sep-07	Electronic commerce and payments	2.7
Counsyl	U.S.	Jul-14	Genetic testing and services using innovative software	5.8
Faimount Minerals	U.S.	Aug-10	Producer of high purity sand / sand based proppants	2.6
RevSpring	U.S.	Oct-12	Outsourced provider of accounts receivable	2.5
Prosper	U.S.	Apr-15	Peer-to-peer online lending marketplace for unsecured consumer credit loans	2.5
Seventh Generation	U.S.	Apr-08	Maker of environmentally responsible household products	2.5
Oticas Carol	Brazil	Apr-13	2nd largest eyewear retailer in Brazil	2.3
Into University Partnerships	U.K./U.S.	Apr-13	Collegiate recruitment, placement and education	1.5
21 Other Direct Equity Investments (<\$2m Individually)				16.4
Total Direct Equity Investments				\$395.0

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

INVESTMENT MANAGER'S REPORT

Income Investments

For the Nine Month Period Ended 30 September 2016
Quarterly Report

INCOME INVESTMENTS: KEY PORTFOLIO STATS

Portfolio Overview



38 Investments & **\$211.9** million of fair value

Primarily junior debt investments, broadly diversified across sectors

Investment focus:

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

Portfolio Metrics¹



9.6% cash yield

10.8% estimated yield to maturity

\$19.1 million of run-rate cash income

78% dividend coverage from portfolio income

Strong Performance



\$140 million of distributions from income investments during 2016

11 exited investments generated **\$104** million of proceeds in 2016 year to date

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

INVESTMENT MANAGER'S REPORT

Income Investments

For the Nine Month Period Ended 30 September 2016

Quarterly Report

NEW INVESTMENTS DURING THE FIRST NINE MONTHS OF 2016

\$31 million invested in **7** new income investments



\$8.8m invested. Equity Sponsors: THL & Goldman Sachs

- National provider of janitorial and custodial services



\$6.5m invested. Equity Sponsor: Onex Partners

- Medical and dental imaging and IT company



\$4.2m invested. Equity Sponsors: Madison Dearborn, Providence Equity, Welsh Carson, Berkshire Partners & CPP

- Provider of insurance for mobile phones and consumer electronics



\$2.9m invested. Equity Sponsor: Pamplona Capital

- Healthcare performance improvement company

Generic Pharmaceutical Company*
Undisclosed*

- Developer, manufacturer and distributor of generic prescription pharmaceuticals

*Note: *Due to confidentiality provisions, company name and values cannot be disclosed. An additional \$6.0m was invested in two new credit opportunity investments, which are undisclosed positions.*

