# NB Private Equity Partners Limited

31 MARCH 2011 INTERIM MANAGEMENT REPORT

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# COMPANY OVERVIEW

*Our investment objective is to produce attractive returns on our capital from our private equity investments while managing investment risk through portfolio diversification. We pursue diversification for our private equity investments across asset class, vintage year, geography, industry and sponsor.*

| | |
|---|---|
| **Our Company** | **NB Private Equity Partners Limited ("NBPE")**<br>▪ Guernsey closed-end investment company<br>▪ 50,364,310 Class A ordinary shares outstanding<br>▪ 10,000 Class B ordinary shares outstanding<br>▪ 32,999,999 Zero Dividend Preference ("ZDP") shares outstanding |
| **Investment Manager** | **NB Alternatives Advisers**<br>▪ Over 24 years of private equity investing experience<br>▪ Investment Committee with an aggregate of approximately 190 years of experience in private equity investing<br>▪ Approximately 50 investment professionals<br>▪ Approximately 120 administrative and finance professionals<br>▪ Offices in New York, Dallas, London and Hong Kong |

| *(USD in millions, except per share data)* | **At 31 March 2011** | **At 31 December 2010 Pro Forma** [1] |
|---|---|---|
| Net Asset Value | $539.8 | $526.9 |
| Net Asset Value per Ordinary Share | $10.72 | $10.38 |
| Fund Investments | $417.7 | $408.6 |
| Direct / Co-investments | $113.5 | $99.6 |
| Total Private Equity Fair Value | $531.1 | $508.2 |
| Private Equity Investment Level [2] | 98% | 96% |
| Cash and Cash Equivalents | $75.5 | $82.0 |

| *(GBP in millions, except per share data)* | **At 31 March 2011** | **At 31 December 2010** |
|---|---|---|
| ZDP Shares | £36.2 | £35.6 |
| Net Asset Value per ZDP Share [3] | 109.84p | 107.95p |

1. *Pro forma for the closing of the Strategic Asset Sale, the up-front proceeds from the sale of Dresser and credit facility pay down.*
2. *Defined as total private equity fair value divided by net asset value.*
3. *Defined as the accreted value of the ZDP Shares.*

# OVERVIEW OF THE INVESTMENT MANAGER

The NB Alternatives group of Neuberger Berman (the "Investment Manager") has over 24 years of investing experience specializing in private equity funds, co-investments and secondary investments and has built relationships with leading private equity fund managers over that time.

The Investment Manager makes all of our investment decisions, and we have delegated to the Investment Manager the day-to-day management and operations of our business. The Investment Manager's investment decisions are made by its Fund of Funds Investment Committee (the "Investment Committee"), which currently consists of members with an aggregate of approximately 190 years of experience in private equity investing. The sourcing and evaluation of our investments is conducted by the Investment Manager's team of approximately 50 investment professionals who specialize in private equity fund investments and co-investments. In addition, the Investment Manager's staff of approximately 120 administrative and finance professionals are responsible for our administrative, financial management and reporting needs. The Investment Manager currently maintains offices in New York, Dallas, London and Hong Kong.

## About Neuberger Berman

Neuberger Berman Group LLC is one of the world's leading independent, employee-controlled asset management companies. As of 31 March 2011, assets under management were approximately $199 billion. Established in 1939, Neuberger Berman provides a broad range of global investment solutions – equity, fixed income, and alternatives – to institutions and individuals through customized separately managed accounts, mutual funds and alternative investment products. For more information please visit our website at www.nb.com.

# RECENT STRATEGIC ACTIONS

## Strategic Asset Sale

In October 2010, we agreed to sell our interest in eight large-cap buyout funds for an aggregate 5.1% discount to their carrying value of $108.6 million at 31 August 2010 (together, the "Strategic Asset Sale"). The sale transactions closed in December 2010 and January 2011, generating cash proceeds of approximately $100.5 million (net of fees and expenses) and releasing NBPE from approximately $22.5 million of related unfunded commitments. At the time of the announcement, the Strategic Asset Sale was dilutive to NAV per class A ordinary share (the "Shares") by approximately $0.13, or 1.4%. At 31 December 2010, the fund interests that were sold in January 2011 were valued at their respective sale value. We believe that, when combined with accretive Share repurchases, this transaction should enable NBPE to enhance its NAV per Share over time.

We believe the Strategic Asset Sale demonstrates the high quality of our private equity portfolio and its marketability in the secondary private equity market. The transaction provided an opportunity to take advantage of attractive pricing in the secondary private equity market, which continues to value our assets at significant premiums relative to the public market for NBPE's Shares. While we would potentially sell any of our investments at the right price, we do not currently intend to actively pursue additional strategic asset sales.

We intend to use the proceeds of the Strategic Asset Sale to continue the ongoing capital return policy and to target an increased allocation to direct private equity and yield-oriented investments.

## Capital Return Policy

We also implemented a new long-term capital management policy (the "Capital Return Policy") of ongoing returns of capital to NBPE Shareholders. These ongoing returns of capital will be at the discretion of the Board of Directors. The Capital Return Policy was initiated immediately using available cash and a portion of the proceeds from the Strategic Asset Sale. On 22 October 2010, we launched a Share buy-back programme in order to begin implementing the Capital Return Policy.

Beginning with the half-year period commencing 1 January 2011, we intend to return 50% of the realized net increase in NAV attributable to the Shares for the preceding six-month period to Shareholders. This may be achieved by way of Share repurchases, dividends or such other means as the Directors consider most efficient. Future returns of capital under the Capital Return Policy will be announced at the time of reporting our financial results for each respective six-month period. The realized net increase in NAV will be measured from a starting point of 1 January 2011.

The Directors have discretion as to the manner in which capital is returned to Shareholders. However, at the prevailing discount level, we intend to use Share repurchases as the most appropriate means of returning capital to Shareholders. Share repurchases also have the benefit of enhancing our NAV per Share over time.

# RECENT STRATEGIC ACTIONS

## Increased Allocation to Direct Private Equity and Yield-Oriented Investments

In addition to the Capital Return Policy, we expect to use the proceeds from the Strategic Asset Sale to strategically target a higher allocation to direct private equity and yield-oriented investments while also maintaining a well diversified private equity portfolio.

Our Investment Manager is experienced in sourcing and completing such investments and has a global senior co-investment team with 75 years of combined experience which includes former lead investors at small and middle market private equity firms. This experience makes NB Alternatives a preferred partner and allows us to apply our unique strengths on each strategic investment. Our Investment Manager manages over $1.6 billion of capital dedicated to direct co-investments and has closed more than 50 co-investments over the last five years.

Over time, we expect this strategy to reduce the duration of our private equity portfolio, increase transparency for Shareholders, reduce our overall expense ratio and continue our policy of maintaining a conservative over-commitment level.

# SIGNIFICANT CO-INVESTMENT REALIZATION

On 1 February 2011, Dresser, Inc. ("Dresser"), one of our largest private co-investments and underlying holdings, announced the successful closing of its $3 billion acquisition by General Electric Co. ("GE").

Dresser is a global energy infrastructure technology and service provider that was majority-owned by funds managed by Riverstone Holdings LLC and First Reserve Corporation (in which our Investment Manager's entities including NBPE have meaningful direct co-investments). Based in Addison, Texas, Dresser has 6,300 employees worldwide and delivers compression, flow technology, measurement and distribution infrastructure and services to customers in more than 150 countries.

NBPE's ownership interest in Dresser was primarily from a direct co-investment alongside the lead sponsors in 2007, with additional exposure through investments in First Reserve Fund XI, NB Crossroads Fund XVII and NB Crossroads Fund XVIII Mid-cap Buyout. Prior to the announcement of the transaction, Dresser was the second largest company in our private equity portfolio based on fair value. NBPE received aggregate up-front proceeds of approximately $19.1 million from the sale of Dresser.

# MARKET COMMENTARY

Despite the unfortunate tragedies in Japan, including the earthquake, tsunami and related nuclear emergency and the civil unrest in the Persian Gulf region, the markets in aggregate have been moderately positive. The Japan earthquake and tsunami caused an estimated $300 billion in damages and production and power supplies were disrupted throughout. Following this, the Japanese stock market dropped 16% followed by a slight rebound. However, the overall economic impact of the Japan crisis has been limited in the U.S. For now, the U.S. economy appears to be relatively healthy, and corporate earnings are strong. Because of this, many corporate management teams announced intentions to buyback stock, increase dividends and pursue M&A activity. In addition, the ISM measures indicated a rise in production and unemployment statistics appeared more favorable. In terms of positioning, the outlook for equities longer-term should be positive and more favorable than bonds. Finishing the first quarter with nearly 6% in gains, the S&P 500 closed above 1,300 for the first time since August 2008.[1]

Turbulence in the Middle East and North Africa dominated the headlines for much of the first quarter, contributing to the increase in the price of oil, which rose approximately 16% to $107 a barrel at quarter end. A continued substantial rise in fuel cost could challenge the recovering economy.[1]

Over the upcoming quarter, Federal Reserve policy will be of interest, as QE2 is scheduled to end in June. For now, the U.S. economy remains relatively healthy. However it is possible to see moderation in economic growth in the face of rising inflation, as well as the ultimate tightening of monetary policy. In the equity markets, stocks have only experienced one monthly decline in the nine months ending in March. Because of these factors, the chances of a near-term pullback in equities or market weakness from negative sentiment has increased.[1]

In the first quarter of 2011, U.S. leveraged buyout volume increased to $26.7 billion compared to $18.3 billion in the fourth quarter of 2010. In addition, leveraged loan volume increased to $10.0 billion in the first quarter, up $8.4 billion year-over-year compared to the first quarter of 2010. The average LBO transaction size was $1.1 billion in the first quarter of 2011 compared to $762 million in the fourth quarter of 2010.[2]

Over the next several years, we believe there will be a number of investment opportunities for experienced small- and mid-cap buyout sponsors. Broadly speaking, the operating performance of target companies has improved, and we believe this will continue to drive an increase in new transaction volume. We intend to capitalize on this opportunity by utilizing our proven co-investment platform and our capital resources to pursue attractive direct investments for NBPE's portfolio, while continuing to maintain a well-diversified portfolio.

Although economic conditions have generally improved, a large amount of leveraged debt remains outstanding and is in need of future refinancing. We believe this will lead to strong deal flow over the next several years for special situations / distressed investors. Dislocation continues to persist in certain areas of the market and during shifts in market sentiment. Therefore, as opportunities arise, we intend to allocate capital to attractive fund investments and direct yield-oriented investments that are suitable for NBPE's portfolio.

We continue to believe that our private equity portfolio is well-positioned to generate attractive returns over the long term. And with approximately $200 million of excess capital resources, we believe that we are in a strong position to take advantage of high quality investment opportunities during the next several years.

1. *Neuberger Berman IQ: Investment Quarterly, Edition 13, Spring 2011.*
2. *Standard & Poor's 1Q11 Leveraged Buyout Review.*

# INVESTMENT RESULTS

As of 31 March 2011, NBPE's unaudited NAV per Share was $10.72, representing a 3.2% increase compared to the audited NAV per Share of $10.38 at 31 December 2010. During the first quarter, the increase in NAV was primarily driven by net gains across the private equity portfolio, with the largest appreciation related to distressed funds and certain buyout funds and co-investments, including Dresser. These gains in value were offset by unrealized losses on certain other investments, including several large-cap buyout co-investments.

