NB Private Equity Partners Limited

30 JUNE 2010 INTERIM FINANCIAL 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")** ▪ Guernsey closed-end investment company ▪ 51,059,592 Class A ordinary shares outstanding ▪ 10,000 Class B ordinary shares outstanding ▪ 32,999,999 Zero Dividend Preference ("ZDP") shares outstanding
Investment Manager	**NB Alternatives Advisers** ▪ Over 20 years of private equity investing experience ▪ Investment Committee with an aggregate of approximately 190 years of experience in private equity investing ▪ Approximately 50 investment professionals ▪ Approximately 120 administrative and finance professionals ▪ Offices in New York, Dallas, London and Hong Kong

(USD in millions, except per share data)	**At 30 June 2010**	**At 31 December 2009**
Net Asset Value	$485.0	$483.2
Net Asset Value per Ordinary Share	$9.50	$9.46
Fund Investments	$459.1	$457.2
Direct Co-investments	$81.6	$77.6
Total Private Equity Fair Value	$540.7	$534.8
Private Equity Investment Level [1]	111%	111%
Cash and Cash Equivalents	$27.9	$63.9

(GBP in millions, except per share data)	**At 30 June 2010**	**At 31 December 2009**
ZDP Shares	£34.4	£30.2
Net Asset Value per ZDP Share [2]	104.18p	100.79p

1. *Defined as total private equity fair value divided by net asset value.*
2. *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 twenty 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

Established in 1939, Neuberger Berman is one of the world's largest private, independent employee-controlled asset management companies, managing approximately $169 billion in assets as of 30 June 2010. Neuberger Berman is a leader in providing a broad range of global investment solutions to institutions and individuals through customized separately managed accounts, mutual funds and alternative investment products. For more information please visit Neuberger Berman's website at www.nb.com.

MARKET COMMENTARY

After gains experienced by global capital markets in the first quarter of 2010, the second quarter reintroduced anxiety tied to the European sovereign debt crisis, financial reform, the BP oil spill and the overall strength of the world economy. Data released during the quarter proved somewhat negative even though signs continue to support muted growth. The second quarter was challenging for U.S. equity markets with the S&P 500 down 11.4% for the quarter and down 6.7% for the year. Yield spreads widened during the quarter and the U.S. Treasury yield curve flattened, suggesting that economic growth is moderating.

Concerns over the labor market continue to weigh on the minds of investors as the moving average of weekly jobless claims continues to stay at high levels. Even still, corporate earnings remain strong as businesses benefit from healthier balance sheets and the easing of interest rates by federal reserve banks. Low interest rates and the flattening yield curve suggest that economic growth will continue, but at a slower pace than the second half of 2009 and first quarter of 2010. Overall, global growth remains challenged.

In the second quarter of 2010, leveraged buyout volume increased significantly to $25.1 billion compared to $7.7 billion in the first quarter of 2010. LBO loan volume increased to $11.3 billion in the second quarter, reaching its highest level in two years. The average LBO transaction size was down from $1.3 billion in the first quarter of 2010 to $928 million in the second quarter. This is consistent with a return to levels seen before the credit bubble, such as the average LBO transaction size of $972 million in 2005. [1]

Over the next several years, we believe there will be a number of investment opportunities for experienced small- and mid-cap buyout and distressed investors. The operating performance of target companies has begun to stabilize, and we believe small- and mid-cap buyout managers will continue to seek opportunities to acquire strong businesses at attractive valuations. We expect this will lead to an increased pace of capital calls from buyout funds throughout the second half of 2010 and in 2011. Given the large amount of debt currently outstanding and in need of future refinancing, we believe that special situations / distressed investors will continue to see strong deal flow for the next several years. In addition, we believe secondary purchases will continue to be attractive for the near to medium term as buyers are able to purchase quality private equity portfolios at discounts to reported net asset values.

We continue to believe that our private equity portfolio is well-positioned to generate attractive returns over the long term. With $155.4 million of unfunded commitments and a significant amount of excess capital resources to deploy into new private equity investments, we believe that we are in a strong position to capitalize on high quality investment opportunities during the next several years.

1. *Standard & Poor's 2Q10 Leveraged Buyout Review.*

INVESTMENT RESULTS

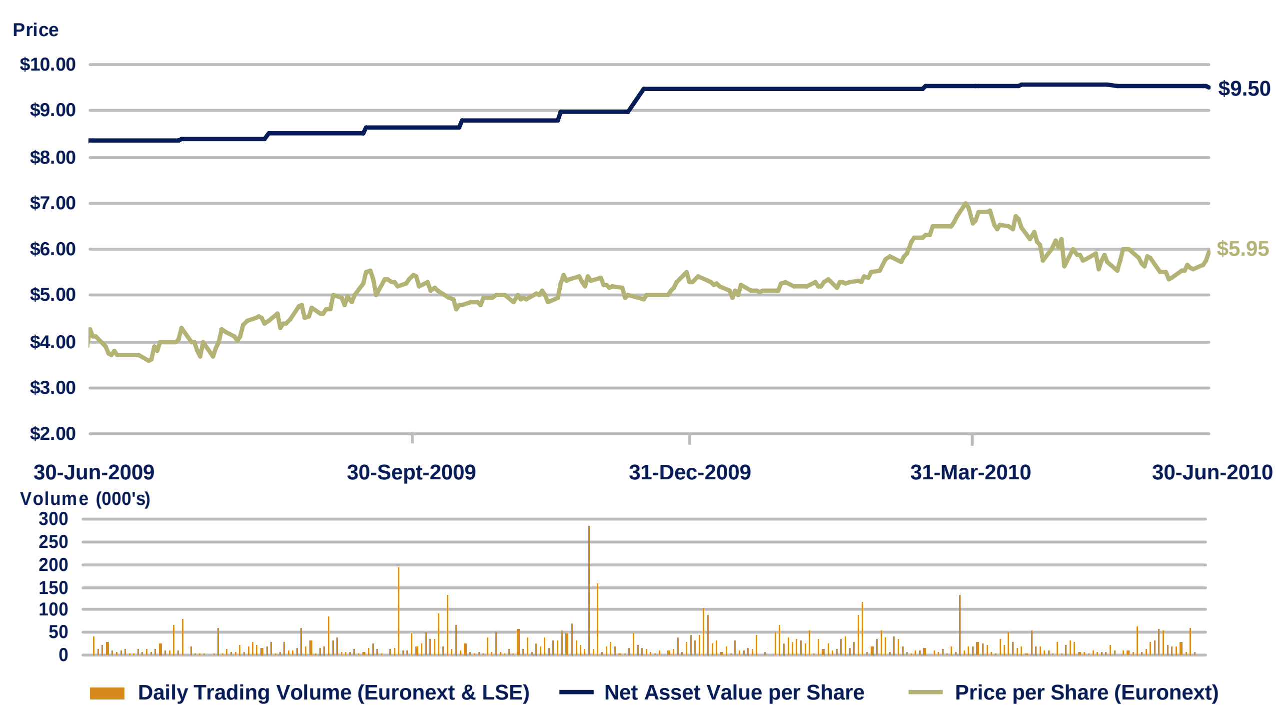
As of 30 June 2010, NBPE's unaudited net asset value per share was $9.50, representing a 0.4% increase compared to the audited net asset value per share of $9.46 at 31 December 2009. During the first half of 2010, NBPE's portfolio value increased due to net unrealized gains on distressed debt funds and certain fund investments and co-investments. These gains in value were primarily offset by unrealized losses on certain buyout co-investments and public equity securities.