INVESTMENT MANAGER'S REPORT

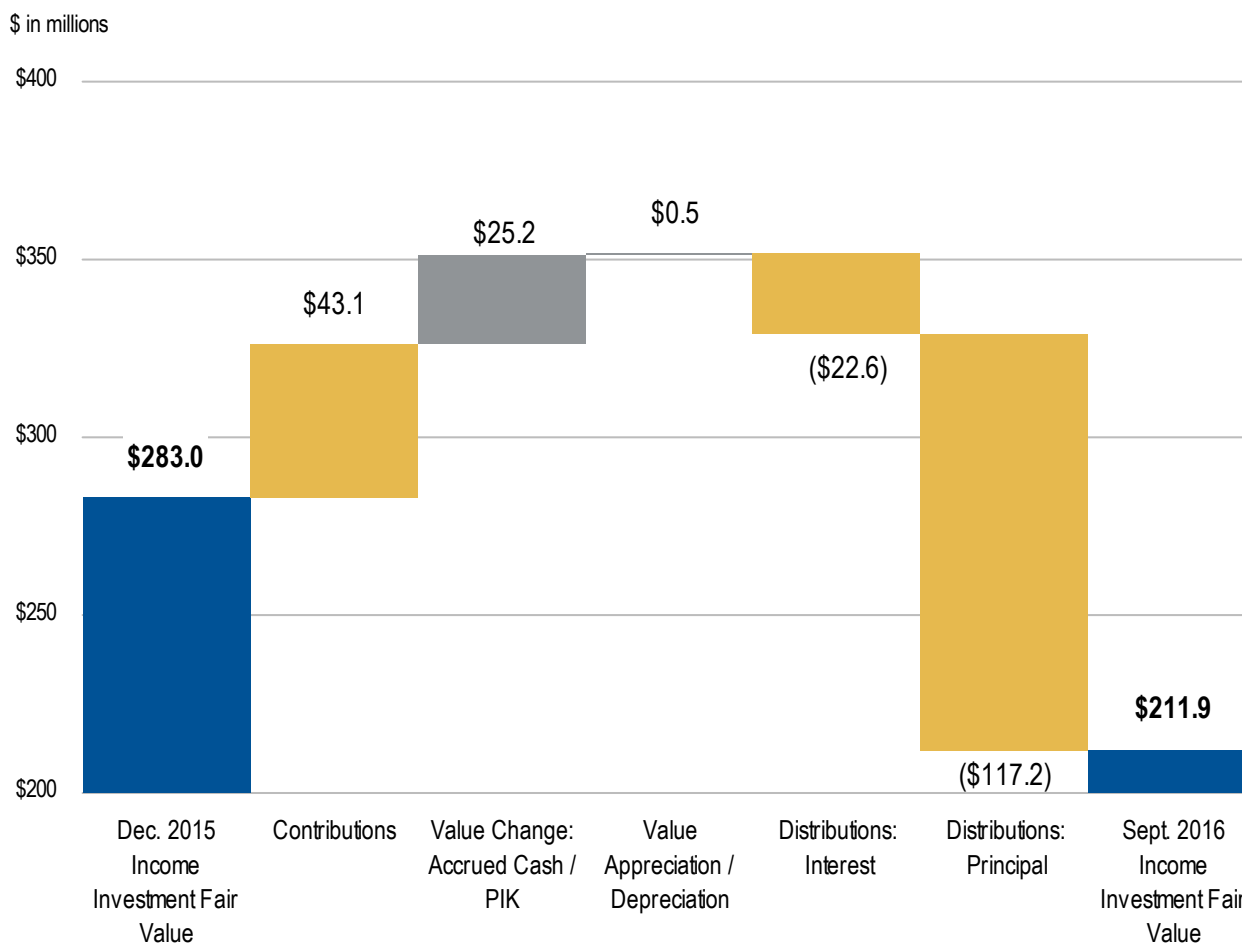
Income Investments

For the Nine Month Period Ended 30 September 2016

Quarterly Report

INCOME INVESTMENT PERFORMANCE

\$23 million of interest income and **\$117** million of principal repayments during the first nine months of 2016. Run rate cash income was **\$19** million as of 30 September 2016



Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Income Investments

For the Nine Month Period Ended 30 September 2016

Quarterly Report

SCHEDULE OF INVESTMENTS

INVESTMENT NAME	SECURITY DETAILS	INVESTMENT DATE	MATURITY DATE	FAIR VALUE ¹	CASH + PIK COUPON	CASH YIELD	TOTAL EST. YTM
<i>Income Investments</i>							
Converge One	Second lien (L+8.0%, 1% L Floor, 1.0% OID)	Jun-14	Jun-21	\$19.9	9.0%	9.1%	9.4%
K&N Engineering	Second lien (L+8.625%, 1% L Floor, 2.25% OID)	Jul-14	Jul-20	18.1	9.6%	9.8%	10.1%
Business Services Company	Second lien (L+6.75%, 1% L Floor)	May-15	Apr-22	15.9	7.8%	10.8%	16.5%
Funding Circle	Portfolio of small business loans	Jan-15	N/A	13.0	N/A	N/A	N/A
Total Fleet Solutions	Second lien (L+9.5% Cash, 1.0% L Floor)	Dec-15	Dec-20	10.3	10.5%	10.4%	11.0%
Delltek - Re-finance	Second lien (L+8.50% Cash, 1.00% L Floor, 1% OID)	Jul-15	Oct-19	10.1	9.5%	9.4%	9.1%
Linxens	Second lien (L+8.25% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	10.0	9.3%	9.3%	9.7%
Schumacher Group	Second lien (L+8.5% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	9.6	9.5%	9.6%	10.0%
GCA Services	Second lien (L+9.0% Cash, 1% L Floor, 2.5% OID)	Mar-16	Mar-24	8.9	10.0%	10.1%	10.3%
Vestcom	Second lien (L+8.0% Cash, 1.0% L Floor, 1.5% OID)	Oct-14	Sep-22	8.2	9.0%	8.9%	9.1%
Evoqua	Second lien (L+7.5%, 1% L Floor, 0.5% OID)	Jan-14	Jan-22	7.5	8.5%	8.5%	8.9%
Hyland	Second lien (L+7.25%, 1% Floor)	Jun-15	Jul-23	6.2	8.3%	8.3%	8.6%
Flexera	Second lien (L+7.0%, 1% L Floor, 0.5% OID)	Apr-14	Apr-21	6.0	8.0%	8.0%	8.3%
Taylor Precision Products	Sr. sub notes (13% Cash, 1.5% OID)	Nov-13	May-19	5.9	13.0%	12.7%	12.2%
Central Security Group	Second lien (L+9.0% Cash, 1% L Floor, 5% OID)	Nov-14	Oct-21	5.9	10.0%	10.4%	10.5%
Aerospace Company	Second lien (L+6.75%, 1% L Floor)	Jun-16	Jun-22	5.1	7.8%	9.4%	12.8%
Galco Industrial Electronics	Sr. sub notes (10.75% Cash, 1.25% PIK, 1.5% OID)	May-14	May-21	5.0	12.0%	10.9%	12.3%
Consumer Distribution Company	Second lien (L+7.3% Cash, 1.0% L Floor)	Dec-15	Jan-22	4.4	8.3%	9.9%	13.7%
P2 Energy Solutions	Second lien (L+8.00% Cash, 1.0% L Floor, 1% OID)	Nov-13	May-21	4.1	9.0%	11.1%	15.6%
Syncsort	Second lien (L+8.5% Cash, 1.0% L Floor, 2% OID)	Nov-15	May-22	4.0	9.5%	9.7%	10.0%
18 Other Income Investments (< \$3m Individually)				33.9	-	-	-
Total Income Investments				\$211.9	9.3%	9.6%	10.8%