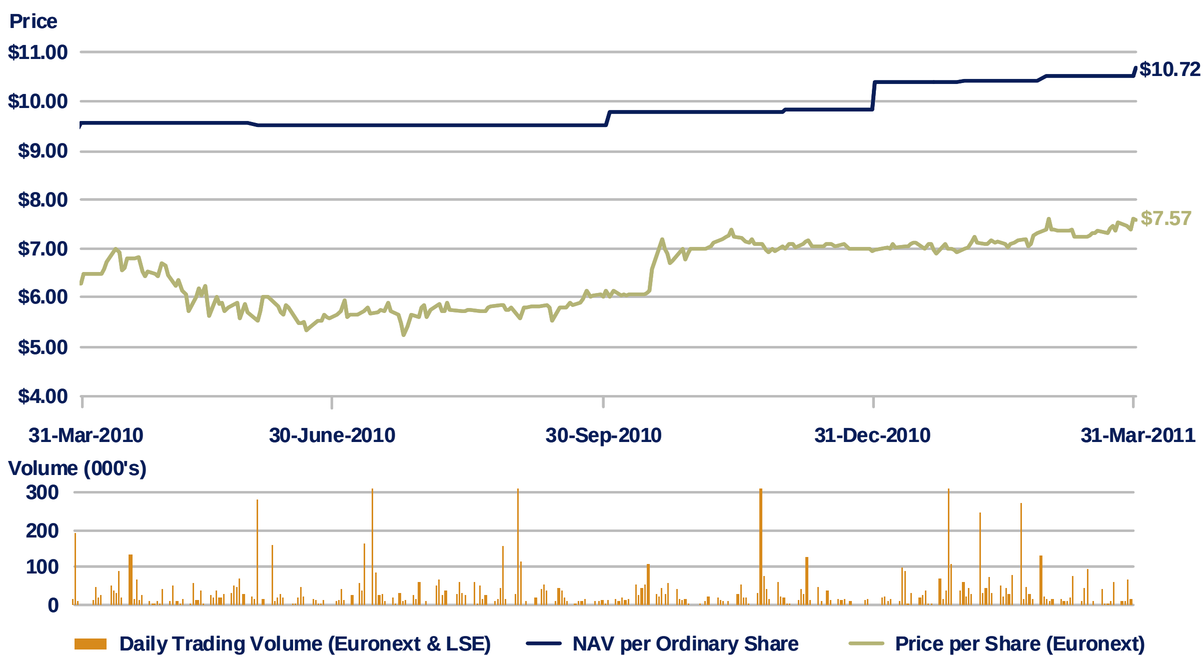
During the first quarter of 2011, our private equity portfolio generated realized gains of $15.7 million. The portfolio also had net unrealized gains of $5.5 million from privately held investments, credit-related fund investments and public equity securities. Investment performance during the quarter was offset by $5.7 million of net operating expenses (including credit facility interest and ZDP share accretion), foreign exchange translation and taxes. Share repurchases during Q1 2011 were accretive to NAV per Share by approximately $0.03.

During the first quarter of 2011, we invested approximately $27.5 million into private equity assets through capital calls and direct / co-investments. Approximately 61% of this capital was invested in buyout funds and co-investments, 32% in special situations funds and direct investments and 7% in venture and growth capital funds.

During the first quarter of 2011, we received approximately $107.9 million of distributions and sale proceeds, including $64.2 million related to the Strategic Asset Sale. Excluding the Strategic Asset Sale, approximately 63% of the distributions were from buyout funds and co-investments, 34% from special situations funds and direct investments, and 3% from venture and growth capital funds.

The largest distributions in the first quarter of 2011 were attributable to the sale of Dresser, partial realizations of the direct / co-investments in Avaya, Suddenlink Communications, and Fairmount Minerals, and investment proceeds from OCM Opportunities Fund VIIb, First Reserve Fund XI, Wayzata Opportunities Fund II, Carlyle Europe Partners II, and NB Crossroads Fund XVII and Fund XVIII.

## LTM SHARE PRICE PERFORMANCE AND NAV PER ORDINARY SHARE




*Source: NYSE Euronext and Bloomberg. Past performance is not indicative of future results.*
*Note: Daily Trading Volume includes combined volume of ordinary shares traded on NYSE Euronext and London Stock Exchange as well as over-the-counter trades reported via Markit BOAT.*

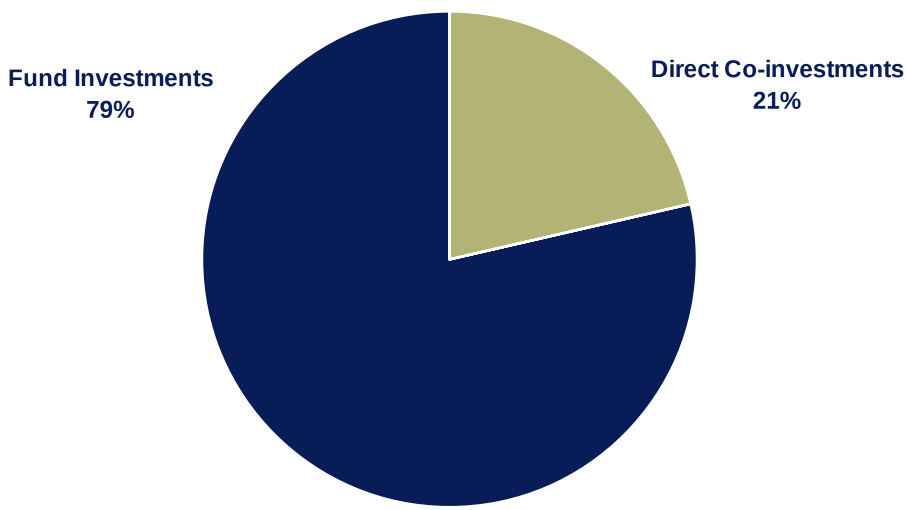
# INVESTMENT PORTFOLIO ACTIVITY

As of 31 March 2011, our private equity investment portfolio consisted of 37 fund investments and 33 direct / co-investments. The fair value of our private equity portfolio was $531.1 million, and the total exposure, including unfunded commitments, was $656.3 million.

## PRIVATE EQUITY INVESTMENT PORTFOLIO – 31 MARCH 2011

| ($ in millions) | Number of Investments | Fair Value | Unfunded Commitments | Total Exposure |
|---|---|---|---|---|
| Fund Investments | 37 | $417.7 | $113.0 | $530.6 |
| Direct / Co-investments | 33 | 113.5 | 12.2 | 125.7 |
| **Total Private Equity Investments** | **70** | **$531.1** | **$125.2** | **$656.3** |

## PORTFOLIO ALLOCATION BASED ON FAIR VALUE



# INVESTMENT PORTFOLIO ACTIVITY

The investments in our private equity portfolio generated a significant amount of liquidity during the first quarter of 2011. Distributions were driven by sales of underlying portfolio companies to strategic and financial buyers, sales of public securities held by underlying sponsors and investment proceeds from distressed funds.

During the first quarter, we received approximately $107.9 million of distributions and sale proceeds, including $64.2 million from the Strategic Asset Sale. Within our direct fund and co-investment portfolio, approximately 36 companies completed liquidity events (sales and recapitalizations) that led to a distribution.

The five largest distributions (excluding the Strategic Asset Sale) totaled approximately $34.0 million and were attributable to investments in Dresser (Co-investment, First Reserve Fund XI), portfolio proceeds from OCM Opportunities Fund VIIb, Borco International (First Reserve Fund XI), Suddenlink Communications (Direct Investment), and Avaya (Co-investment).

Within NB Crossroads Fund XVII and Fund XVIII, over 125 underlying companies completed liquidity events during the period, leading to $3.4 million of distributions to NBPE.

In addition, 13 portfolio companies completed initial public offerings ("IPOs") during the first quarter. These companies had an aggregate fair value of approximately $4.0 million as of 31 March 2011, with the largest and most significant IPOs attributable to Nielsen Holdings, a portfolio company of Carlyle Europe Partners II, NB Crossroads Fund XVII, and NB Crossroads Fund XVIII, and Kinder Morgan, Inc., a portfolio company of Highstar Capital Fund II and NB Crossroads Fund XVII.

During the first quarter, we committed an aggregate $43.5 million to the following new investments which we believe are well-suited for NBPE's private equity portfolio (see pages 18 and 19 for a detailed description of each new investment):

- Special situations primary commitment to Catalyst Fund III
- Special situations direct investment in royalty notes backed by a leading neuropathic pain medication
- Special situations direct investment in royalty notes backed by a leading testosterone gel used for hormone replacement therapy
- Mid-cap buyout co-investment in Pepcom
- Mid-cap buyout co-investment in Swissport International
- Large-cap buyout co-investment in CommScope
- Large-cap buyout co-investment in J.Crew Group
- Large-cap buyout co-investment in Syniverse Technologies
- Growth equity primary commitment to NG Capital Partners I

# INVESTMENT PORTFOLIO ACTIVITY

The aggregate portfolio and investment activity for the quarter ended 31 March 2011 was as follows:

| ($ in millions) | Fund Investments | Direct/Co-investments | Total |
|---|---|---|---|
| Investments Funded | $11.7 | $15.8 | $27.5 |
| Distributions Received and Sales Proceeds | $87.3 | $20.5 | $107.9 |
| | | | |
| Net Realized Gains (Losses) | $5.9 | $9.8 | $15.7 |
| Change in Net Unrealized Appreciation (Depreciation) | $13.9 | ($8.4) | $5.5 |
| | | | |
| New Primary Commitments<br>New Direct / Co-investments | 2 | 7 | 9 |
| Amount Committed | $19.5 | $24.0 | $43.5 |
| | | | |
| New Secondary Purchases | 0 | 0 | 0 |
| Amount Committed | $0.0 | $0.0 | $0.0 |

# INVESTMENT STRATEGY AND CAPITAL DEPLOYMENT

We seek to generate attractive risk-adjusted returns by increasing our net asset value over the long term. We strive to implement our strategy by making investments into high quality private equity funds and direct / co-investments, while also maintaining a well-diversified portfolio.

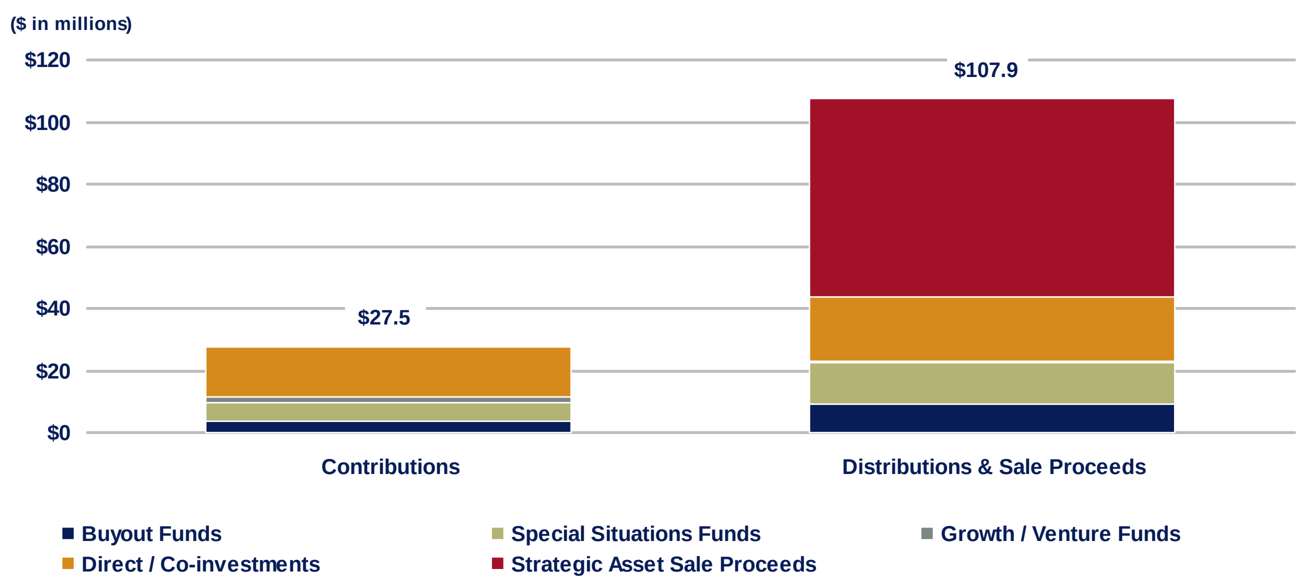
Since inception, we have tactically allocated a meaningful portion of our portfolio to the special situations asset class, including distressed funds. As a result, we have deployed over $180 million into special situations funds and direct investments since our initial global offering in July 2007. These investments provide exposure to undervalued credit securities, mezzanine debt, royalty-backed notes, financial restructurings and operational turnarounds of underperforming businesses.

As of 31 March 2011, special situations investments represented 39% of our private equity portfolio based on fair value. We continue to believe our special situations funds and direct investments are well-positioned to generate attractive risk-adjusted returns over the long term, and we believe that an attractive environment for making special situations investments will continue over the next several years.

In the near to medium-term we expect to target a higher allocation to direct private equity and yield-oriented investments in sectors that we believe are well-suited for NBPE's private equity portfolio. This investment strategy will act as an extension of our existing direct / co-investment program, and we expect new transactions to consist of equity co-investments as well as yield-oriented investments that have an appropriate risk-reward profile. In addition, we intend to make primary commitments to seasoned fund managers on an opportunistic basis, with a particular focus on capital efficient investment strategies.

Illustrated below is a summary of our capital deployment and distributions during Q1 2011. During the first quarter, our private equity portfolio generated positive net cash flow of $16.2 million (excluding the Strategic Asset Sale proceeds). In addition, we received an aggregate $64.2 million from the closing of the Strategic Asset Sale. Over the next several years, we expect the level of distributions and sale proceeds to continue to increase as our portfolio matures.