During the first six months of 2010, our private equity portfolio had net realized losses of $2.8 million. The portfolio generated unrealized gains of $8.9 million associated with privately held investments and $7.3 million associated with credit-related fund investments. The net unrealized loss for public equity securities was $2.6 million during the period. Investment income, operating expenses (including interest expense), foreign exchange translation and taxes led to a $9.0 million decrease in net asset value.

For the six month period ending 30 June 2010, we invested approximately $24.2 million into private equity assets through capital calls and co-investments. Approximately 46% of this capital was invested in special situations funds and co-investments, 42% in buyout funds and co-investments and 12% in growth equity and venture capital funds.

In the first half of 2010, we received approximately $29.8 million of distributions and sale proceeds. Approximately 68% of the distributions were from buyout funds, 29% from special situations / distressed funds and 3% from growth equity and venture capital funds. The largest distributions during the first half of 2010 were attributable to Apollo Investment Fund V, Wayzata Opportunities Fund II, Platinum Equity Capital Partners II, Corsair III Financial Services Capital Partners and the sale of NBPE's interest in a large-cap buyout fund.

LTM SHARE PRICE PERFORMANCE AND NAV PER ORDINARY SHARE



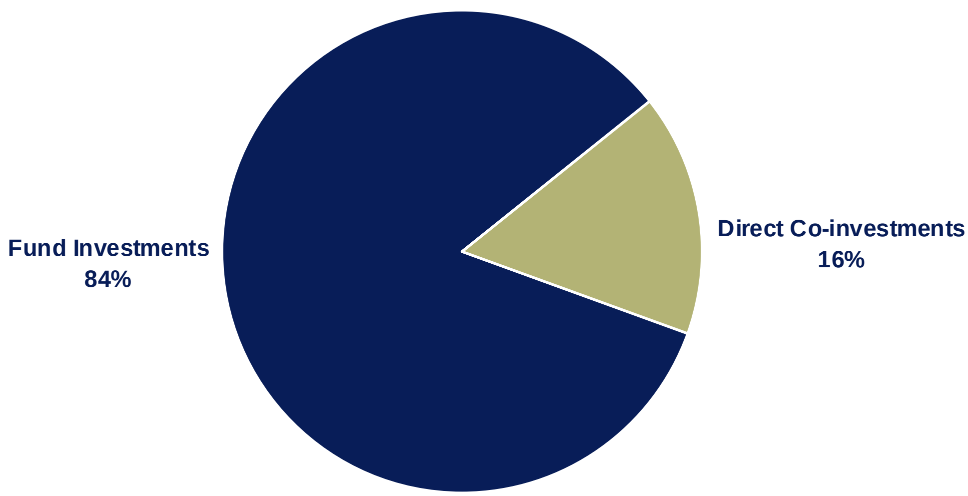
INVESTMENT PORTFOLIO ACTIVITY

As of 30 June 2010, our private equity investment portfolio consisted of 43 fund investments and 20 direct co-investments. The fair value of our private equity portfolio was $540.7 million, and the total exposure, including unfunded commitments, was $696.0 million.

PRIVATE EQUITY INVESTMENT PORTFOLIO – 30 JUNE 2010

($ in millions)	Number of Investments	Fair Value	Unfunded Commitments	Total Exposure
Fund Investments	43	$459.1	$149.6	$608.7
Direct Co-investments	20	81.6	5.7	87.3
Total Private Equity Investments	**63**	**$540.7**	**$155.4**	**$696.0**

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 six months of 2010. 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 debt funds.

During the first six months of 2010, we received approximately $29.8 million of distributions and sale proceeds. Within our direct fund and co-investment portfolio, 36 companies completed liquidity events (sales and recapitalizations) that led to a distribution.

The five largest distributions totaled approximately $8.0 million and were attributable to investments in Unitymedia GmbH (Apollo Investment Fund V), East West Bancorp, Inc. (Corsair III Financial Services Capital Partners), Ryerson Inc. (Platinum Equity Capital Partners II), Pierre Foods, Inc. (OCM Principal Opportunities Fund IV) and Maxim Crane Works Holdings, Inc. (Platinum Equity Capital Partners II).

Within NB Crossroads Fund XVII and Fund XVIII, over 250 underlying companies completed liquidity events during the period, leading to $3.3 million of distributions to NBPE.

In addition, 22 portfolio companies completed initial public offerings (“IPOs”) during the first half of 2010. The companies with IPOs had an aggregate fair value of approximately $5.1 million as of 30 June 2010, with the largest and most significant attributable to Higher One Inc. (NYSE:ONE), a portfolio company of Lightyear Capital Fund II, and Metals USA Holdings Corp. (NYSE:MUSA), a portfolio company of Apollo Investment Fund V.