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

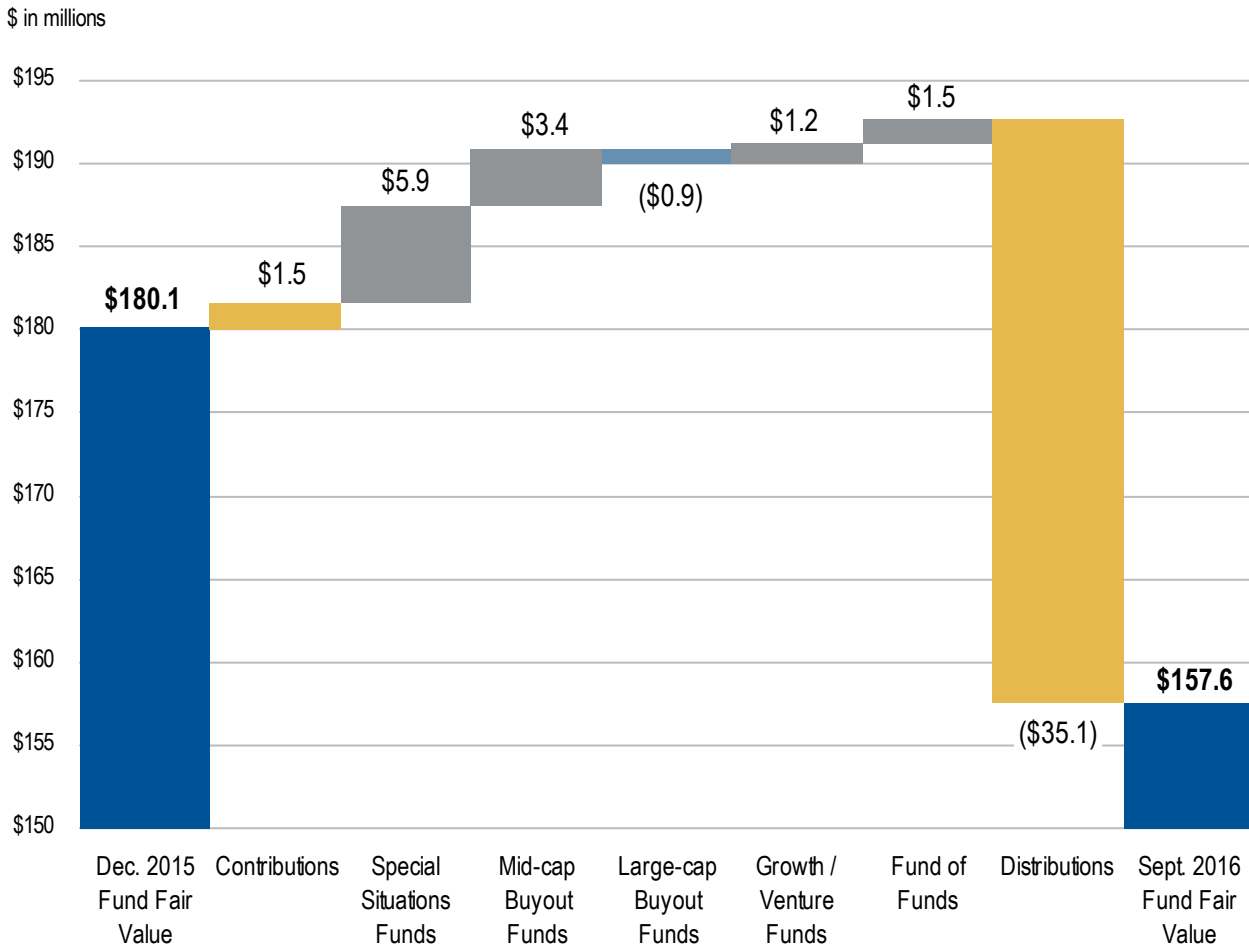
INVESTMENT MANAGER'S REPORT

Fund Investments

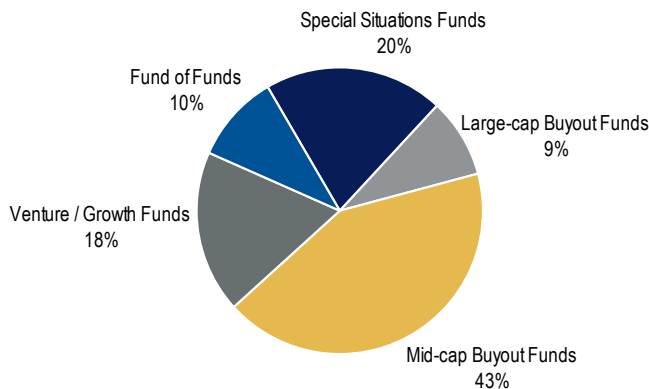
For the Nine Month Period Ended 30 September 2016
Quarterly Report

FUND INVESTMENT PERFORMANCE

\$35 million of distributions during the first nine months of 2016



Fund Investment Distribution Activity by Asset Class



The largest distributions during the first nine months of 2016 were received from mid-cap buyout and special situations funds. During the first nine months of 2016, the largest fund distributions were received from NB Crossroads Fund XVIII, NB Crossroads Fund XVII and OCM Principal Opportunities Fund IV.

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.