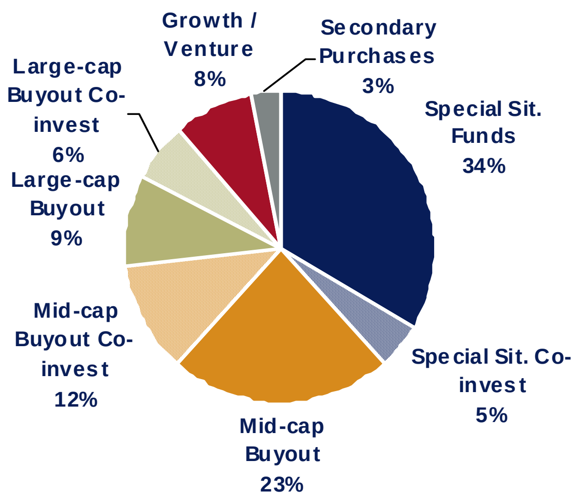
## Q1 2011 CAPITAL DEPLOYMENT & DISTRIBUTIONS



# DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE

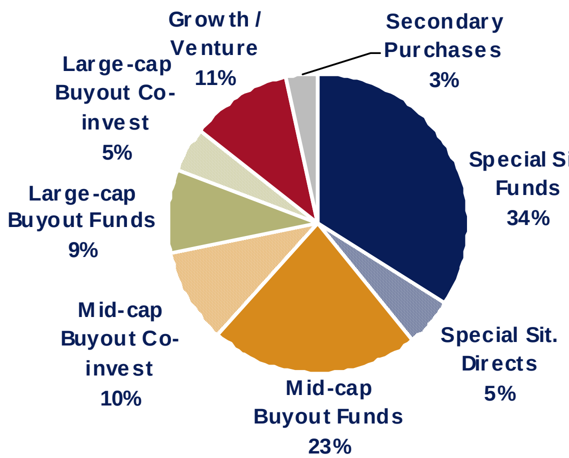
Consistent with our investment objective, we strive to manage investment risk through appropriate diversification within our private equity portfolio. The graphs below illustrate the breakdown of our private equity portfolio by asset class and investment type based on fair value, total exposure and unfunded commitments as of 31 March 2011.

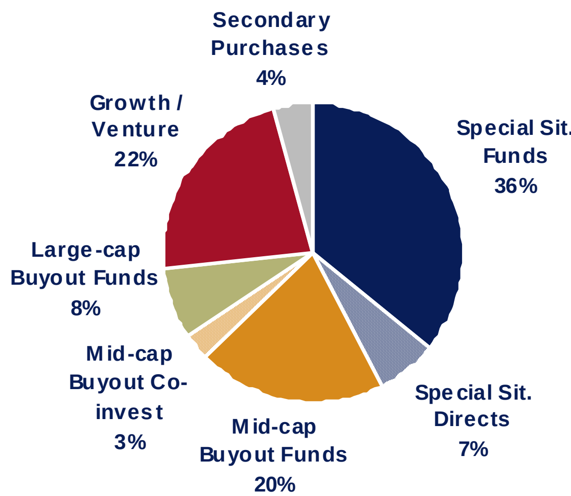
**DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE BASED ON FAIR VALUE [1]**




**DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE [1]**

| By Total Exposure | By Unfunded Commitments |
|---|---|



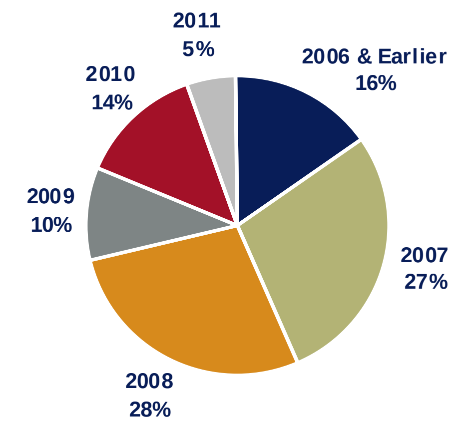




1. *The diversification analysis by asset class and investment type is based on the fair value of underlying fund investments and direct / co-investments. Determinations regarding asset class and investment type represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information.*

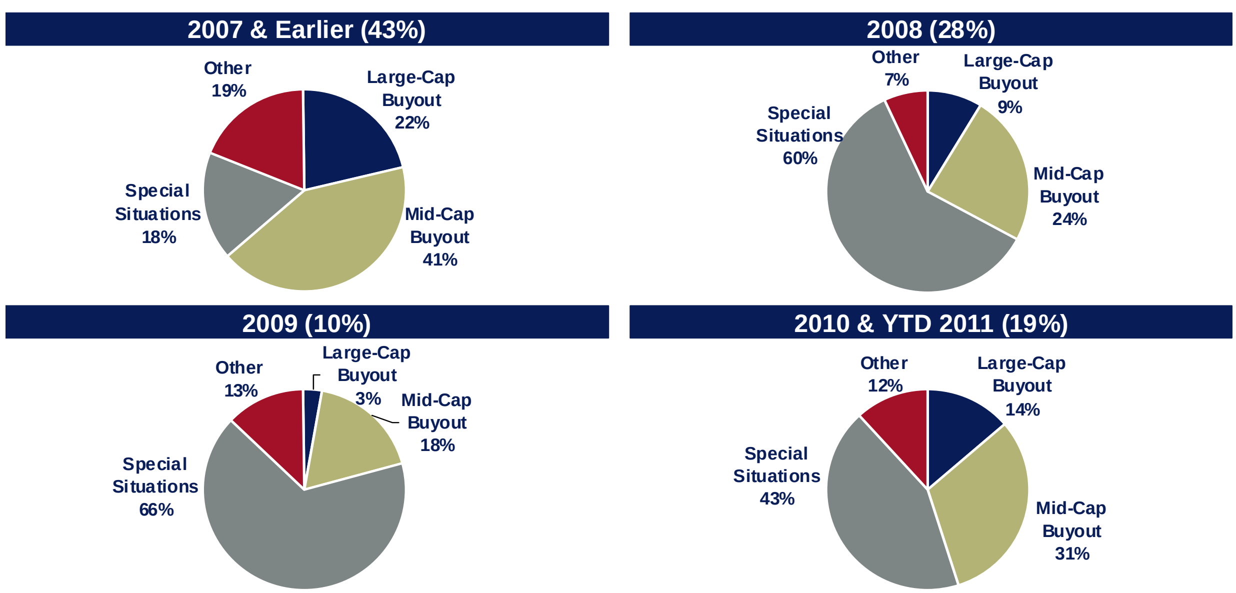
# DIVERSIFICATION BY YEAR OF INVESTMENT [1]

The graphs below illustrate the diversification of our private equity portfolio by year of investment based on fair value as of 31 March 2011. 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 diversification by vintage year on page 15 as vintage year shows when a fund was formed rather than when the capital was deployed. As illustrated below, approximately 57% of fair value at 31 March 2011 was attributable to investments made during 2008 through Q1 2011. NBPE's allocation to large-cap buyout investments has decreased over time, while the allocation to special situations and mid-cap buyout investments has increased as a result of our tactical allocation to the most attractive opportunities.

## DIVERSIFICATION BY YEAR OF INVESTMENT BASED ON FAIR VALUE




## YEAR OF INVESTMENT: DIVERSIFICATION BY ASSET CLASS BASED ON FAIR VALUE




*Note: "Other" includes NB Crossroads Fund XVII, Growth / Venture and Secondaries.*

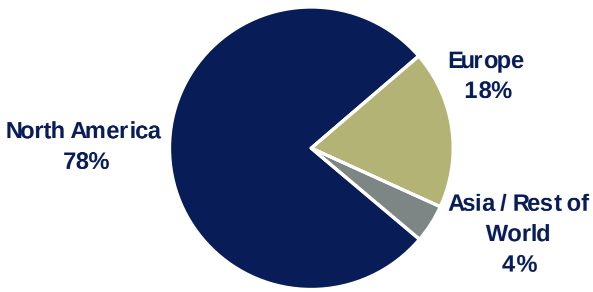
*1. Based on private equity fair value as of 31 March 2011.*

# DIVERSIFICATION BY GEOGRAPHY AND INDUSTRY

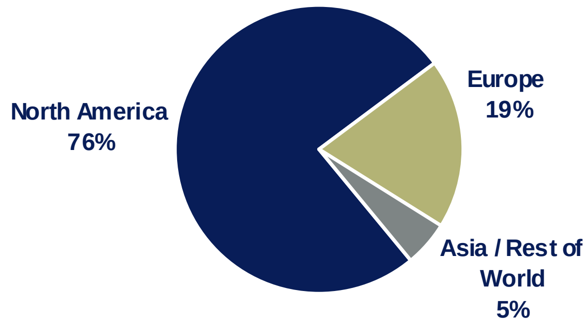
The graphs below illustrate the diversification of our private equity portfolio by geography and industry based on fair value and total exposure as of 31 March 2011.

## GEOGRAPHIC DIVERSIFICATION [1]

**By Fair Value**

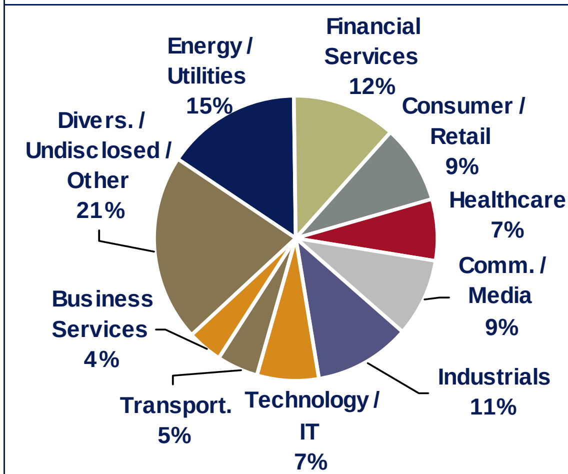



**By Total Exposure**

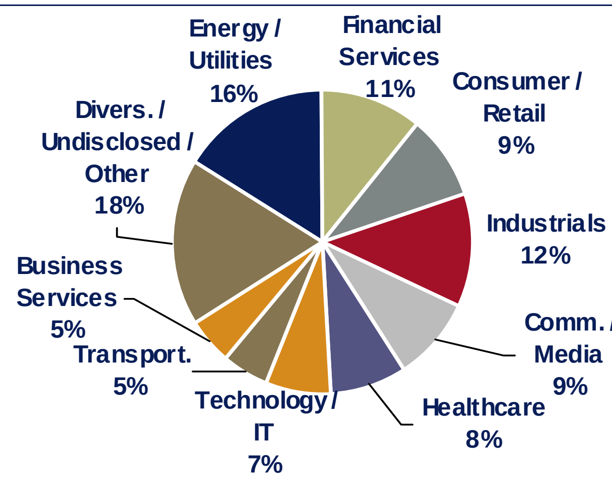



## INDUSTRY DIVERSIFICATION [1]

**By Fair Value**




**By Total Exposure**




1. *The diversification analysis by geography and industry is based on the diversification of underlying portfolio company investments at fair value. Determinations regarding geography and industry also represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information.*

# DIVERSIFICATION BY VINTAGE YEAR

The table below outlines the diversification of our private equity portfolio by vintage year and investment type based on fair value as of 31 March 2011. For the purposes of this analysis, and throughout this Interim Management Report, vintage year is defined as the date of the first portfolio investment made by a private equity fund or the date of a direct / co-investment. This diversification by vintage year should be distinguished from the diversification by year of investment, which is shown on page 13.