Consistent with our stated investment strategy, we recently closed a number of new investments in sectors that we believe are well-suited for NBPE’s private equity portfolio. We committed an aggregate $29.6 million to the following new investments during the first half of 2010 (see page 15 for a detailed description of each new investment):

- $10.0 million primary commitment to Oaktree Opportunities Fund VIII (27.5% called at 30 June 2010)
- $10.0 million primary commitment to Bertram Growth Capital II (0.0% called at 30 June 2010)
- $2.4 million secondary purchase of interests in two funds managed by Strategic Value Partners
- $2.1 million related to the diversified secondary purchase that was originally announced in 2009
- An aggregate $5.1 million committed to the following co-investments:
  - Special situations co-investment in Suddenlink Communications
  - Mid-cap buyout co-investment in BakerCorp
  - Mid-cap buyout co-investment in Salient Solutions LLC

In our ongoing efforts to actively manage the investment portfolio, we also sold our interest in a large-cap buyout fund during the first half of the year through two separate transactions. The sales of this interest resulted in a small increase in liquidity and reduced unfunded commitments by an aggregate $13.9 million. We believe NBPE can generate more attractive risk-adjusted returns by redeploying this capital into other private equity investments.

The aggregate portfolio and investment activity during the first half of 2010 was as follows:

($ in millions)	Fund Investments	Direct Co-investments	Total
Investments Funded	$19.9	$4.3	$24.2
Distributions Received and Sale Proceeds	$29.7	$0.1	$29.8
Net Realized Gains (Losses)	($2.8)	$0.0	($2.8)
Net Unrealized Appreciation (Depreciation)	$14.1	($0.6)	$13.5
New Primary Commitments / Co-investments	2	3	5
Amount Committed	$20.0	$5.1	$25.1
New Secondary Purchases	1	0	1
Amount Committed	$4.5	$0.0	$4.5

In addition, during the period from 1 July 2010 through 25 August 2010, we committed an aggregate $11.9 million to the following new co-investments (see page 16 for a detailed description of each new subsequent investment):

- Special situations co-investment in the second lien debt of SonicWALL, Inc.
- Mid-cap buyout co-investment in the equity of SonicWALL, Inc.
- Mid-cap buyout co-investment in Fairmount Minerals, Ltd.
- Mid-cap buyout co-investment in Bourland & Leverich Supply Co. LLC

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 $153 million into special situations funds and co-investments since our initial global offering in July 2007. These investments provide exposure to undervalued credit securities, mezzanine debt, financial restructurings and operational turnarounds of underperforming businesses.

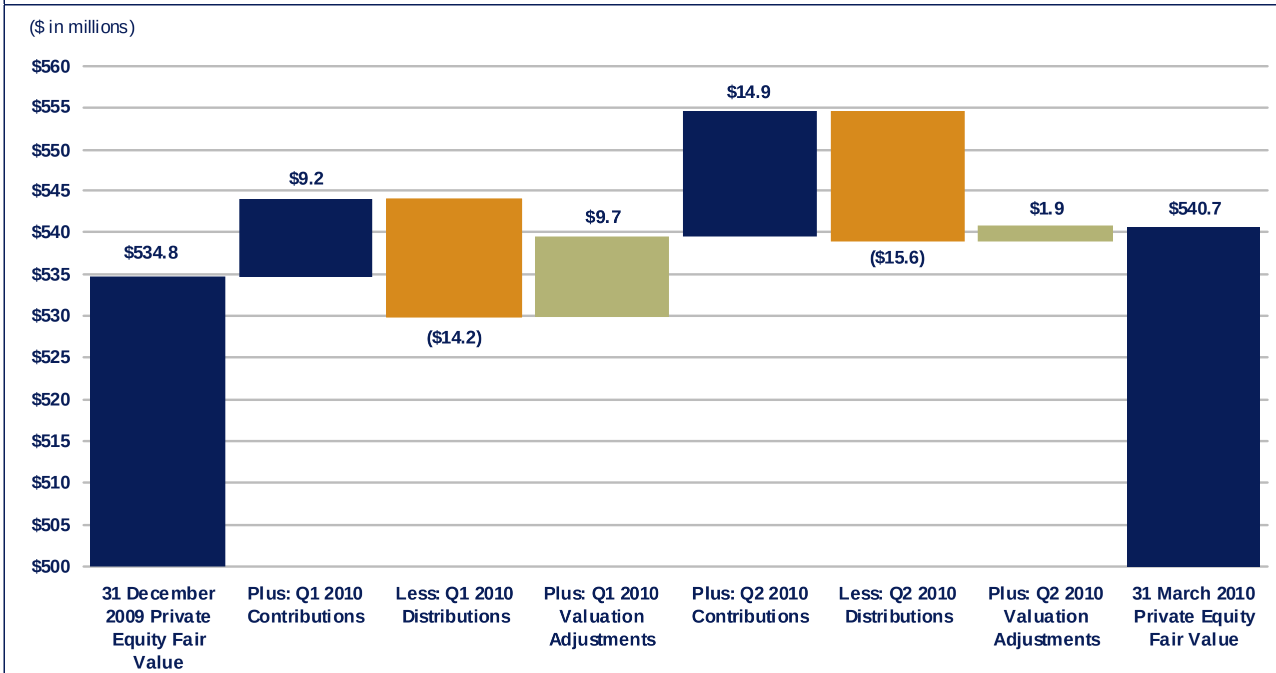
As of 30 June 2010, special situations investments represented 30% of our private equity portfolio based on fair value. We continue to believe our special situations managers are well-positioned to generate positive returns over the long term, and we believe that an attractive environment for making special situations investments will continue over the next several years.

As of 30 June 2010, our cash and available credit facility exceeded unfunded private equity commitments by $97.4 million. As a result, we continue to have a strong financial position with significant capital resources available to capitalize on opportunities in the current environment.

In the near to medium-term, we are continuing to evaluate new investment opportunities in sectors that we believe are well-suited for NBPE's private equity portfolio, including distressed funds, secondary purchases and small- to mid-cap buyout funds and co-investments. Nevertheless, as we actively pursue new investment opportunities, we intend to maintain a conservative capital structure with a prudent commitment coverage ratio.

Illustrated below is a summary of our capital deployment and distributions during the first half of the year. Our private equity portfolio generated positive cash flow of $5.6 million during the period. Going forward, we expect distribution activity to continue to increase as our portfolio matures and the economy and financial markets stabilize.