INVESTMENT MANAGER'S REPORT

Fund Investments

For the Nine Month Period Ended 30 September 2016

Quarterly Report

SCHEDULE OF INVESTMENTS

(\$ in millions)	Asset Class	Vintage Year	Fair Value	Unfunded Commitment ¹
Fund Investments				
Catalyst Fund III	Special Situations Funds	2011	\$16.1	\$0.0
NB Crossroads Fund XVIII Mid-cap Buyout	Mid-cap Buyout Funds	Fund XVIII	14.8	7.1
NB Crossroads Fund XVII	Fund XVII (Diversified)	Fund XVII	11.3	1.8
OCM Principal Opportunities Fund IV	Mid-cap Buyout Funds	2007	9.3	2.0
Bertram Growth Capital II	Growth / Venture Funds	2010	9.1	2.3
Sun Capital Partners V	Special Situations Funds	2007	8.0	1.2
Platinum Equity Capital Partners II	Special Situations Funds	2007	7.6	3.3
Avista Capital Partners	Mid-cap Buyout Funds	2006	7.3	0.2
NB Crossroads Fund XVIII Venture Capital	Growth / Venture Funds	Fund XVIII	6.8	1.7
Bertram Growth Capital I	Growth / Venture Funds	2007	6.2	1.1
NG Capital Partners	Growth / Venture Funds	2010	6.0	0.5
Sankaty Credit Opportunities III	Special Situations Funds	2007	5.5	-
Corsair III Financial Services Capital Partners	Mid-cap Buyout Funds	2007	5.4	1.0
NB Crossroads Fund XVIII Large-cap Buyout	Large-cap Buyout Funds	Fund XVIII	4.8	2.2
NB Crossroads Fund XVIII Special Situations	Special Situations Funds	Fund XVIII	4.0	0.9
Oaktree Opportunities Fund VIII	Special Situations Funds	2009	3.9	-
ArcLight Energy Partners Fund IV	Mid-cap Buyout Funds	2007	3.2	4.6
Highstar Capital II	Mid-cap Buyout Funds	2004	3.1	0.1
NB Fund of Funds Secondary 2009	Mid-cap Buyout Funds	2009	3.0	0.7
15 Other Fund Investments (< \$3m Individually)			\$22.2	\$9.0
Total Fund Investments			\$157.6	\$39.5

Note: Numbers may not sum due to rounding. The underlying NB Crossroads vintage year diversification is as follows (as a percentage of fair value): 2002 (<1%), 2003 (<1%), 2004 (3%), 2005 (12%), 2006 (39%), 2007 (38%), 2008 (6%), and 2010 (1%).

1. \$37.9 million of unfunded commitments are to funds past their investment period. Please refer to page 25 for more information on unfunded commitments to funds past their investment period.

INVESTMENT MANAGER'S REPORT

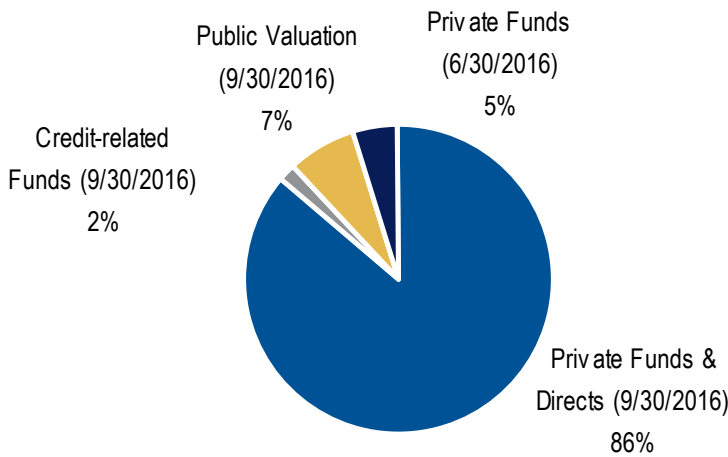
Valuation of Investments

For the Nine Month Period Ended 30 September 2016
Quarterly Report

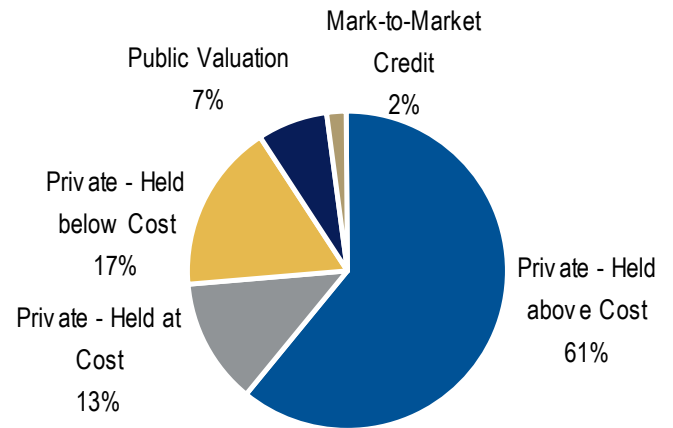
PORTFOLIO VALUATION

Following the receipt of additional valuation information after 14 October 2016, the publication date of the September monthly NAV estimate, the NAV per Share of \$15.05 was \$0.30 higher than previously reported.¹ As of 30 September 2016, approximately 7% of fair value was held in public securities.