## DIVERSIFICATION BY VINTAGE YEAR AND INVESTMENT TYPE BASED ON FAIR VALUE [1]

| ($ in millions) | Vintage Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **<=2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **Total** |
| Special Situations Funds | $0.2 | $2.1 | $21.8 | $72.9 | $68.4 | $12.1 | $0.8 | - | $178.3 |
| Special Situations Directs | - | - | - | - | 10.4 | - | 11.5 | 3.1 | 25.0 |
| Mid-cap Buyout Funds | 10.2 | 11.9 | 60.8 | 37.8 | 2.9 | - | - | - | 123.7 |
| Mid-cap Buyout Co-invest | - | 0.7 | 8.5 | 27.8 | 3.2 | - | 17.6 | 3.9 | 61.7 |
| Large-cap Buyout Funds | 14.6 | 3.4 | 28.5 | 2.7 | - | - | - | - | 49.1 |
| Large-cap Buyout Co-invest | - | - | 5.1 | 17.2 | - | 0.1 | 1.2 | 8.7 | 32.4 |
| Growth / Venture | 3.0 | 5.8 | 11.1 | 19.7 | 1.7 | - | 3.1 | - | 44.4 |
| Secondary Purchases | 0.1 | 0.1 | 1.5 | 4.2 | 0.4 | 7.6 | 2.7 | - | 16.5 |
| **Total** | $28.1 | $24.0 | $137.3 | $182.3 | $87.0 | $19.9 | $36.9 | $15.7 | $531.1 |

| | Vintage Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **<=2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **Total** |
| Special Situations Funds | 0% | 0% | 4% | 14% | 13% | 2% | 0% | - | 34% |
| Special Situations Directs | - | - | - | - | 2% | - | 2% | 1% | 5% |
| Mid-cap Buyout Funds | 2% | 2% | 11% | 7% | 1% | - | - | - | 23% |
| Mid-cap Buyout Co-invest | - | 0% | 2% | 5% | 1% | - | 3% | 1% | 12% |
| Large-cap Buyout Funds | 3% | 1% | 5% | 0% | - | - | - | - | 9% |
| Large-cap Buyout Co-invest | - | - | 1% | 3% | - | 0% | 0% | 2% | 6% |
| Growth / Venture | 1% | 1% | 2% | 4% | 0% | - | 1% | - | 8% |
| Secondary Purchases | 0% | 0% | 0% | 1% | 0% | 1% | 1% | - | 3% |
| **Total** | 5% | 5% | 26% | 34% | 16% | 4% | 7% | 3% | 100% |

1. *Totals may not sum due to rounding.*

# PRIVATE EQUITY INVESTMENT PORTFOLIO [1]

The following is a list of our private equity fund investments as of 31 March 2011.

| ($ in millions)<br>**Fund Investments** | **Principal Geography** | **Vintage Year** | **Fair Value** | **Unfunded Commit.** | **Total Exposure** |
|---|---|---|---|---|---|
| *Special Situations* | | | | | |
| Catalyst Fund III | Canada | 2009 | $5.3 | $10.2 | $15.4 |
| Centerbridge Credit Partners | U.S. | 2008 | 33.7 | - | 33.7 |
| CVI Global Value Fund | Global | 2006 | 16.2 | 0.8 | 17.0 |
| OCM Opportunities Fund VIIb | U.S. | 2008 | 34.7 | 3.0 | 37.7 |
| Oaktree Opportunities Fund VIII | U.S. | 2009 | 6.7 | 4.0 | 10.7 |
| Platinum Equity Capital Partners II | U.S. | 2007 | 11.4 | 8.2 | 19.6 |
| Prospect Harbor Credit Partners | U.S. | 2007 | 13.3 | - | 13.3 |
| Sankaty Credit Opportunities III | U.S. | 2007 | 26.9 | - | 26.9 |
| Strategic Value Special Situations Fund | Global | 2010 | 0.8 | 0.0 | 0.8 |
| Strategic Value Global Opportunities Fund I-A | Global | 2010 | 2.0 | 0.2 | 2.3 |
| Sun Capital Partners V | U.S. | 2007 | 4.3 | 4.4 | 8.7 |
| Wayzata Opportunities Fund II | U.S. | 2007 | 14.4 | 12.7 | 27.1 |
| *Mid-cap Buyout* | | | | | |
| American Capital Equity II | U.S. | 2007 | $3.9 | $1.3 | $5.2 |
| Aquiline Financial Services Fund | U.S. | 2005 | 4.7 | 0.4 | 5.1 |
| ArcLight Energy Partners Fund IV | U.S. | 2007 | 15.2 | 4.8 | 20.0 |
| Avista Capital Partners | U.S. | 2006 | 15.7 | 1.3 | 17.1 |
| Clessidra Capital Partners | Europe | 2004 | 3.3 | 0.5 | 3.9 |
| Corsair III Financial Services Capital Partners | Global | 2007 | 7.2 | 1.7 | 8.9 |
| Highstar Capital II | U.S. | 2004 | 3.9 | 0.1 | 4.0 |
| Investitori Associati III | Europe | 2000 | 2.3 | 0.4 | 2.7 |
| Lightyear Fund II | U.S. | 2006 | 10.2 | 1.0 | 11.2 |
| OCM Principal Opportunities Fund IV | U.S. | 2006 | 21.4 | 2.0 | 23.4 |
| Trident IV | U.S. | 2007 | 4.5 | 1.1 | 5.6 |
| *Large-cap Buyout* | | | | | |
| Carlyle Europe Partners II | Europe | 2003 | $6.9 | $0.7 | $7.6 |
| Doughty Hanson & Co IV | Europe | 2003 | 5.7 | 0.2 | 5.9 |
| First Reserve Fund XI | U.S. | 2006 | 16.2 | 6.1 | 22.3 |
| J.C. Flowers II | Global | 2006 | 2.6 | 0.4 | 3.0 |
| *Growth Equity* | | | | | |
| Bertram Growth Capital I | U.S. | 2007 | $16.3 | $3.1 | $19.4 |
| Bertram Growth Capital II | U.S. | 2010 | 1.9 | 8.0 | 9.9 |
| NG Capital Partners | Peru | 2008 | - | 6.0 | 6.0 |
| Summit Partners Europe Private Equity Fund | Europe | 2010 | 1.3 | 4.7 | 6.0 |
| *Fund of Funds Investments* | | | | | |
| NB Crossroads Fund XVII | U.S. | 2002-06 | $37.8 | $5.0 | $42.8 |
| NB Crossroads Fund XVIII Large-cap Buyout | Global | 2005-10 | 11.3 | 2.5 | 13.7 |
| NB Crossroads Fund XVIII Mid-cap Buyout | Global | 2005-10 | 30.3 | 10.7 | 40.9 |
| NB Crossroads Fund XVIII Special Situations | Global | 2005-10 | 9.2 | 2.0 | 11.2 |
| NB Crossroads Fund XVIII Venture Capital | U.S. | 2006-10 | 8.9 | 2.5 | 11.4 |
| NB Fund of Funds Secondary 2009 | Global | 2009-10 | 7.4 | 2.9 | 10.3 |
| **Total Fund Investments** | | | **$417.7** | **$113.0** | **$530.6** |

1. *Totals may not sum due to rounding.*

# PRIVATE EQUITY INVESTMENT PORTFOLIO [1]

The following is a list of our direct / co-investments as of 31 March 2011.

| ($ in millions)<br>Direct / Co-investments [2] | Principal Geography | Vintage Year | Fair Value | Unfunded Commit. | Total Exposure |
|---|---|---|---|---|---|
| *Mid-cap Buyout* | | | | | |
| BakerCorp | U.S. | 2010 | | | |
| Bourland & Leverich Supply Co. LLC | U.S. | 2010 | | | |
| Dresser Holdings, Inc. | U.S. | 2007 | | | |
| Edgen Murray Corporation | U.S. | 2007 | | | |
| Fairmount Minerals, Ltd. | U.S. | 2010 | | | |
| Firth Rixson, plc | Europe | 2007-09 | | | |
| GazTransport & Technigaz S.A.S. | Europe | 2008 | | | |
| Group Ark Insurance Holdings Limited | Global | 2007 | | | |
| Kyobo Life Insurance Co., Ltd. | Asia | 2007 | | | |
| Pepcom GmbH | Europe | 2011 | | | |
| Press Ganey Associates, Inc. | U.S. | 2008 | | | |
| Salient Federal Solutions, LLC | U.S. | 2010 | | | |
| SonicWall, Inc. | U.S. | 2010 | | | |
| Swissport International AG | Europe | 2011 | | | |
| The SI Organization, Inc. | U.S. | 2010 | | | |
| TPF Genco Holdings, LLC | U.S. | 2006 | | | |
| Unión Radio | Global | N/A | | | |
| *Large-cap Buyout* | | | | | |
| Avaya, Inc. | U.S. | 2007 | | | |
| CommScope, Inc. | U.S. | 2011 | | | |
| Energy Future Holdings Corp. | U.S. | 2007 | | | |
| First Data Corporation | U.S. | 2007 | | | |
| Freescale Semiconductor, Inc. | U.S. | 2006 | | | |
| J.Crew Group, Inc. | U.S. | 2011 | | | |
| Sabre Holdings Corporation | U.S. | 2007 | | | |
| Syniverse Technologies, Inc. | U.S. | 2011 | | | |
| Univar Inc. | Global | 2010 | | | |
| *Special Situations* | | | | | |
| Firth Rixson, plc (Mezzanine Debt) | Europe | 2008 | | | |
| Royalty Notes (HIV Medication) | Global | 2010 | | | |
| Royalty Notes (Hormone Therapy) | Global | 2011 | | | |
| Royalty Notes (Neuropathic Pain) | Global | 2011 | | | |
| SonicWall, Inc. (Second Lien Debt) | U.S. | 2010 | | | |
| Suddenlink Communications (PIK Preferred) | U.S. | 2010 | | | |
| *Growth Equity* | | | | | |
| Seventh Generation, Inc. | U.S. | 2008 | | | |
| **Total Direct / Co-investments** | | | **$113.5** | **$12.2** | **$125.7** |
| **Total Private Equity Investment Portfolio** | | | **$531.1** | **$125.2** | **$656.3** |

1. *Totals may not sum due to rounding.*
2. *Direct / co-investment values are disclosed on an aggregate-only basis. No single direct / co-investment comprises more than 3.5% of total net asset value.*

# NEW INVESTMENTS

During the first quarter of 2011, we committed an aggregate $43.5 million to the following private equity investments:

## Royalty Notes

**Special Situations Direct Investment**

In January 2011, we completed a direct investment in royalty notes backed by the global sales of a leading neuropathic pain medication that is marketed globally by a premier pharmaceutical company. The notes in which NBPE invested pay interest at a rate of 11%.

## Royalty Notes

**Special Situations Direct Investment**

In January 2011, we committed to a direct investment in royalty backed notes that are collateralized by the sale of a testosterone gel used for hormone replacement therapy. The notes in which NBPE invested pay interest at a rate of LIBOR plus 16% (with a 1% LIBOR floor) and were issued at an original issue discount of 2.3%. The investment was funded in April 2011.

## CommScope

**Large-cap Buyout Co-investment**

In February 2011, we invested in a buyout co-investment alongside The Carlyle Group in CommScope, Inc., a global leader in infrastructure solutions for communications networks.

## Swissport International

**Mid-cap Buyout Co-investment**

In February 2011, we invested in a buyout co-investment alongside PAI Partners and Neuberger Berman's Co-investment Fund in Swissport International AG, a world-wide leader in ground handling services, providing ramp services, passenger services, and cargo services to more than 650 airlines.

## Syniverse Technologies

**Large-cap Buyout Co-investment**

In February 2011, we invested in a buyout co-investment alongside The Carlyle Group in Syniverse Technologies, Inc., a leading provider of technology and business solutions for the global telecommunications industry.

## Pepcom

**Mid-cap Buyout Co-investment**

In March 2011, we invested in a buyout co-investment alongside STAR Capital Partners and Neuberger Berman's Co-investment Fund in Pepcom GmbH.  Pepcom is Germany's 6th largest cable operator with more than 630,000 subscribers of video, broadband and voice services.

## J.Crew Group

**Large-cap Buyout Co-investment**

In March 2011, we invested in a buyout co-investment alongside TPG Capital, Leonard Green & Partners and Neuberger Berman's Co-investment Fund in J.Crew Group, Inc. J.Crew is a leading specialty retailer of women's, men's and children's apparel, shoes and accessories. The company sells its products in retail and outlet stores nationwide as well as online and through a catalog business.

# NEW INVESTMENTS

## Catalyst Fund III

**Special Situations Fund Investment**

In March 2011, we committed $13.5 million to Catalyst Fund III, a special situations fund that focuses on control and/or influence investments in distressed and undervalued Canadian situations.

## NG Capital Partners I

**Growth Equity Fund Investment**

In March 2011, we committed $6.0 million to NG Capital Partners I, a growth equity fund that focuses on investing in Peruvian companies in industries with high growth potential.

# VALUATION METHODOLOGY

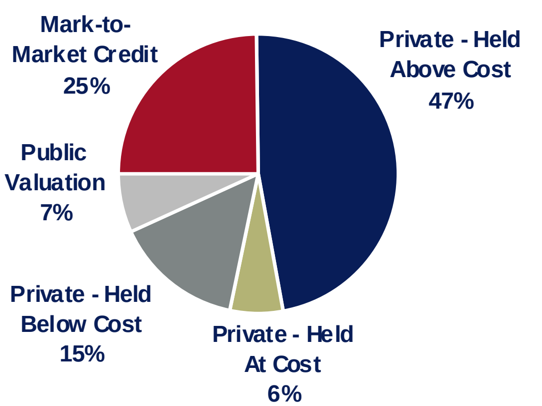
We carry our private equity investments on our books at fair value using the best information we have reasonably available to determine or estimate fair value. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions 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.

Our NAV per Share of $10.72 as of 31 March 2011 was $0.18 higher than previously reported in our March 2011 Monthly Report principally due to the receipt of additional portfolio valuation information. Between the release date of our March 2011 Monthly Report and the release date of this Interim Management Report, our Investment Manager received first quarter 2011 financial statements and other valuation estimates that resulted in net unrealized gains within our private equity portfolio.