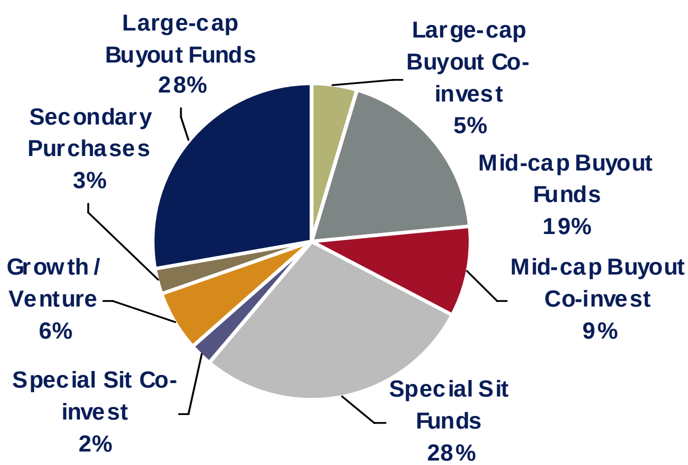
YTD 2010 CAPITAL DEPLOYMENT & DISTRIBUTIONS



DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE

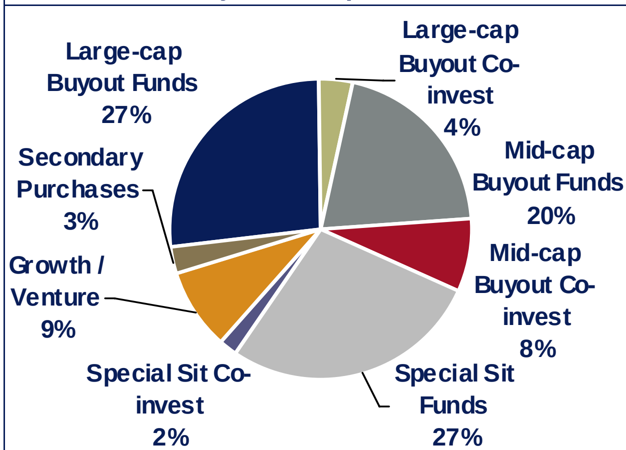
Consistent with our investment objective, we strive to manage investment risk through appropriate diversification within our private equity portfolio. The graphs below illustrate the breakdown of our private equity investment portfolio by asset class and investment type based on fair value, total exposure and unfunded commitments as of 30 June 2010.

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

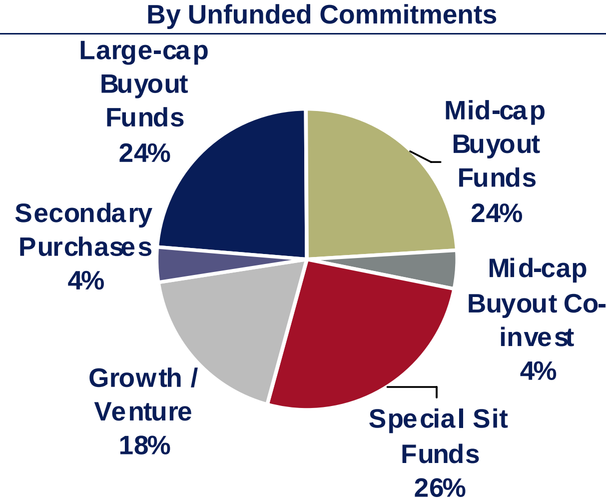


DIVERSIFICATION BY ASSET CLASS AND INVESTMENT TYPE [1]

By Total Exposure



By Unfunded Commitments

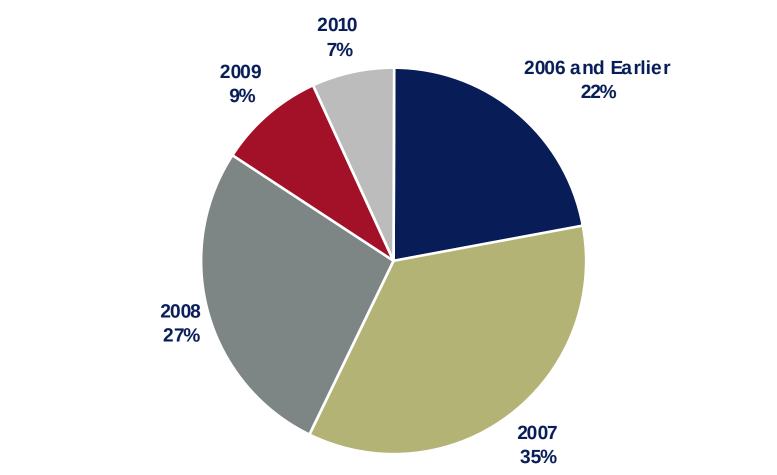


1. *The diversification analysis by asset class and investment type is based on the fair value of underlying fund investments and co-investments. Determinations regarding asset class and investment type represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment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

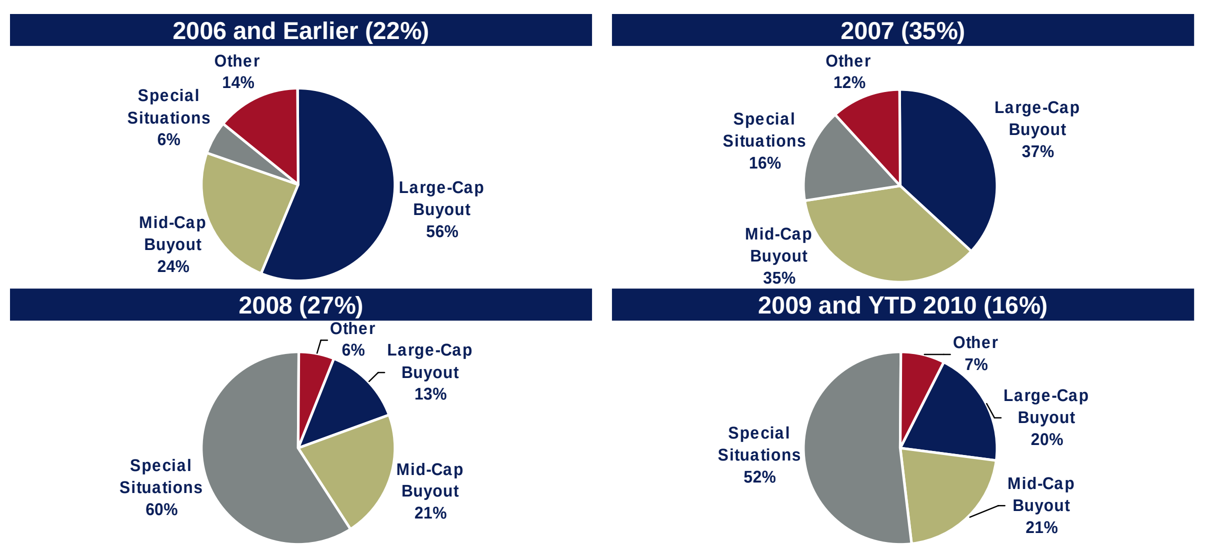
DIVERSIFICATION BY YEAR OF INVESTMENT[1]