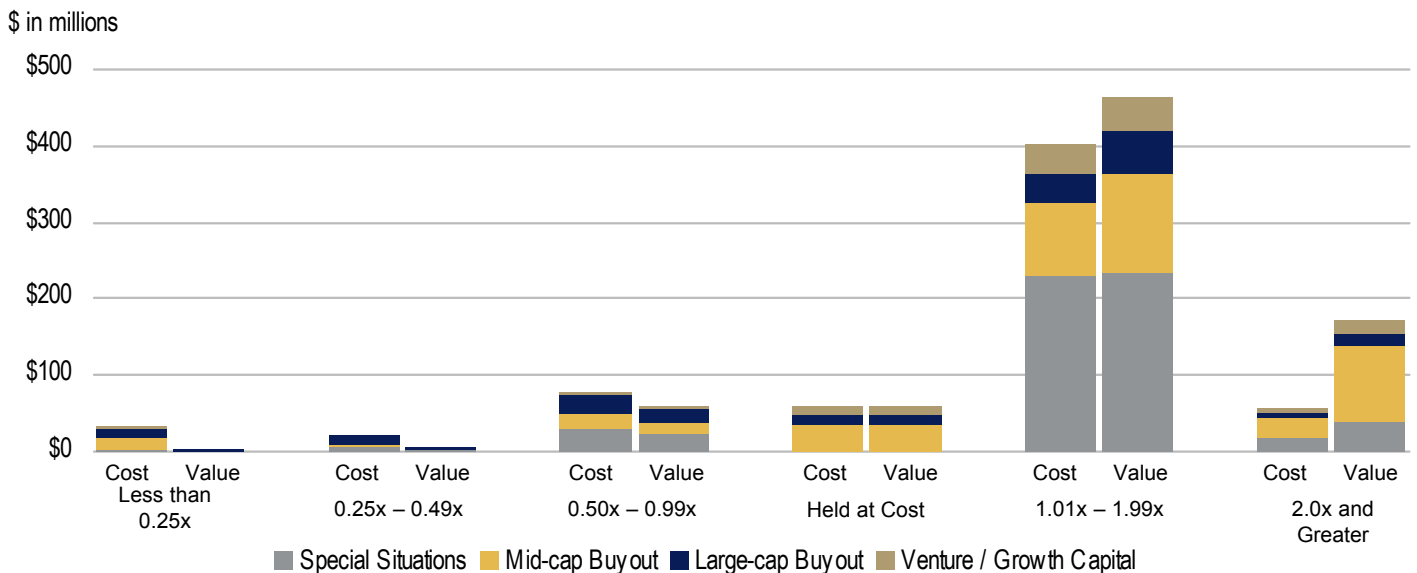
By Date of Information & Valuation Type (% of Fair Value)²



Valuation Method (% of Fair Value)



NBPE Portfolio Valuation by Asset Class



Note: Numbers may not sum due to rounding.

1. As reported in the monthly NAV estimate the percent of private equity fair value was held: 28% in directs, 2% in credit-related funds, 12% in publics, and 2% in private funds as of 30 September 2016, 40% in directs and 16% in private funds as of 30 June 2016.

2. Please refer to page 29 for a detailed description of the valuation policy. While some information is as of 30 June 2016, the Manager's analysis and historical experience lead the Manager to believe that this approximates fair value at 30 September 2016.

INVESTMENT MANAGER'S REPORT

Public Stock Exposures

For the Nine Month Period Ended 30 September 2016
Quarterly Report

2016 IPO ACTIVITY & PUBLIC STOCK EXPOSURE

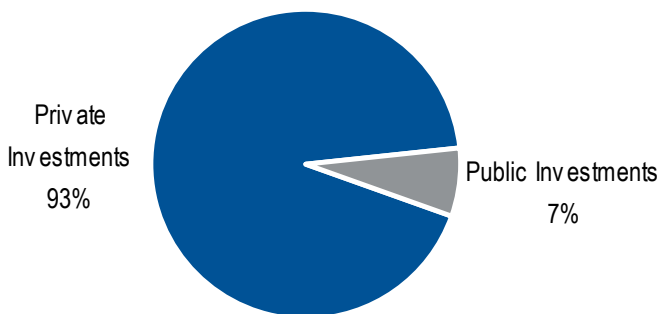
Thirteen companies in NBPE's portfolio, representing \$23.8 million of unrealised value, completed initial public offerings ("IPOs") during the first nine months of 2016, which may lead to future distributions to NBPE. The investments below represent the top five companies by value that completed an IPO during the first nine months of 2016:

- Patheon Holdings Cooperatief U.A. (NYSE: PTHN) – direct equity investment
- Advance Pierre Foods Holding Corp (NYSE: APFH) – OCM Principal Opportunities Fund IV
- American Renal Holdings, Inc. (NYSE: ARA) - NB Crossroads Fund XVII, NB Crossroads Fund XVIII
- Parques Renunidos S.A. (Bolsa de Madrid: PQR) - NB Crossroads Fund XVII
- BATS Global Markets, Inc. (Nasdaq: BATS) - NB Crossroads Fund XVIII