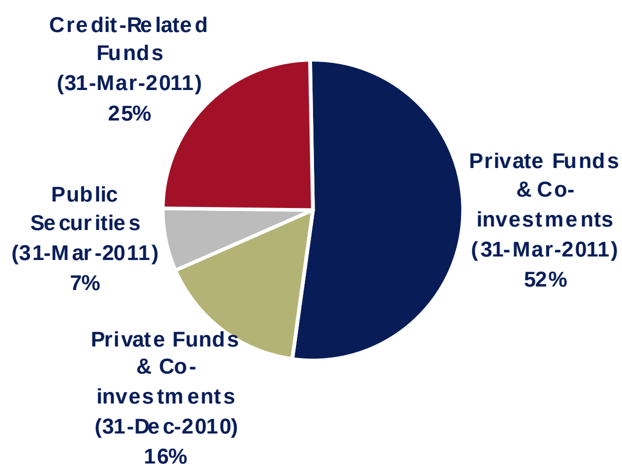
The graphs below illustrate the diversification of our private equity investments by valuation type and the date of most recent available information as of 31 March 2011.

## VALUATION METHODOLOGY

### Fair Value by Valuation Type




### Fair Value by Date of Most Recent Available Information



# PERFORMANCE BY ASSET CLASS

Based on the multiple of total value to paid-in capital ("TVPI") since inception, our private equity portfolio increased in fair value by approximately 3.8% from 1.05x at 31 December 2010 to 1.09x at 31 March 2011.

The increase in value during the first quarter was driven by realized and unrealized gains across the portfolio, including an increase of approximately 4.3% in the special situations portfolio from 1.17x at 31 December 2010 to 1.22x at 31 March 2011. This positive performance was largely attributable to higher mark-to-market valuations and realizations within the trading and restructuring funds in our special situations portfolio.

The value of the mid-cap buyout portfolio increased by approximately 4.3% to 1.21x due to net unrealized gains related to fund investments and co-investments.

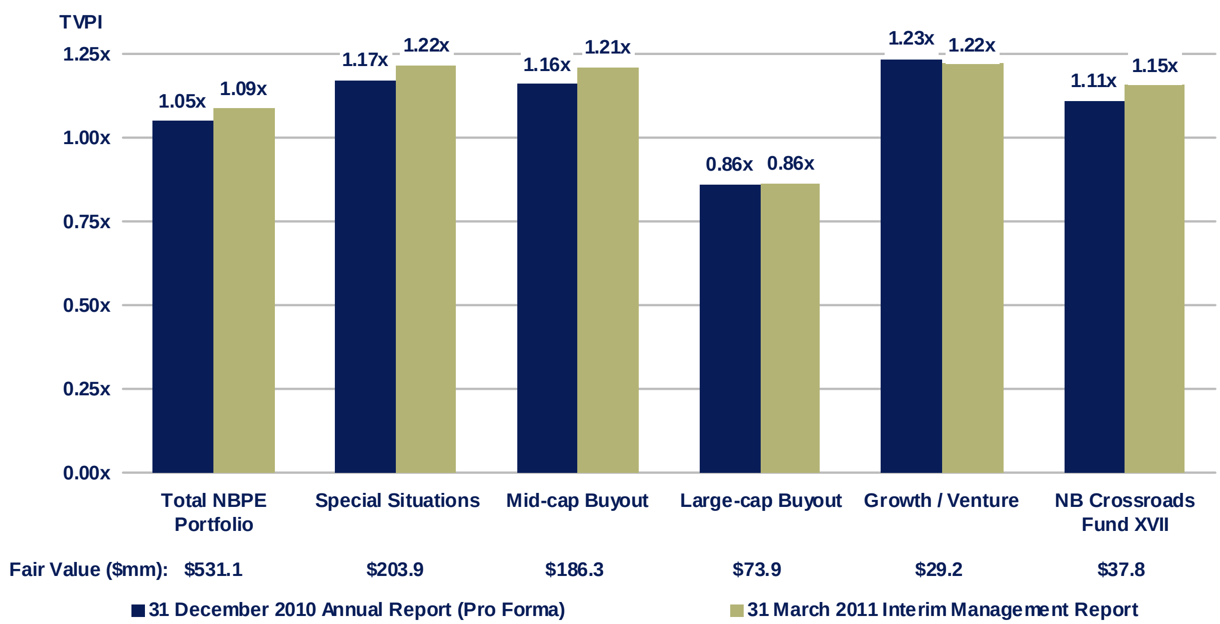
The valuation of the large-cap buyout portfolio was flat during the first quarter. However, it is important to note that a significant portion of the large-cap buyout fund portfolio was sold in Q4 2010 and Q1 2011 through the Strategic Asset Sale.

Valuations in the growth / venture portfolio were up modestly during the quarter; however, the funding of capital calls resulted in a slight decrease in the overall TVPI multiple.

In addition, our investment in NB Crossroads Fund XVII, a diversified fund of funds portfolio, increased in total value by approximately 3.6% during the first quarter.

The graph below illustrates a summary of our portfolio performance since inception by asset class as of 31 March 2011.

## YTD 2011 PORTFOLIO PERFORMANCE BY ASSET CLASS




*Note: Totals may not sum due to rounding.*

# PORTFOLIO INVESTMENT PERFORMANCE

The table below outlines the performance of our unrealized underlying investments by asset class and valuation range as of 31 March 2011. The following analysis totals approximately $488.8 million in fair value, or 92% of private equity fair value, and is based on the most recent information available at the underlying company level. Across the portfolio, 77% of unrealized fair value and 59% of unrealized cost basis was held at or above cost on a company by company basis as of 31 March 2011.

## AGGREGATE PORTFOLIO COMPANY ANALYSIS BY ASSET CLASS AND VALUATION RANGE [1]

| Total Unrealized Portfolio<br>Multiple Range | 31-Mar-11<br>% of Cost | 31-Mar-11<br>% of Value |
|---|---|---|
| 2.0x + | 6% | 17% |
| 1.0x - 2.0x | 45% | 52% |
| Held at Cost | 8% | 8% |
| 0.5x - 1.0x | 27% | 20% |
| 0.25x - 0.5x | 9% | 3% |
| < 0.25x | 5% | 0% |
| **Total Unrealized ($m)** | **$435.6** | **$488.8** |

| Special Situations<br>Multiple Range | 31-Mar-11<br>% of Cost | 31-Mar-11<br>% of Value |
|---|---|---|
| 2.0x + | 1% | 3% |
| 1.0x - 2.0x | 59% | 65% |
| Held at Cost | 2% | 2% |
| 0.5x - 1.0x | 36% | 29% |
| 0.25x - 0.5x | 2% | 1% |
| < 0.25x | 0% | 0% |
| **Total Unrealized ($m)** | **$155.8** | **$167.8** |

| Mid-cap Buyout<br>Multiple Range | 31-Mar-11<br>% of Cost | 31-Mar-11<br>% of Value |
|---|---|---|
| 2.0x + | 8% | 21% |
| 1.0x - 2.0x | 47% | 53% |
| Held at Cost | 13% | 11% |
| 0.5x - 1.0x | 20% | 13% |
| 0.25x - 0.5x | 9% | 3% |
| < 0.25x | 3% | 0% |
| **Total Unrealized ($m)** | **$150.2** | **$185.0** |

| Large-cap Buyout<br>Multiple Range | 31-Mar-11<br>% of Cost | 31-Mar-11<br>% of Value |
|---|---|---|
| 2.0x + | 6% | 20% |
| 1.0x - 2.0x | 26% | 37% |
| Held at Cost | 8% | 8% |
| 0.5x - 1.0x | 27% | 24% |
| 0.25x - 0.5x | 20% | 9% |
| < 0.25x | 13% | 1% |
| **Total Unrealized ($m)** | **$99.2** | **$91.5** |

| Growth / Venture<br>Multiple Range | 31-Mar-11<br>% of Cost | 31-Mar-11<br>% of Value |
|---|---|---|
| 2.0x + | 25% | 49% |
| 1.0x - 2.0x | 28% | 27% |
| Held at Cost | 18% | 13% |
| 0.5x - 1.0x | 16% | 8% |
| 0.25x - 0.5x | 8% | 2% |
| < 0.25x | 5% | 0% |
| **Total Unrealized ($m)** | **$30.4** | **$44.5** |

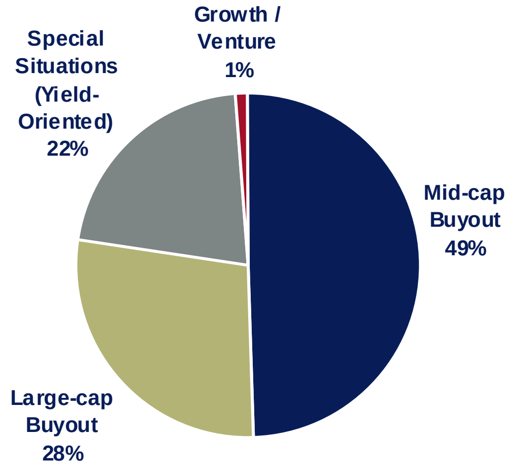
1. *Assets not included consist primarily of cash held by underlying private equity funds and investments not yet identified.*

# DIRECT / CO-INVESTMENT PORTFOLIO SUMMARY

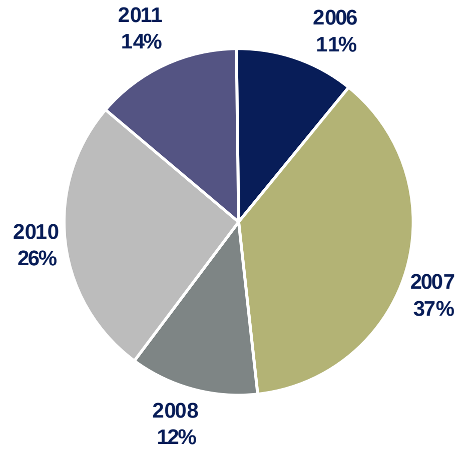
Our direct / co-investment portfolio consisted of 33 distinct investments as of 31 March 2011. Illustrated below is the diversification of our direct / co-investment portfolio by asset class and year of investment based on fair value.

## DIRECT / CO-INVESTMENT PORTFOLIO OVERVIEW

**Fair Value by Asset Class**




**Fair Value by Year of Investment**



# DIRECT / CO-INVESTMENT PORTFOLIO SUMMARY

Listed below is a description of the unrealized companies in our direct / co-investment portfolio as of 31 March 2011.

| Company Name | Asset Class | Business Description |
|---|---|---|
| Avaya, Inc. | Large-cap Buyout | Provider of communication systems, applications and services for enterprises, including businesses, government agencies and other organizations |
| BakerCorp | Mid-cap Buyout | Leasing and rental provider of liquid and solid containment, pumping, filtration and shoring equipment |
| Bourland & Leverich Supply Co. LLC | Mid-cap Buyout | Distributor of oil country tubular goods to the domestic oil and gas industry |
| CommScope, Inc. | Large-cap Buyout | Global provider of infrastructure solutions for communications networks |
| Dresser Holdings, Inc. | Mid-cap Buyout | Global manufacturer and marketer of highly engineered energy infrastructure and oilfield equipment for mission-critical applications |
| Edgen Murray Corporation | Mid-cap Buyout | Global distributor and marketer of high performance steel and alloy products used primarily in energy infrastructure applications |
| Energy Future Holdings Corp. | Large-cap Buyout | Energy company that manages a portfolio of competitive and regulated energy businesses located in Texas, including unregulated power generation, retail electric supply, and regulated electric utilities |
| Fairmount Minerals, Ltd. | Mid-cap Buyout | Producer of high purity sand for a broad range of industrial applications, including sand-based proppants for the oil and gas industry |
| First Data Corporation | Large-cap Buyout | Provider of electronic commerce and payment solutions for merchants, financial institutions, and card issuers globally, with operations in 36 countries, serving over 6 million merchant locations and thousands of card issuers |
| Firth Rixson, plc | Mid-cap Buyout / Special Situations | Supplier of highly engineered rings, forgings and specialist metal products primarily to global aerospace engine manufacturers |
| Freescale Semiconductor, Inc. | Large-cap Buyout | Designer and manufacturer of semiconductors for a variety of end-markets including the automotive, consumer, industrial, networking and wireless industries |
| GazTransport & Technigaz S.A.S. | Mid-cap Buyout | Designer and installer of cryogenic containment systems for liquefied natural gas carriers |
| Group Ark Insurance Holdings Limited | Mid-cap Buyout | Lloyd's market underwriter of a geographically diverse book of global specialty insurance and reinsurance risks |
| J.Crew Group, Inc. | Large-cap Buyout | Specialty retailer of women's, men's and children's apparel, shoes and accessories |
| Kyobo Life Insurance Co., Ltd. | Mid-cap Buyout | Life insurance company based in Korea that offers a broad range of savings and protection products targeted at middle- and upper-income consumers |
| Pepcom GmbH | Mid-cap Buyout | Germany's 6th largest cable operator with more than 630,000 subscribers of video, broadband and voice services |