The graphs below illustrate the diversification of our private equity portfolio by year of investment based on fair value as of 30 June 2010. 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 12 as vintage year shows when a fund was formed rather than when the capital was deployed. As illustrated below, approximately 43% of total private equity fair value at 30 June 2010 was attributable to investments made during 2008, 2009 and 2010. The Company's allocation to large-cap buyout investments has decreased over time, while the allocation to special situations 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 BY FAIR VALUE



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

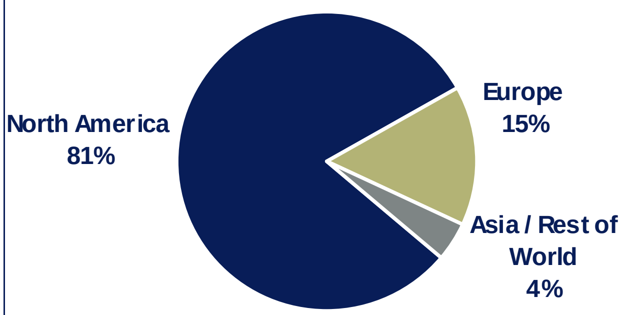
1. *Based on private equity fair value as of 30 June 2010.*

DIVERSIFICATION BY GEOGRAPHY AND INDUSTRY

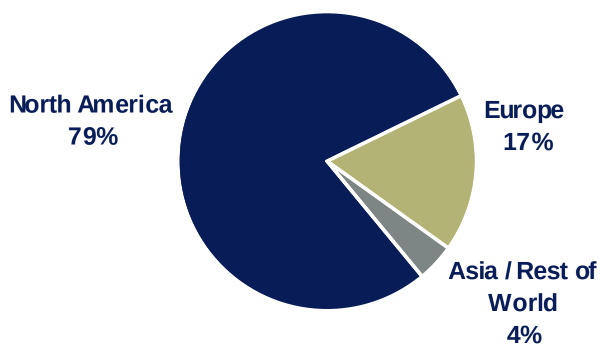
The graphs below illustrate the diversification of our private equity investment portfolio by geography and industry based on fair value and total exposure as of 30 June 2010.

GEOGRAPHIC DIVERSIFICATION [1]

By Fair Value

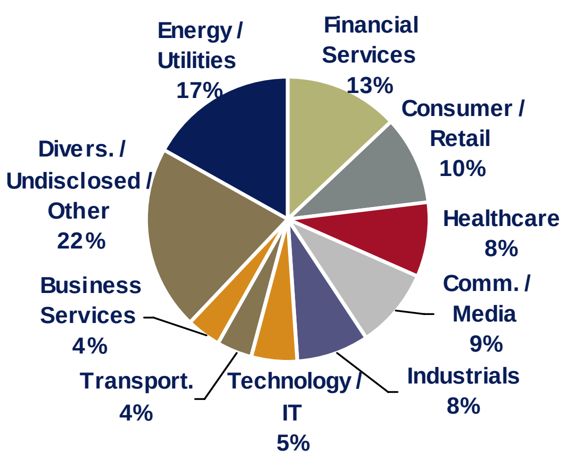


By Total Exposure

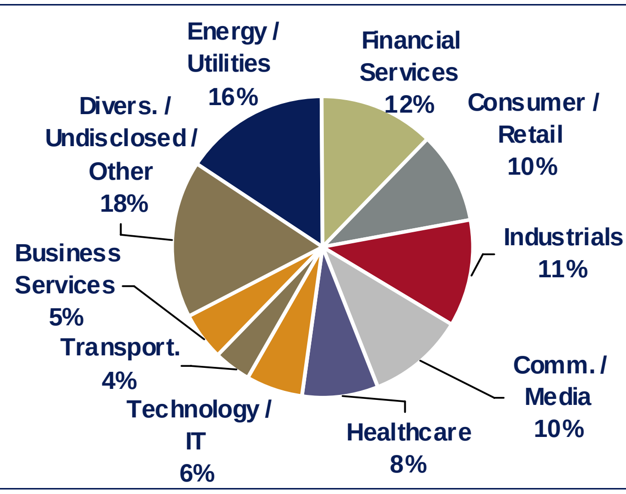


INDUSTRY DIVERSIFICATION [1]

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 as estimated by the Investment Manager. 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 30 June 2010. For the purposes of this analysis, and throughout this Interim Financial Report, vintage year is defined as the date of the first portfolio investment made by a private equity fund or the date of a co-investment. This diversification by vintage year should be distinguished from the diversification by year of investment, which is shown on page 10.

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

($ in millions)	Vintage Year							
	<=2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Large-cap Buyout Funds	$38.9	$42.3	$68.2	$1.3	-	-	-	$150.6
Large-cap Buyout Co-invest	-	-	4.6	20.4	-	0.1	-	25.1
Mid-cap Buyout Funds	8.2	9.4	50.6	33.1	0.8	-	-	102.1
Mid-cap Buyout Co-invest	-	0.9	9.5	34.0	2.8	-	2.2	49.4
Special Situations Funds	0.2	2.2	19.0	62.9	66.7	2.8	-	153.8
Special Situations Co-invest	-	-	-	-	8.9	-	3.3	12.2
Growth / Venture	2.9	5.0	7.5	14.7	1.3	-	0.8	32.2
Secondary Purchases	0.1	0.2	1.7	4.3	0.4	5.8	2.8	15.2
Total	$50.2	$59.9	$161.1	$170.6	$80.8	$8.8	$9.2	$540.7

	Vintage Year							
	<=2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Large-cap Buyout Funds	7%	8%	13%	0%	0%	0%	0%	28%
Large-cap Buyout Co-invest	0%	0%	1%	4%	0%	0%	0%	5%
Mid-cap Buyout Funds	2%	2%	9%	6%	0%	0%	0%	19%
Mid-cap Buyout Co-invest	0%	0%	2%	6%	1%	0%	0%	9%
Special Situations Funds	0%	0%	4%	12%	12%	1%	0%	28%
Special Situations Co-invest	0%	0%	0%	0%	2%	0%	1%	2%
Growth / Venture	1%	1%	1%	3%	0%	0%	0%	6%
Secondary Purchases	0%	0%	0%	1%	0%	1%	1%	3%
Total	9%	11%	30%	32%	15%	2%	2%	100%