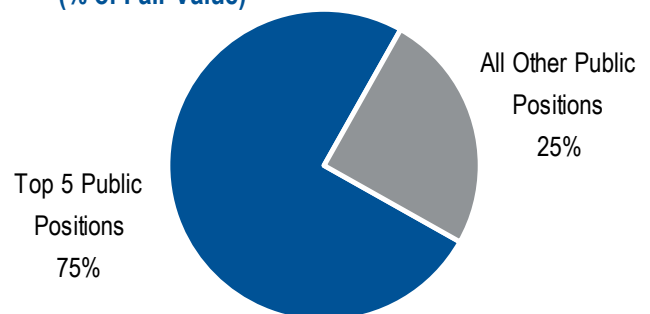
The top five public stock exposures are listed below¹:

- Patheon Holdings Cooperatief U.A. (NYSE: PTHN): \$19.4 million
- Black Knight Financial Services (NYSE: BKFS): \$14.0 million²
- Fairmount Santrol Holdings (NYSE: FMSA): \$3.9 million
- First Data Corporation (NYSE: FDC): \$2.9 million
- InRetail Peru (BVL: INRETC1): \$2.2m

Public vs. Private Investments (% of Fair Value)



Concentration of Public Investments (% of Fair Value)



Note: Numbers may not sum due to rounding

1. Subsequent to this reporting period, Extraction Oil & Gas completed an IPO on 11 October 2016 at \$19 per Share. As of 30 September 2016, Extraction is valued at \$19 per share. Extraction is included in the above data as a private company.

2. Valuation is based on the underlying share price of Black Knight Financial Services and additional entity that remains private.

INVESTMENT MANAGER'S REPORT

Unfunded Commitments & Capital Resources

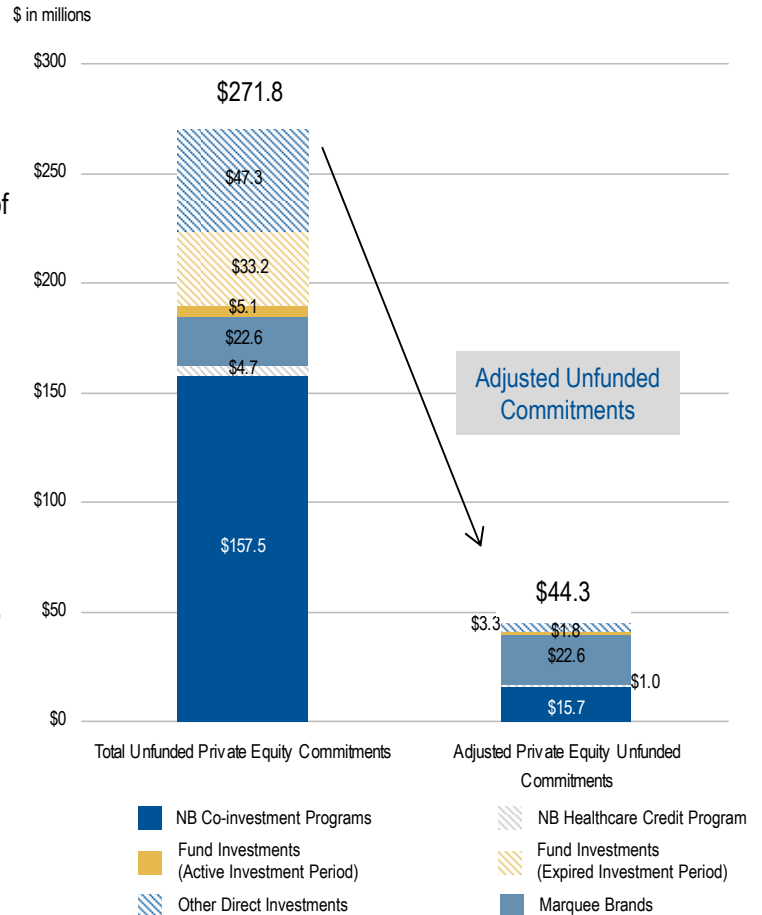
For the Nine Month Period Ended 30 September 2016
Quarterly Report

UNFUNDED COMMITMENTS & CAPITAL RESOURCES

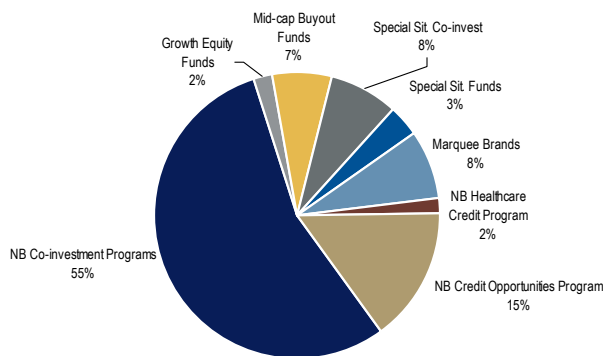
As of 30 September 2016, NBPE's unfunded commitments were approximately \$271.8 million. Approximately \$157.5 million, \$4.7 million, \$44.0 million, and \$22.6 million were unfunded commitments to the NB Alternatives Co-investment and Healthcare Credit Programs, NB Credit Opportunities Program¹ and Marquee Brands, respectively. Approximately \$13.7 million of unfunded commitments were to fund of funds managed by the Manager and \$26.0 million of unfunded commitments were to third party direct funds. Within the fund portfolio, \$37.9 million of the unfunded commitments are to funds past their investment period. The Manager believes a large portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

The Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted by removing unfunded commitments past their investment period, amounts which NBPE has the ability to terminate if it so chooses, and unfunded commitments to funds managed by the Manager. Following these adjustments, the unfunded commitments were \$44.3 million.