# DIRECT / CO-INVESTMENT PORTFOLIO SUMMARY

Listed below is a description of the unrealized companies in our direct / co-investment portfolio as of 31 March 2011.

| Company Name | Asset Class | Business Description |
|---|---|---|
| Press Ganey Associates, Inc. | Mid-cap Buyout | Provider of patient satisfaction measurement and quality and performance improvement solutions to healthcare institutions |
| Royalty Notes (HIV Medication) | Special Situations | Royalty notes backed by the worldwide sales of a leading HIV medication that is marketed globally by a premier pharmaceutical company |
| Royalty Notes (Hormone Therapy) | Special Situations | Royalty notes that are collateralized by the sale of a testosterone gel used for hormone replacement therapy |
| Royalty Notes (Neuropathic Pain) | Special Situations | Royalty notes backed by the worldwide sales of a leading neuropathic pain medication that is marketed globally by a premier pharmaceutical company |
| Sabre Holdings Corporation | Large-cap Buyout | World leader in travel commerce, providing a broad portfolio of transaction processing, distribution, and technology solutions to the global travel industry |
| Salient Federal Solutions, LLC | Mid-cap Buyout | Provider of technology and engineering services to government agencies, primarily within the intelligence community and the Department of Defense |
| Seventh Generation, Inc. | Growth / Venture | Manufacturer of authentic, safe, and environmentally-responsible household products for a healthy home |
| SonicWall, Inc. | Mid-cap Buyout / Special Situations | Developer of advanced intelligent network security and data protection solutions for small and large enterprises worldwide |
| Suddenlink Communications | Special Situations | Provider of cable broadband solutions for residential and commercial customers in the United States |
| The SI Organization, Inc. | Mid-cap Buyout | Provider of high-end systems engineering and integration solutions and modeling, simulation, analysis and risk mitigation services to the U.S. Intelligence Community |
| Swissport International AG | Mid-cap Buyout | Worldwide leader in ground handling services, providing ramp services, passenger services, and cargo services to more than 650 airlines |
| Syniverse Technologies, Inc. | Large-cap Buyout | Provider of technology and business solutions for the global telecommunications industry |
| TPF Genco Holdings, LLC | Mid-cap Buyout | Five natural gas-fired power plants located in California, Texas, Illinois, Virginia and West Virginia, representing 2,480 megawatts of generating capacity |
| Univar Inc. | Large-cap Buyout | Global distributor and marketer of commodity and specialty chemicals to a broad array of end markets |

## DIRECT / CO-INVESTMENT PORTFOLIO SUMMARY

Since inception, our direct / co-investment portfolio has generated a 1.10x TVPI multiple as of 31 March 2011. In aggregate, the valuation of our direct / co-investment portfolio increased by approximately 1.8% during the first quarter of 2011, driven by improved operating performance and generally higher comparable public market valuations.

The table below outlines the performance of our direct / co-investment portfolio from inception through 31 March 2011 by asset class and current valuation range. The number of investments and the TVPI multiples are based on all realized and unrealized direct / co-investments, while the current fair values are based on unrealized direct / co-investments as of 31 March 2011.

### DIRECT / CO-INVESTMENT PERFORMANCE BY ASSET CLASS & VALUATION RANGE

| ($ in millions) Asset Class | # of Direct / Co-investments | Realized Proceeds | 31-Mar-2011 Fair Value | Total Value to Paid-in Capital | % of Fair Value |
|---|---|---|---|---|---|
| Mid-cap Buyout & Growth Equity | 21 | $45.0 | $57.3 | 1.31x | 50.5% |
| Large-cap Buyout | 9 | 2.2 | 31.2 | 0.71x | 27.5% |
| Special Situations | 6 | 4.6 | 25.0 | 1.14x | 22.0% |
| **Total Direct / Co-investments** | **36** | **$51.9** | **$113.5** | **1.10x** | **100.0%** |

| ($ in millions) Multiple Range | # of Direct / Co-investments | Realized Proceeds | 31-Mar-2011 Fair Value | Total Value to Paid-in Capital | % of Fair Value |
|---|---|---|---|---|---|
| Greater than 2.0x | 5 | $18.1 | $10.9 | 2.84x | 9.6% |
| 1.0x to 2.0x | 17 | 21.0 | 71.2 | 1.23x | 62.7% |
| 0.5x to 1.0x | 8 | 12.7 | 22.2 | 0.92x | 19.5% |
| Less than 0.5x | 6 | 0.1 | 9.2 | 0.33x | 8.1% |
| **Total Direct / Co-investments** | **36** | **$51.9** | **$113.5** | **1.10x** | **100.0%** |

# LARGEST UNDERLYING INVESTMENTS

As of 31 March 2011, our direct fund and co-investment portfolio had exposure to approximately 600 underlying companies. Including NB Crossroads Fund XVII and Fund XVIII, our private equity portfolio had exposure to over 2,900 underlying companies, with our allocable portion of approximately 500 companies valued at greater than $100,000. Our 10 largest portfolio company investments totaled approximately $78.9 million in fair value, or 15% of private equity fair value. Our 20 largest portfolio company investments totaled approximately $117.0 million in fair value, or 22% of fair value. No individual company accounted for more than 3.5% of total NAV as of 31 March 2011. Listed below are the 20 largest underlying investments in alphabetical order.

| Company Name | Status | Asset Class | Partnership(s) |
|---|---|---|---|
| Author Solutions | Private | Growth / Venture | Bertram Growth Capital I, Fund XVIII |
| Avaya | Private | Large-cap Buyout | Co-investment, Fund XVIII |
| Bourland & Leverich Supply Co. | Private | Mid-cap Buyout | Co-investment, Fund XVII, Fund XVIII |
| Claire's Stores (Debt) | Private | Special Situations | OCM Principal Opps IV |
| Clear Channel Communications (Debt) | Private | Special Situations | Oaktree Opps VIII, OCM Opps VIIb, Fund XVIII |
| Cobalt International Energy | Public | Large-cap Buyout | First Reserve XI, Fund XVII |
| Edgen Murray | Private | Mid-cap Buyout | Co-investment, Fund XVII, Fund XVIII |
| Energy Future Holdings (Debt) | Private | Special Situations | Oaktree Opps VIII, OCM Opps VIIb, Fund XVIII |
| Firth Rixson (Mezzanine Debt) | Private | Special Situations | Direct Investment |
| Freescale Semiconductor | Private | Large-cap Buyout | Co-investment, Carlyle Europe II, Fund XVII, Fund XVIII |
| Group Ark Insurance | Private | Mid-cap Buyout | Co-investment, Aquiline, Fund XVIII |
| Harrah's / Caesars Entertainment (Debt) | Private | Special Situations | Oaktree Opps VIII, OCM Opps VIIb, Fund XVIII |
| Kyobo Life Insurance | Private | Mid-cap Buyout | Co-investment, Corsair III, Fund XVIII |
| Lantheus Medical Imaging | Private | Mid-cap Buyout | Avista Capital Partners, Fund XVIII |
| Power Distribution | Private | Growth / Venture | Bertram Growth Capital I, Fund XVIII |
| Sabre | Private | Large-cap Buyout | Co-investment, Fund XVII, Fund XVIII |
| SonicWall (Second Lien Debt) | Private | Special Situations | Direct Investment |
| Terra-Gen Power | Private | Mid-cap Buyout | ArcLight Energy Partners IV, Fund XVIII |
| The SI Organization | Private | Mid-cap Buyout | Co-investment, Fund XVIII |
| TPF Genco | Private | Mid-cap Buyout | Co-investment, Fund XVII, Fund XVIII |

As of 31 March 2011, approximately $34 million of our private equity portfolio was comprised of investments directly or indirectly in publicly-traded securities. This amount represented approximately 7% of private equity fair value.

# BUYOUT PORTFOLIO ANALYSIS

Listed below is a description of the 50 largest buyout investments as of 31 March 2011.

| Company Name | Business Description |
|---|---|
| Advance Pierre Foods | Supplier of value-added protein and handheld convenience products to the foodservice, school, retail, club, vending, and convenience store markets |
| AL Gulf Coast Terminals | Largest provider of crude and residual fuel oil storage in the Gulf of Mexico with over 13 million barrels of storage capacity and an additional 540,000 barrels of storage capacity currently under construction |
| Antares | Lloyd's syndicate that underwrites a globally-diversified portfolio of specialty insurance and reinsurance business including property, casualty, marine, and aviation |
| Avaya | Provider of communication systems, applications and services for enterprises, including businesses, government agencies and other organizations |
| BakerCorp | Leasing and rental provider of liquid and solid containment, pumping, filtration and shoring equipment |
| Balta Industries | European manufacturer of wall-to-wall carpets and a global leader in the manufacture of area rugs |
| Bourland & Leverich Supply Co. | Distributor of oil country tubular goods to the domestic oil and gas industry |
| Buckeye Partners | Publicly traded partnership that owns and operates one of the largest independent refined petroleum products pipeline systems in the U.S. in terms of volumes delivered, with 5,400 miles of pipeline |
| Cetera Financial Group | Independent broker-dealer comprised of three distinct broker-dealers, serving approximately 5,000 financial advisors throughout the U.S. and with over $70 billion of assets under administration |
| CHC Helicopter | Largest global commercial helicopter operator, providing helicopter transportation services primarily to the offshore oil and gas industry for exploration and production |
| Cobalt International Energy | Independent global exploration and production company with a portfolio in the deepwater U.S. Gulf of Mexico and offshore West Africa |
| Com Hem | Largest cable television operator in Sweden, providing analog and digital television, broadband Internet and telephony services to landlords and residential customers |
| CommScope, Inc. | Global provider of infrastructure solutions for communications networks |
| Community & Southern Bank | Commercial bank offering products and services in Georgia |
| Edgen Murray | Global distributor and marketer of high performance steel and alloy products used primarily in energy infrastructure applications |
| EXCO Resources | Natural gas and oil company engaged in the exploration, exploitation, development and production of North American onshore natural gas and oil properties |
| Fairmount Minerals | Producer of high purity sand for a broad range of industrial applications, including sand-based proppants for the oil and gas industry |
| Firth Rixson | Supplier of highly engineered rings, forgings and specialist metal products primarily to global aerospace engine manufacturers |
| Flagstone Reinsurance | Global reinsurance and insurance company that focuses on specialty, property, property catastrophe and short-tail casualty reinsurance and insurance |
| FR Midstream Holdings, LLC | Portfolio of private placement investments in MLPs with strong long-term growth fundamentals |
| Freescale Semiconductor | Designer and manufacturer of semiconductors for a variety of end-markets including the automotive, consumer, industrial, networking and wireless industries |
| Fu Sheng Industrial Co. Ltd | Manufacturer and distributor of industrial air compressors and golf club heads in China and internationally |
| GenPower Holdings, L.P. | Joint venture focused on developing, constructing, acquiring, and operating power plants in the United States |
| Geokinetics, Inc. | Global provider of seismic data acquisition services in land, marsh and swamp (transition zone), and shallow water environments to the oil and natural gas industry |
| Group Ark Insurance | Lloyd's market underwriter of a geographically diverse book of global specialty insurance and reinsurance risks |

# BUYOUT PORTFOLIO ANALYSIS

Listed below is a description of the 50 largest buyout investments as of 31 March 2011 (continued from previous page).