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

PRIVATE EQUITY INVESTMENT PORTFOLIO

The following is a list of our private equity fund investments as of 30 June 2010: [1]

($ in millions)	Asset Class	Principal Geography	Vintage Year	Estimated Fair Value	Unfunded Commitments	Total Exposure
Fund Investments						
AIG Highstar Capital II	Mid-cap Buyout	U.S.	2004	$3.6	$0.0	$3.6
American Capital Equity II	Mid-cap Buyout	U.S.	2005	4.0	1.4	5.4
Apollo Investment Fund V	Large-cap Buyout	U.S.	2001	8.0	1.5	9.4
Aquiline Financial Services Fund	Mid-cap Buyout	U.S.	2005	3.4	1.2	4.6
ArcLight Energy Partners Fund IV	Mid-cap Buyout	U.S.	2007	13.2	7.8	21.0
Avista Capital Partners	Mid-cap Buyout	U.S.	2006	14.7	1.9	16.5
Bertram Growth Capital I	Growth Equity	U.S.	2007	12.2	5.8	17.9
Bertram Growth Capital II	Growth Equity	U.S.	2010	-	10.0	10.0
Carlyle Europe Partners II	Large-cap Buyout	Europe	2003	5.7	0.7	6.4
Centerbridge Credit Partners	Special Situations	U.S.	2008	29.4	-	29.4
Clayton, Dubilier & Rice Fund VII	Large-cap Buyout	U.S.	2005	22.5	2.0	24.5
Clessidra Capital Partners	Mid-cap Buyout	Europe	2004	2.9	0.6	3.4
Corsair III Financial Services Capital Partners	Mid-cap Buyout	Global	2007	6.3	1.8	8.2
CVI Global Value Fund	Special Situations	Global	2006	14.2	0.8	15.0
Doughty Hanson & Co IV	Large-cap Buyout	Europe	2003	3.6	0.2	3.9
First Reserve Fund XI	Large-cap Buyout	U.S.	2006	16.2	6.1	22.3
Investitori Associati III	Mid-cap Buyout	Europe	2000	1.0	0.4	1.4
J.C. Flowers II	Large-cap Buyout	Global	2006	2.6	0.4	3.0
KKR 2006 Fund	Large-cap Buyout	Global	2006	22.9	7.2	30.1
KKR Millennium Fund	Large-cap Buyout	Global	2002	11.5	0.0	11.5
Lightyear Fund II	Mid-cap Buyout	U.S.	2006	8.1	2.1	10.2
Madison Dearborn Capital Partners V	Large-cap Buyout	U.S.	2006	6.4	1.2	7.7
NB Crossroads Fund XVII	Diversified	U.S.	2002-06	32.8	6.9	39.7
NB Crossroads Fund XVIII Large-cap Buyout	Large-cap Buyout	Global	2005-09	7.9	4.7	12.6
NB Crossroads Fund XVIII Mid-cap Buyout	Mid-cap Buyout	Global	2005-09	21.3	15.8	37.1
NB Crossroads Fund XVIII Special Situations	Special Situations	Global	2005-09	7.8	2.5	10.3
NB Crossroads Fund XVIII Venture Capital	Venture / Growth	U.S.	2006-09	6.9	3.3	10.2
NB Fund of Funds Secondary 2009	Diversified	Global	2009	5.6	3.8	9.4
Oaktree Opportunities Fund VIII	Special Situations	U.S.	2009	2.8	7.3	10.0
OCM Opportunities Fund VIIb	Special Situations	U.S.	2008	37.3	3.0	40.3
OCM Principal Opportunities Fund IV	Mid-cap Buyout	U.S.	2006	18.3	2.0	20.3
Platinum Equity Capital Partners II	Special Situations	U.S.	2007	7.0	11.3	18.3
Prospect Harbor Credit Partners	Special Situations	U.S.	2007	11.4	-	11.4
Sankaty Credit Opportunities III	Special Situations	U.S.	2007	23.0	-	23.0
Strategic Value Global Opportunities Fund I	Special Situations	Global	2010	2.3	0.2	2.5
Strategic Value Special Situations Fund	Special Situations	Global	2010	0.5	0.0	0.6
Summit Partners Europe Private Equity Fund	Growth Equity	Europe	2009	0.8	4.7	5.5
Sun Capital Partners V	Special Situations	U.S.	2007	2.8	6.0	8.8
Thomas H. Lee Equity Fund VI	Large-cap Buyout	U.S.	2006	12.1	11.9	24.0
Trident IV	Mid-cap Buyout	U.S.	2007	4.5	1.2	5.7
Warburg Pincus Private Equity VIII	Large-cap Buyout	Global	2001	8.4	-	8.4
Wayzata Opportunities Fund II	Special Situations	U.S.	2007	16.5	9.3	25.8
Welsh, Carson, Anderson & Stowe X	Large-cap Buyout	U.S.	2005	16.8	2.6	19.4
Total Fund Investments				**$459.1**	**$149.6**	**$608.7**

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

PRIVATE EQUITY INVESTMENT PORTFOLIO

The following is a list of our direct co-investments as of 30 June 2010: [1]

($ in millions)	Asset Class	Principal Geography	Vintage Year	Estimated Fair Value	Unfunded Commitments	Total Exposure
Direct Co-investments [(2)]						
Avaya, Inc.	Large-cap Buyout	U.S.	2007			
BakerCorp	Mid-cap Buyout	U.S.	2010			
Dresser Holdings, Inc.	Mid-cap Buyout	U.S.	2007			
Edgen Murray Corporation	Mid-cap Buyout	U.S.	2007			
Energy Future Holdings Corp. (TXU Corp.)	Large-cap Buyout	U.S.	2007			
First Data Corporation	Large-cap Buyout	U.S.	2007			
Firth Rixson, plc (Equity)	Mid-cap Buyout	Europe	2007-09			
Firth Rixson, plc (Mezzanine)	Special Situations	Europe	2008			
Freescale Semiconductor, Inc.	Large-cap Buyout	U.S.	2006			
GazTransport & Technigaz S.A.S.	Mid-cap Buyout	Europe	2008			
Group Ark Insurance Holdings Limited	Mid-cap Buyout	Global	2007			
Kyobo Life Insurance Co., Ltd.	Mid-cap Buyout	Asia	2007			
Press Ganey Associates, Inc.	Mid-cap Buyout	U.S.	2008			
Sabre Holdings Corporation	Large-cap Buyout	U.S.	2007			
Salient Solutions, LLC	Mid-cap Buyout	U.S.	2010			
Seventh Generation, Inc.	Growth Equity	U.S.	2008			
Suddenlink Communications (PIK Preferred)	Special Situations	U.S.	2010			
TPF Genco Holdings, LLC	Mid-cap Buyout	U.S.	2006			
Unión Radio	Mid-cap Buyout	Global	2008			
Total Direct Co-investments				**$81.6**	**$5.7**	**$87.3**
Total Private Equity Investment Portfolio				**$540.7**	**$155.4**	**$696.0**