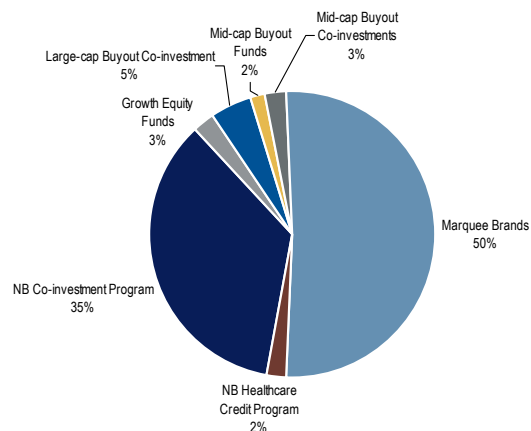
As of 30 September 2016, NBPE had \$55.2 million of cash and available borrowings under the credit facility of \$150.0 million, totaling \$205.2 million of total capital resources. On an adjusted basis this corresponds to excess capital resources of \$160.9 million and a commitment coverage ratio of 463%.



Total Actual Unfunded Private Equity Commitments (\$271.8m)



Adjusted Unfunded Private Equity Commitments (\$44.3m)



Note: Numbers may not sum due to rounding.

1. Subsequent to this reporting period, NBPE increased its commitment to the program by \$50 million.

INVESTMENT MANAGER'S REPORT

Credit Facility Overview

For the Nine Month Period Ended 30 September 2016
Quarterly Report

CREDIT FACILITY OVERVIEW

On 7 June 2016, the Company entered into an agreement with JP Morgan Chase Bank, N.A. (the "2016 Credit Facility") to refinance the 2012 Credit Facility. The 2016 Credit Facility's availability is up to \$150.0 million (including a \$25.0 million accordion whereby the Company is able to increase available borrowings) that expires in September 2021. Beginning in year four, the 2016 Credit Facility carries mandatory amortisation of outstanding balances of 25% per calendar quarter. The 2016 Credit Facility is guaranteed by the parent of the Company (the "Parent Guarantor") as well as all of the Company's subsidiaries and secured by substantially all of the assets of the Parent Guarantor and its subsidiaries. At 30 September 2016 there were no amounts borrowed under the facility.

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

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

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

The Company is subject to a number of LTV ratios in order to be in compliance with the 2016 Credit Facility. The drawdown LTV ratio is 25% and the maximum LTV ratio is 40%. If the LTV ratio exceeds 40%, the Company is subject to certain requirements to lower the LTV ratio to the maintenance

margin of 35%, within certain timeframes. If at any time the LTV ratio exceeds 60%, the Company is forced to make prepayments on the loan balance on an expedited basis.

Certain cash distributions, including dividends, are subject to an LTV release ratio of less than 35%, unless a performance event has occurred. The performance event test is measured against the level of the S&P 500 index. If the S&P 500 index value falls by 30% in any 120 day period, certain cash distributions, including dividends, are subject to an LTV release ratio of 20%.

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

At 30 September 2016, the Company met all requirements under the 2016 Credit Facility.

Note: Numbers may not sum due to rounding.

MARKET COMMENTARY

U.S. equity markets continued to perform well during the third quarter, with the S&P 500 reaching new highs. Following a brief sell off in September, the S&P 500 closed the third quarter slightly below recent highs, posting a 6.1% gain for the year. The MSCI Emerging Markets Index increased strongly during the third quarter, likely reflecting renewed optimism of growth in emerging markets and was up 13.8% for the year. The MSCI World Index, a broader equity index, increased by 3.8%, as growth in developed markets, particularly Europe, remained more uneven than the U.S. In terms of bond markets, U.S. corporates and high yield bonds both posted strong gains for the year of 9.2% and 15.1%, respectively.

Private Equity Buyout Market

During the first nine months of 2016, private equity buyout markets remained generally healthy and buyout volumes were strong relative to levels during 2015. U.S. leveraged buyout ("LBO") volume was \$145.0 billion in the first nine months of 2016, which represented a 21.8% increase in LBO volume from the same period during 2015. Large-cap transactions (defined by S&P as companies with enterprise values above \$500 million) continued to be the largest contributor to volume, representing approximately 78.3% of buyout volume during the first nine months of 2016.

During the third quarter of 2016, transaction multiples increased slightly and remained at generally high levels, particularly for larger transactions and companies with strong growth profiles and favourable cash flow dynamics. During the first nine months of 2016, LBO purchase multiples were 10.5x EBITDA, up slightly from 10.3x EBITDA for all transactions completed during 2015.² The Manager believes valuations remain elevated due to continued competition among strategic acquirers and private equity firms for the strongest businesses. Absent any change in the investment environment, the Manager believes that these businesses will continue to attract premium multiples, particularly those with stable business models which appear more insulated from broader macroeconomic trends.

Equity contributions during the third quarter of 2016 remained constant at approximately 43%, which was the highest level since 2009. The Manager believes this high equity contribution level is reflective of sponsors seeking to deploy dry powder, but keeping companies at reasonable leverage levels. Equity contributions for mid-cap buyouts during the first nine months of 2016 were approximately in-line with those of large-cap transactions². While the equity contributions in mid-cap buyouts was similar to that of large-cap transactions, mid-cap buyouts historically have less reliance on financial leverage to create returns and less transparent credit markets.