| Company Name | Business Description |
|---|---|
| HellermannTyton | Global manufacturer and distributor of high-performance cable management products, with operations in 34 countries and 11 production facilities in nine countries |
| Higher One | Provider of electronic refund management services and other financial services to universities and their students in the United States |
| J.Crew Group, Inc. | Specialty retailer of women's, men's and children's apparel, shoes and accessories |
| Kyobo Life Insurance | Life insurance company based in Korea that offers a broad range of savings and protection products targeted at middle- and upper-income consumers |
| Lantheus Medical Imaging | Supplier of radiopharmaceuticals and contrast agents for nuclear and ultrasound-based cardiovascular diagnostic imaging procedures |
| Navilyst Medical | Manufacturer and distributor of single use fluid management and venous access medical devices |
| NFR Energy | North American onshore exploration and production company acquiring producing gas properties and developing the Haynesville gas shale |
| Nielsen | Global information and media company providing essential marketing information analytics and industry expertise to customers around the world |
| Nycomed | Mid-sized pharmaceutical company focused on the sale of branded prescription and over-the-counter drugs in the Nordic, continental Europe, and CIS regions |
| OneWest Bank | Regional savings and loan bank based in Southern California (formerly known as IndyMac Federal Bank FSB) |
| Pepcom GmbH | Germany's 6th largest cable operator with more than 630,000 subscribers of video, broadband and voice services |
| Press Ganey Associates | Provider of patient satisfaction measurement and quality and performance improvement solutions to healthcare institutions |
| Sabre | World leader in travel commerce, providing a broad portfolio of transaction processing, distribution, and technology solutions to the global travel industry |
| Star Atlantic Waste Holdings | Vertically integrated waste management companies along the East Coast of the U.S., owning and/or operating 10 landfills, one greenfield landfill, 18 transfer stations, and numerous collection operations |
| Stock Spirits | One of the fastest growing spirits companies in Europe and the owner of many of Central Europe's premier drinks brands |
| Swissport International AG | Worldwide leader in ground handling services, providing ramp services, passenger services, and cargo services to more than 650 airlines |
| Syniverse Technologies, Inc. | Provider of technology and business solutions for the global telecommunications industry |
| Terra-Gen Power | Renewable energy company focused on owning, operating, and developing utility-scale wind, geothermal, and solar generation, with 831 megawatts in 21 operating renewable energy projects |
| The SI Organization | Provider of high-end systems engineering and integration solutions and modeling, simulation, analysis and risk mitigation services to the U.S. Intelligence Community |
| Torus Insurance | Energy-focused insurance vehicle underwriting large, complex technical lines worldwide |
| TPF Genco | Five natural gas-fired power plants located in California, Texas, Illinois, Virginia and West Virginia, representing 2,480 megawatts of generating capacity |
| Tumi | High-end luggage and business accessory brand, designing and marketing its products to professionals and brand-conscious frequent travelers |
| Univar Inc. | Global distributor and marketer of commodity and specialty chemicals to a broad array of end markets |
| Validus | Provider of reinsurance and insurance, conducting its operations worldwide through two wholly-owned subsidiaries, Validus Reinsurance, Ltd. and Talbot Holdings Ltd. |
| WideOpenWest | Cable company in the United States with over 1.4 million homes passed and over 350,000 subscribers, providing cable television, high-speed data and digital telephony services |

# SPECIAL SITUATIONS PORTFOLIO ANALYSIS

Listed below is a description of the 25 largest special situations investments as of 31 March 2011.

| Company Name | Business Description |
|---|---|
| 3B The Fibreglass Company | European manufacturer and seller of glass fiber composite material solutions for the automotive, wind energy, electrical, electronic, and construction markets |
| Aleris International | Production of aluminum rolled and extruded products as well as aluminum recycling and the production of specification alloys |
| Caesars Entertainment Corp. | Diversified gaming company that provides casino entertainment principally in the United States and England |
| Claire's Stores | Specialty retailer of fashion accessories and jewelry for kids, teenagers, and young women |
| Clear Channel Communications | Diversified media company that provides mobile and on-demand entertainment and information services, including radio broadcasting and outdoor advertising services |
| Delphi Holdings | Global supplier of electronics and technologies for automotive, commercial vehicle and other market segments |
| Delta Air Lines | Provider of scheduled air transportation for passengers and cargo in the United States and internationally |
| Energy Future Holdings | Energy company that manages a portfolio of competitive and regulated energy businesses located in Texas, including unregulated power generation, retail electric supply, and regulated electric utilities |
| Firth Rixson | Supplier of highly engineered rings, forgings and specialist metal products primarily to global aerospace engine manufacturers |
| Freescale Semiconductor | Designer and manufacturer of semiconductors for a variety of end-markets including the automotive, consumer, industrial, networking and wireless industries |
| Grede Foundries | Designer and manufacturer of cast, machined, and assembled metal components for transportation and industrial markets |
| HD Supply | Industrial distributor in North America serving over 500,000 professional customers, including contractors, government entities, maintenance professionals, home builders and industrial businesses |
| Intrawest | Developer and manager of mountain and beach destination resorts in North America and Europe |
| KEMET Corporation | Manufacturer of capacitors used in a broad range of electronics |
| LyondellBasell | One of the world's largest plastics, chemical and refining companies |
| MGM Resorts International | Owner and operater of casino resorts in the United States |
| Neff | Provider of construction and industrial equipment rental services in the United States |
| Owens Corning | Global producer of residential and commercial building materials, glass fiber reinforcements, and engineered materials for composite systems |
| ProSiebenSat | Media company in Europe that primarily operates as a free TV broadcaster with 26 TV stations and 22 radio networks in 14 countries |
| Royalty Notes (HIV Medication) | Royalty notes backed by the worldwide sales of a leading HIV medication that is marketed globally by a premier pharmaceutical company |
| Royalty Notes (Neuropathic Pain) | Royalty notes backed by the worldwide sales of a leading neuropathic pain medication that is marketed globally by a premier pharmaceutical company |
| Ryerson | Distributor and processor of metals for a broad geographic market with service centers in North America and China |
| SonicWALL | Developer of advanced intelligent network security and data protection solutions for small and large enterprises worldwide |
| Suddenlink Communications | Provider of cable broadband solutions for residential and commercial customers in the United States |
| Tribune Company | Media company that engages in publishing, interactive, and broadcasting businesses in the U.S. |

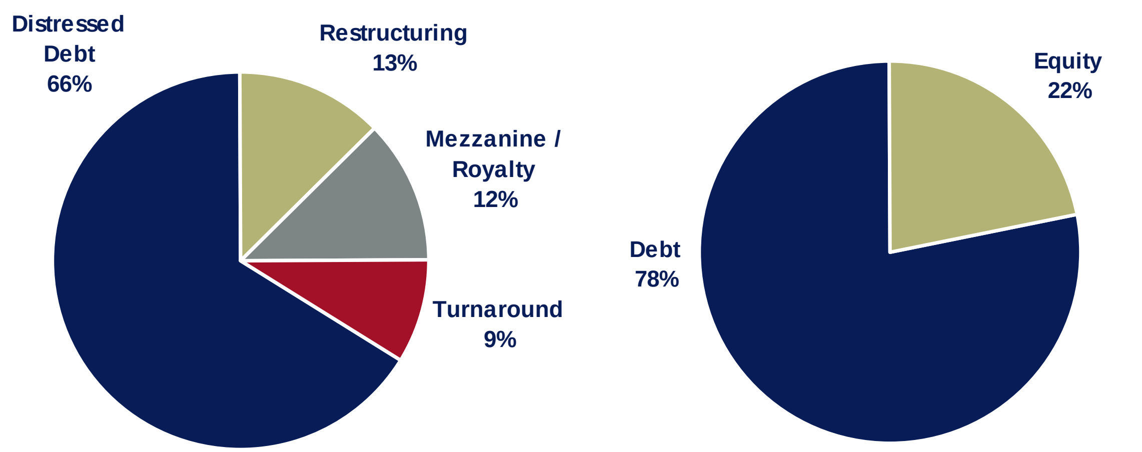
# SPECIAL SITUATIONS PORTFOLIO ANALYSIS

The fair value of our special situations portfolio was approximately $204 million as of 31 March 2011, or 39% of private equity fair value. Within this 39% of the portfolio, 29% of total private equity fair value was held in direct yield-oriented investments or credit related funds that provide a monthly estimate of the mark-to-market fair value of their debt investments.

Our special situations portfolio consists of a combination of distressed debt, restructuring, turnaround, mezzanine, and royalty strategies. At quarter end, the special situations portfolio was primarily comprised of debt securities, but over time we expect the equity component to increase as restructuring activity progresses.

## SPECIAL SITUATIONS PORTFOLIO OVERVIEW [1]

| Strategy Diversification by Fair Value | Estimated Security Type by Fair Value |
|---|---|




1. *Special situations diversification statistics are based on most recently available quarterly information and the Investment Manager's estimates as of 31 March 2011.*

# SPECIAL SITUATIONS PORTFOLIO ANALYSIS

For competitive reasons, a number of our special situations funds, particularly the distressed debt and restructuring funds, do not disclose their specific company positions until they have built a control position in a company's debt securities or until a restructuring has taken place. As a result, a large portion of our special situations portfolio is invested in an undisclosed yet diversified portfolio of distressed debt securities. Notwithstanding this fact, our Investment Manager conducted an analysis of the 25 largest identifiable companies in the special situations portfolio.

As of 31 March 2011, the 25 largest special situations investments had an aggregate fair value of approximately $62.0 million, representing 30% of the special situations fair value and 12% of private equity fair value. There were five direct yield-oriented investments in our special situations portfolio with an aggregate fair value of approximately $25.0 million.

Each of our special situations direct investments is in a mezzanine or debt security that is senior to the common equity and generates a meaningful amount of current income through either cash or PIK interest. As of 31 March 2011, the special situations direct investment portfolio generated annualized income of approximately $3.8 million through cash and PIK interest, had a weighted average yield to maturity of approximately 13.3%, and had a weighted average senior leverage multiple of 3.0x.[1]

| Investment Stage | # of Companies | Fair Value ($mm) | Commentary |
|---|---|---|---|
| Direct Investments | 5 | $25.0 | Yield-oriented investments including mezzanine debt securities, PIK preferred shares, and royalty-backed notes |
| Firth Rixson | | | Mezzanine debt with LIBOR plus 1,050 basis point coupon (450 cash, 600 PIK); Denominated 2/3 in USD and 1/3 in GBP |
| Royalty Notes (HIV Medication) | | | Royalty notes with 15.5% coupon that amortize based on excess drug royalty income |
| Royalty Notes (Neuropathic Pain) | | | Royalty notes with 11.0% coupon that amortize based on excess drug royalty income |
| SonicWALL | | | Second lien debt with LIBOR plus 1,000 basis point (cash) coupon and a LIBOR floor of 2.0%; issued at a 3% discount to par |
| Suddenlink Communications | | | Preferred equity with 12.0% (PIK) coupon; purchased at a discount to accreted value |
| Undervalued / Distressed Debt | 8 | $19.6 | Debt securities purchased at a discount to par that generate a meaningful current yield within the sponsor's portfolio |
| Influential Restructuring | 5 | $7.5 | Companies that are currently undergoing or are expected to undergo a financial restructuring; exposure to an influential portion of the capital structure where the manager is in position to lead the restructuring process |
| Post-Restructuring | 4 | $5.1 | Targeted distressed positions where the special situations manager led the restructuring process; investments now have exposure to new debt securities as well as equity that was acquired during the restructuring process |
| Operational Turnaround | 3 | $4.7 | Acquisition of underperforming businesses at a low valuation to enhance value and improve operations; predominantly invested in equity securities but also some downside protection with debt securities and warrants |
| **Total** | **25** | **$62.0** | |

1. *Based on net leverage that is senior to the security held by NBPE.*

# NB CROSSROADS FUND OF FUNDS INVESTMENTS

NB Crossroads Fund XVII ("Fund XVII") and NB Crossroads Fund XVIII ("Fund XVIII") are diversified private equity funds of funds comprised of private equity fund investments, secondary investments and co-investments. Our exposure to Fund XVII is through a single commitment to Fund XVII's asset allocation fund while our exposure to Fund XVIII is through separate commitments to each of the asset class funds within Fund XVIII: Large-cap Buyout; Mid-cap Buyout; Special Situations / Distressed; and Growth Equity / Venture Capital.

As of 31 March 2011, the fair value of our investment in Fund XVII was $37.8 million, representing 7% of private equity fair value. The asset class diversification of our investment in Fund XVII based on private equity fair value at year end was as follows[1]: Mid-cap Buyout – 26%; Large-cap Buyout – 25%; Growth / Venture – 44%; and Special Situations – 5%. As of 31 March 2011, Fund XVII consisted of 62 primary fund investments, seven co-investments and five secondary purchases and included exposure to over 1,250 separate companies, with the ten largest companies totaling approximately $4.5 million in fair value to NBPE, or 0.8% of private equity fair value. At 31 March 2011, we had unfunded commitments of $5.0 million to Fund XVII.

As of 31 March 2011, the aggregate fair value of our investments in Fund XVIII was $59.6 million, representing 11% of private equity fair value. The asset class diversification of our investments in Fund XVIII based on private equity fair value at year end was as follows[1]: Mid-cap Buyout – 51%; Large-cap Buyout – 19%; Special Situations – 15%; and Growth / Venture – 15%. As of 31 March 2011, Fund XVIII consisted of 73 primary fund investments, 35 co-investments and 13 secondary purchases and included exposure to over 1,700 separate companies, with the ten largest companies totaling approximately $6.4 million in fair value to NBPE, or 1% of private equity fair value. At 31 March 2011, we had unfunded commitments of $17.6 million to Fund XVIII.