1. *Totals may not sum due to rounding.*
2. *Co-investment values are given on an aggregate-only basis. No single co-investment comprises more than 3.0% of total net asset value.*

NEW INVESTMENTS

During the first half of 2010, we committed to the following private equity fund investments:

Oaktree Opportunities Fund VIII

Primary Fund Investment

In March 2010, we made a $10 million commitment to Oaktree Opportunities Fund VIII, a distressed debt fund managed by Oaktree Capital Management ("Oaktree"), which has $30.2 billion of distressed debt assets under management. The Oaktree team has a record of highly successful investing in the debt of financially distressed companies. Oaktree's approach seeks to combine protection against loss, which comes from buying claims on assets at bargain prices, with the substantial gains to be achieved by returning companies to financial viability through restructuring.

Bertram Growth Capital II

Primary Fund Investment

In May 2010, we made a $10 million commitment to Bertram Growth Capital II, a growth equity fund focused on the expansion of lower middle market companies. Bertram Capital has over $800 million in capital under management and strives to catalyze growth in middle market companies through active operational involvement and a strong alignment of management and shareholder interests.

Strategic Value Global Opportunities Fund I and Special Situations Fund

Secondary Investments

In May and June 2010, we purchased interests in Strategic Value Global Opportunities Fund I and Strategic Value Special Situations Fund at a discount to net asset value. The aggregate total exposure (purchase price plus unfunded commitments) of the investments was $2.4 million. The two funds are managed by Strategic Value Partners, a global alternative investment firm focused on distressed, deep value and turnaround opportunities.

During the first half of 2010, we also committed an aggregate $5.1 million to three new co-investments:

Suddenlink Communications

Special Situations Co-investment

In May 2010, we completed a co-investment in the PIK preferred shares of Suddenlink Communications. The preferred shares accrue interest at a rate of 12% and were purchased at a discount to accreted value. Suddenlink Communications is a cable broadband company that serves approximately 1.3 million residential customers and thousands of commercial customers in the United States.

BakerCorp

Mid-cap Buyout Co-investment

In February 2010, we completed a co-investment in BakerCorp alongside Neuberger Berman's Co-Investment Fund and Lightyear Capital. BakerCorp is a rental services provider of liquid and solid containment, pumping, filtration and shoring equipment.

Salient Federal Solutions

Mid-cap Buyout Co-investment

In June 2010, we committed to a co-investment in Salient Federal Solutions alongside Neuberger Berman's Co-Investment Fund and Frontenac Company. Salient Federal Solutions is building a major federal IT and engineering services company through organic growth and supplemental acquisitions.

SUBSEQUENT INVESTMENTS

During the period from 1 July 2010 through 25 August 2010, we committed an aggregate $11.9 million to the following private equity investments:

SonicWALL, Inc.

Special Situations Co-investment and Mid-cap Buyout Co-investment

In July 2010, we completed a special situations co-investment in the second lien debt of SonicWALL, Inc. and a mid-cap buyout co-investment in the equity of SonicWALL, Inc. The second lien debt was issued at a 3% discount to par and pays cash interest at LIBOR plus 1,000 basis points with a LIBOR floor of 2.00%. The equity co-investment was made alongside Neuberger Berman's Co-Investment Fund and Thoma Bravo, LLC. SonicWALL is a provider of advanced intelligent network security and data protection solutions.

Fairmount Minerals, Ltd.

Mid-cap Buyout Co-investment

In August 2010, we completed a co-investment in Fairmount Minerals, Ltd. alongside American Securities. Fairmount Minerals is a leading producer of high purity sand for a broad range of industrial applications including sand-based proppants for the oil and gas industry.

Bourland & Leverich Supply Co. LLC

Mid-cap Buyout Co-investment

In August 2010, we completed a co-investment in Bourland & Leverich Supply Co. LLC ("B&L Supply") alongside Jefferies Capital Partners. B&L Supply is a leading distributor of oil country tubular goods to oil and gas companies.

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.

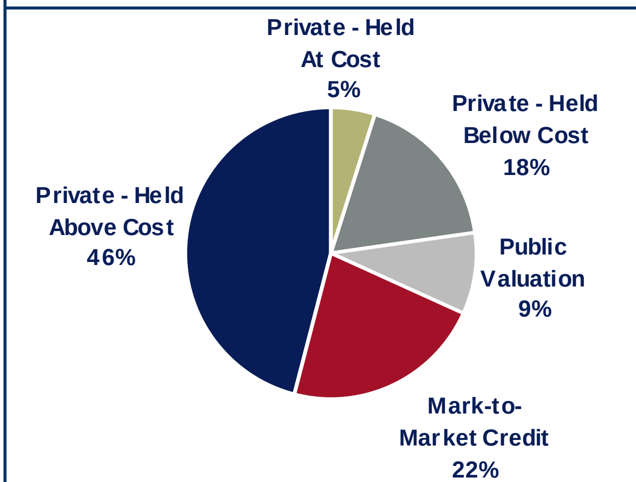
Our net asset value of $9.50 per share as of 30 June 2010 was $0.07 higher than previously reported in our June 2010 Monthly Report principally due to the receipt of additional portfolio valuation information. Between the release date of our June 2010 Monthly Report and the release date of this Interim Financial Report, our Investment Manager received second quarter 2010 financial statements and other valuation estimates that resulted in net unrealized gains within our private equity portfolio.