In Europe, France, Netherlands and the U.K. represented the majority of LBO activity and the average purchase price multiple for all LBOs was 9.9x EBITDA during the first nine months of 2016.³

Private Equity Financing Markets

Primary volume in the leveraged loan market increased slightly in Q3 2016 from Q2 2016 with a fresh wave of opportunistic business amid an attractive pricing environment. New-issue volume for the third quarter was \$139.6 billion, up 9% from \$127.8 billion in the second quarter and 20% from \$116.5 billion in the third quarter of last year.

In the second lien market, while the second quarter was marked by an increasing trend for sponsors to privately place junior debt following first quarter volatility, over 75% of second lien paper was syndicated in the third quarter. This turnaround from recent quarters was a result of buoyant investor sentiment, brighter technicals, and the reappearance of banks underwriting the junior debt components of transactions. Looking ahead, the Manager expects the momentum generated in the third quarter to continue into the fourth quarter.

The average leverage for U.S. middle market buyout transactions for YTD 2016 was 4.9x, down from 5.4x in 2015. Interest coverage levels remain high at 3.1x and have remained above 3.0x since 2012. Default rates remain low outside of energy and metals & mining, indicating that portfolio company performance remains stable.

1. Source: CapitalIQ.

2. S&P Q3 2016 U.S. Leveraged Buyout Review.

3. S&P Q3 2016 European Leveraged Buyout Review.

INVESTMENT MANAGER'S REPORT

Market Commentary

For the Nine Month Period Ended 30 September 2016

Quarterly Report

MARKET COMMENTARY

Fundraising Environment

During the first nine months of 2016, approximately \$129.8 billion was raised in the U.S. buyout market, of which approximately \$54.3 billion was raised by funds with a fund size under \$2.5 billion.¹ This fundraising activity was an increase of 19.1% from the prior period in 2015, when \$109.0 billion was raised by buyout funds. The Manager believes that this shows the continued health of private equity fundraising markets and ample capital continues to be available to fund private equity transactions. The Manager believes that buyout funds with strong prior track records continue to attract meaningful amounts of the overall capital raised. In Europe, during the first nine months of 2016, approximately \$53.7 billion was raised in the buyout market, of which approximately \$26.5 billion was raised by managers with a fund size under \$2.5 billion.¹

¹ Thomson Reuters through 30 September 2016. Excludes venture, mezzanine, fund of funds, and secondary fundraising.

VALUATION METHODOLOGY

Equity

The Company carries private equity investments at fair value using the best information the Manager has reasonably available to determine or estimate fair value. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions associated with the securities, if any, that affect marketability. The Manager determines such values for publicly traded securities held directly as well as known public positions held in the underlying private equity investments on a look-through basis. The Manager estimates fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events. The Manager proactively re-values investments before receiving updated information from the fund manager or lead sponsor if the Manager becomes aware of material events that justify a change in valuation. If the Manager concludes that it is probable that an investment will be sold, the Manager adjusts the carrying value to the amount expected from the sale, exclusive of transaction costs.

Debt

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

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

FORWARD LOOKING STATEMENTS

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

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

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

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

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

OVERVIEW OF THE INVESTMENT MANAGER

About NB Alternatives

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

The Investment Manager makes all of the Company's investment decisions, and the board of directors of the Company has delegated to the Investment Manager the day-to-day management and operations of the Company's business. The Investment Manager's investment decisions are made by its Investment Committee (the "Investment Committee"), which currently consists of nine members with approximately 257 years of professional experience and average over 16 years with the firm. The sourcing and evaluation of the Company's investments is conducted by the Investment Manager's team of approximately 110 investment professionals who specialize in direct equity investments, income investments and fund investments. The Investment Manager currently maintains offices in New York, London, Boston, Dallas, Hong Kong, Milan and Bogotá.

About Neuberger Berman

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages equities, fixed income, private equity and hedge fund portfolios for institutions and advisors worldwide. With offices in 19 countries, Neuberger Berman's team is more than 1,900 professionals and the company was named by Pensions & Investments as a Best Place to Work in Money Management for three consecutive years. Tenured, stable and long-term in focus, the firm fosters an investment culture of fundamental research and independent thinking. It manages \$255 billion in client assets as of September 30, 2016. For more information, please visit our website at www.nb.com.

DIRECTORS, ADVISORS & CONTACT INFORMATION

Ordinary Share Information

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

ZDP Share Information (2017 / 2022)

Trading Symbol: NBPZ / NBPP
 Exchanges: 2017 & 2022 Shares: Specialist Fund Segment of the London Stock Exchange. 2017 Shares also listed on the Daily Official List of the Channel Islands Securities Exchange
 Admission Date: 1 December 2009 / 16 September 2016
 Base Currency: GBP / GBP
 Bloomberg: NBPEGBP LN / NBPP: LN
 Reuters: NBPEO.L
 ISIN: GG00B4ZXGJ22 / GG00BD0FRW63
 SEDOL: B4ZXGJ2 / BD0FRW6

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 John Buser
 John Falla
 Christopher Sherwell
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