The table below lists our ten largest investments in Fund XVII and Fund XVIII in alphabetical order as of 31 March 2011. The ten largest investments in Fund XVII had a fair value of approximately $12.0 million, or 2% of private equity fair value. The ten largest investments in Fund XVIII had a fair value of approximately $17.9 million, or 3% of private equity fair value.

**Ten Largest Investments in Fund XVII**

| Partnership | Asset Class |
|---|---|
| Apollo Investment Fund VI | Large-cap Buyout |
| Canaan VII | Growth / Venture |
| Carlyle/Riverstone Global E&P Fund III | Large-cap Buyout |
| CVC European Equity Partners IV | Large-cap Buyout |
| Jefferies Capital Partners IV | Mid-cap Buyout |
| Meritech Capital Partners III | Growth / Venture |
| Summit Partners Fund VII | Growth / Venture |
| Thoma Cressey Fund VIII | Mid-cap Buyout |
| Trinity Ventures IX | Growth / Venture |
| Warburg Pincus Private Equity IX | Special Situations |

**Ten Largest Investments in Fund XVIII**

| Partnership | Asset Class |
|---|---|
| 3i Eurofund V | Mid-cap Buyout |
| American Securities Partners V | Mid-cap Buyout |
| Aquiline Financial Services Fund | Mid-cap Buyout |
| Court Square Capital Partners II | Mid-cap Buyout |
| Doughty Hanson & Co V | Mid-cap Buyout |
| KKR 2006 Fund | Large-cap Buyout |
| LS Power Equity Partners II | Mid-cap Buyout |
| Tenaska Power Fund II | Mid-cap Buyout |
| TowerBrook Investors II | Mid-cap Buyout |
| Veritas Capital Fund III | Mid-cap Buyout |

1. *The asset class diversification analysis is based on our allocable portion of the net asset value of the underlying fund investments and direct co-investments held by Fund XVII and Fund XVIII, respectively.*

# LIQUIDITY AND CAPITAL RESOURCES

The principal sources of our liquidity consist of the net cash proceeds of cash distributions from investments, sales of investments, interest and dividends earned on invested cash and investments, and borrowings under the credit facility (further detail provided below).

As of 31 March 2011, we had no outstanding borrowings from our $250.0 million credit facility. We had cash and cash equivalents of $75.5 million and $250.0 million of undrawn capacity on the credit facility, resulting in total capital resources of $325.5 million. With unfunded private equity commitments of $125.2 million at the end of the first quarter of 2011, we continued to maintain a conservative capital structure with over 100% of unfunded commitments backstopped by cash and the undrawn credit facility.

The table below outlines our liquidity and capital commitment position as of 31 March 2011.

## CAPITAL COMMITMENT POSITION AT 31 MARCH 2011

| ($ in millions) | **31-Mar-11** |
|---|---|
| Net Asset Value | $539.8 |
| Total Private Equity Investments | $531.1 |
| Private Equity Investment Level | 98% |
| Unfunded Private Equity Commitments | $125.2 |
| Total Private Equity Exposure | $656.3 |
| Over-commitment Level | 22% |
| Cash and Cash Equivalents | $75.5 |
| Undrawn Credit Facility | $250.0 |
| Total Capital Resources | $325.5 |
| **Excess of Capital Resources Over Unfunded Commitments** | **$200.3** |

In August 2007, we entered into an agreement with Bank of Scotland regarding a senior secured revolving credit facility of up to $250.0 million. Under the terms of the agreement, we may borrow, repay and re-borrow to fund private equity contributions and working capital requirements throughout the seven year term expiring in August 2014. All borrowings under the credit facility bear interest at a floating rate, calculated as LIBOR or Euribor, as appropriate, plus 1.35% per annum. We are also required to pay a non-utilization fee calculated as 40 basis points per annum on the daily balance of the unused amount of the credit facility. Although we do not presently pay dividends, we have the ability to pay dividends subject to compliance with the terms of the credit facility agreement.

# LIQUIDITY AND CAPITAL RESOURCES

The key financial covenant for our 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 March 2011, the debt to value ratio was 2.0%.

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 March 2011, the secured asset ratio was 2.2%.

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 we become restricted from making new private equity investments. At 31 March 2011, the commitment ratio was 67.4%.

# SHARE REPURCHASES

From July 2008 through May 2009, we repurchased 3,150,408 Shares, or 5.8% of the originally issued Shares, pursuant to a liquidity enhancement program on Euronext Amsterdam.

On 22 October 2010, we launched a new Share buy-back program in order to begin implementing the Capital Return Policy. The buy-back program commenced immediately and, subject to extension, will end on 31 August 2011. Under the terms of the new program, we appointed The Royal Bank of Scotland N.V. (London Branch) ("RBS") to manage the program and authorized RBS 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 buy-back program will be cancelled. The operation of our liquidity enhancement program on Euronext Amsterdam has been suspended for the duration of the buy-back program.

In the first quarter of 2011, we repurchased a total of 368,515 Shares at a weighted average price of $7.07 per Share. As of 31 March 2011, we have repurchased an aggregate 3,845,690 Shares, or 7.1% of the originally issued Shares, at a weighted average price of $3.68 per Share.

## LIQUIDITY ENHANCEMENT PROGRAM AND BUY-BACK PROGRAM ACTIVITY

| Time Period | Number of Shares Repurchased | Weighted Average Repurchase Price per Share |
|---|---|---|
| July 2008 - May 2009 | 3,150,408 | $2.93 |
| November 2010 | 123,482 | $7.01 |
| December 2010 | 203,285 | $7.05 |
| January 2011 | 276,011 | $7.00 |
| February 2011 | - | - |
| March 2011 | 92,504 | $7.30 |
| **Total / Weighted Average** | **3,845,690** | **$3.68** |

# 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.

# RISK FACTORS

*Our company is subject to, and an investment in our company's shares involves, substantial risks, which may adversely impact our business, financial condition, results of operations and/or the value of your investment. Investors in our company's class A shares ("Class A Shares") and zero dividend preference shares ("ZDP Shares") should carefully consider such risks, which include, without limitation, those set out below. If any such risks occur, our business, financial condition, results of operations and the value of your investment would likely suffer.*

**Our company may experience fluctuations in its monthly net asset value.**

Our company may experience fluctuations in our net asset value 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 we encounter competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the shares and cause our company's results for a particular period not to be indicative of our company's performance in a future period.

**On liquidation of our assets on any given day, the reported NAV may not match the liquidated cash value of such assets.**

Where we are required or deem 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 our assets are liquidated) attributable to such assets. Liquidation of our assets will be subject to a number of factors, including the availability of purchasers of our assets, liquidity and market conditions and, as such, the actual cash value of some or all of our assets may differ from the latest reported NAV (or portion of the reported NAV (in the case that not all of our assets are liquidated)).

**The shares could continue to trade at a discount to net asset value.**

The shares could continue to trade at a discount to net asset value 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 our 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, we intend to continuously reinvest the cash we receive, except in limited circumstances (including in connection with our company's capital return 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 our company, through a sale of shares, the amount received by the holder upon such sale may be less than the underlying net asset value of the relevant shares sold.

**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 our shares.**

The principal trading markets are Euronext Amsterdam and the SFM for the Class A Shares and the SFM and the CISX 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, our 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. Our 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.

# RISK FACTORS

**The availability of our credit facility and failure to continue to meet the financial covenants in our credit facility could have an adverse impact on our liquidity.**

The availability of our credit facility is dependent on our continuing compliance with the covenants of our credit facility. We are currently in compliance with all of the covenants of our credit facility. However, certain events, including reductions in the net asset value of our 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 our credit facility and declare the entire outstanding principal and interest immediately due. As a result, we may not have access to sufficient capital to meet our obligations (including unfunded commitments) and we could be forced to sell assets in order to cure the event of default or to repay our credit facility. Where we are obliged to sell assets from our investment portfolio to meet our obligations under our credit facility, such sale may be at an undervalue and may not reflect the estimated unaudited fair value that we have assigned to such asset(s). Further, where our credit facility is unavailable, our ability to make new investments or to honor funding obligations to which we are already committed may be severely restricted. We may be unable, or it may not be prudent or in our best interests, to enter into further agreements to borrow money or to refinance our 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 CISX 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 CISX. 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. We and our 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 CISX, nor do we 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 CISX.

**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 us or our 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 our company that remain outstanding. In addition, upon the occurrence of significant loss in value of the assets held in the investment portfolio, our 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 our 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.

# STATEMENT OF RESPONSIBILITY AND CERTAIN INFORMATION

## Statement of Responsibility

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008, as amended (the "Law") requires the Directors to prepare 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 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 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 financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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 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.

## Material Contracts

NB Private Equity Partners Limited ("NBPE"), NB PEP Investments LP (Incorporated) and the Investment Manager entered into that certain 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. NBPE and Heritage International Fund Managers Limited entered into that certain Administration Agreement on 3 July 2007 (as amended by side letter on 22 June 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 that certain limited partnership agreement of NB PEP Investments LP (Incorporated) on 25 July 2007, as amended and restated on 16 July 2008. NBPE and The Royal Bank of Scotland N.V. (London Branch) ("RBS") entered into a Share Buy Back Agreement on 21 October 2010, whereby NBPE appointed RBS to effect on market share repurchases of class A shares on behalf of NBPE.

# STATEMENT OF RESPONSIBILITY AND CERTAIN INFORMATION

## Shareholdings of the Directors

| | |
|---|---|
| Talmai Morgan (Chairman): | 10,000 Class A Shares |
| John Buser: | 10,000 Class A Shares |
| John Hallam: | 10,000 Class A Shares |
| Christopher Sherwell: | 9,150 Class A Shares |
| Peter Von Lehe: | 7,500 Class A Shares |

## Major Shareholders

As at 31 March 2011, insofar as is known to NBPE, the following persons were interested, directly or indirectly, in 5% or more of the Class A Shares in issue (excluding Class A Shares held in treasury):

| | |
|---|---|
| Class A Shareholder: | Lehman Brothers Offshore Partners Ltd. |
| Number of Class A Shares: | 15,302,319 |

## 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 | 100.0% |
| NB PEP Investments DE, LP | United States | 100.0% |
| NB PEP Investments LP Limited | Guernsey | 100.0% |
| NB PEP Investments I, LP (Incorporated) | Guernsey | 100.0% |
| NB PEP Holdings Limited | Guernsey | 100.0% |
| Various holding entities for specific investments | United States | 100.0% |

# STATEMENT OF RESPONSIBILITY AND CERTAIN INFORMATION

## Certain Information

We are subject to The Netherlands Financial Supervision Act (*Wet op het financieel toezicht,* “Wft”), and we are registered with The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, “AFM”) as a collective investment scheme as meant in section 1:107 of the Wft. We are subject to certain ongoing requirements under the Netherlands Financial Supervision Act, 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 our financial statements.

## Interim Management Statement

This Interim Management Report qualifies as an interim management statement and is made pursuant to article 5:25e of the Wft which requirement stems from the EU Transparency Directive. Pursuant to article 5:25e and article 5:25m of the Wft this Interim Management Statement has been made generally available by means of a press release and by publication on our website (www.nbprivateequitypartners.com) and has been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*).

# DIRECTORS, ADVISORS AND CONTACT INFORMATION

**Ordinary Share Information**
Trading Symbol: NBPE
Exchanges: Euronext Amsterdam by NYSE Euronext and the Specialist Fund Market of the London Stock Exchange
Euronext Amsterdam Listing Date: 25 July 2007
Specialist Fund Market Admission: 30 June 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

**Board of Directors**
Talmai Morgan (Chairman)
John Buser
John Hallam
Christopher Sherwell
Peter Von Lehe

**Registered Office**
NB Private Equity Partners Limited
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**Investment Manager**
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United States of America
Tel: +1-214-647-9593
Fax: +1-214-647-9501
Email: pe_fundoffunds@nbalternatives.com

**Guernsey Administrator**
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Fax: +44 (0) 1481 730617

**Fund Service and Recordkeeping Agent**
Capital Analytics II LLC
325 North St. Paul Street, Suite 4700
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United States of America

**Independent Auditors and Accountants**
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**Depositary Bank**
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Fax: +1-212-571-3050

**Paying Agent**
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Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands
Tel: +31-20-383-6778
Fax: +31-20-628-000

**Joint Corporate Brokers**
Oriel Securities Limited
125 Wood Street
London, EC2V 7AN
Tel: +44 (0) 20 7710 7600

RBS Hoare Govett Limited
250 Bishopsgate
London, EC2M 4AA
Tel: +44 (0) 20 7678 1670

For general questions about NB Private Equity Partners Limited, please contact us at IR_NBPE@nb.com or at +1-214-647-9593.

The website address for NB Private Equity Partners Limited is www.nbprivateequitypartners.com.