Furthermore, our Investment Manager utilized this valuation information to proactively re-value certain portfolio companies that are in multiple private equity funds using a conservative valuation multiple across the portfolio. For 32 investments that are held by multiple sponsors, 17 of which are in the largest 100 company positions, our Investment Manager valued each company at the lowest of the sponsors' valuations (with the exception of seven, which are marked at a blended valuation). If we valued these 32 investments at the average of the sponsors' valuations, it would lead to approximately $2.5 million of additional value, or $0.05 per ordinary share. In addition, if we used the highest of the sponsors' valuations, it would lead to approximately $9.9 million of additional value, or $0.19 per ordinary share.

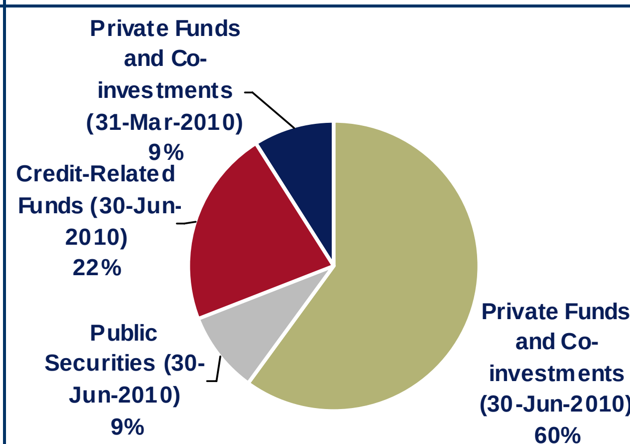
The graphs below illustrate the diversification of our private equity investments by valuation type and the date of most recent available information as of 30 June 2010.

VALUATION METHODOLOGY

Private Equity Fair Value by Valuation Type



Private Equity Fair Value by Date of Most Recent Available Information



PERFORMANCE BY ASSET CLASS

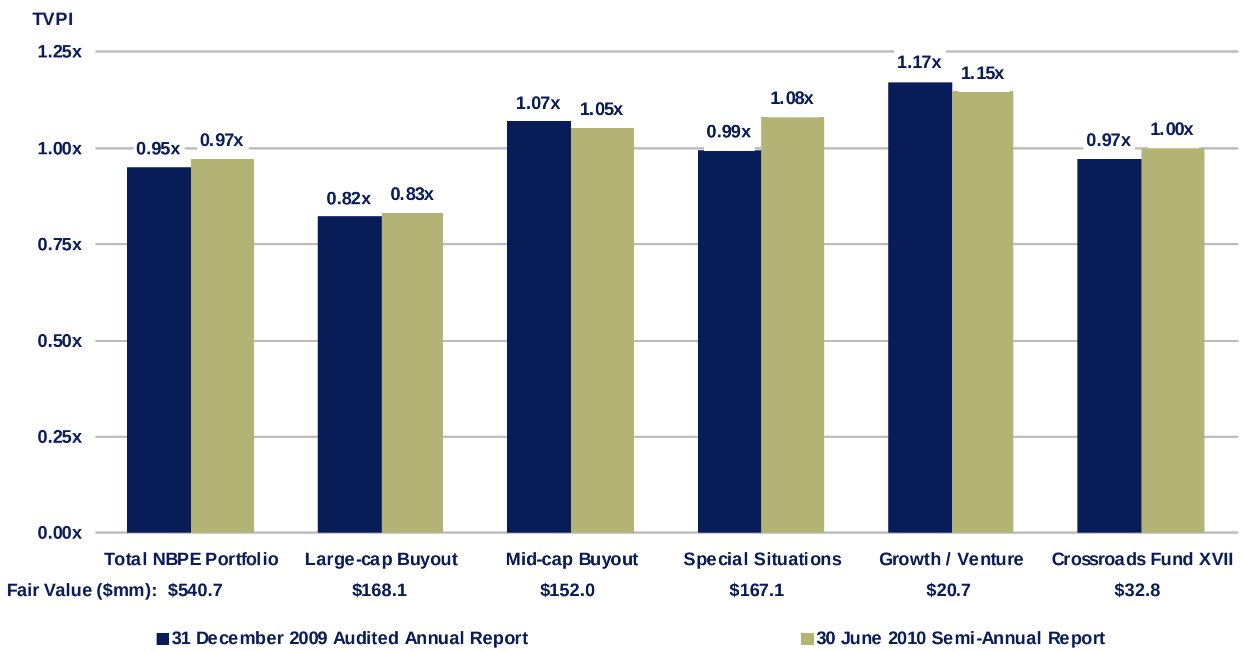
Based on the multiple of total value to paid-in capital ("TVPI"), our private equity portfolio increased in fair value from 0.95x at 31 December 2009 to 0.97x at 30 June 2010.

The increase in value during the first half of the year was primarily driven by realized and unrealized gains in our special situations portfolio, which increased in value by approximately 9% from 0.99x at 31 December 2009 to 1.08x at 30 June 2010. This positive performance was largely attributable to higher mark-to-market valuations and asset sales within the trading and restructuring funds in our special situations portfolio.

The valuations of the remaining asset classes were relatively stable during the period. The large-cap buyout portfolio and NB Crossroads Fund XVII had a small increase in unrealized value, while the mid-cap buyout portfolio and the growth equity / venture capital portfolio experienced a small decrease in unrealized value.

The graph below illustrates a summary of our portfolio performance by asset class during the first six months of 2010.

YTD 2010 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 30 June 2010. The following analysis totals approximately $513 million in fair value, or 95% of total private equity fair value, and is based on the most recent information available at the underlying company level. Across the portfolio, 75% of unrealized fair value and 56% of unrealized cost basis is held at or above cost on a company by company basis.

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

Total Unrealized Portfolio Multiple Range	30-Jun-10 % of Cost	30-Jun-10 % of Value
2.0x +	4%	13%
1.0x - 2.0x	47%	57%
Held at Cost	5%	5%
0.5x - 1.0x	27%	21%
0.25x - 0.5x	10%	4%
< 0.25x	7%	1%
Total Unrealized ($m)	**$500.8**	**$513.0**

Mid-cap Buyout Multiple Range	30-Jun-10 % of Cost	30-Jun-10 % of Value
2.0x +	4%	13%
1.0x - 2.0x	53%	62%
Held at Cost	6%	5%
0.5x - 1.0x	21%	16%
0.25x - 0.5x	6%	2%
< 0.25x	10%	1%
Total Unrealized ($m)	**$141.2**	**$151.8**

Large-cap Buyout Multiple Range	30-Jun-10 % of Cost	30-Jun-10 % of Value
2.0x +	5%	17%
1.0x - 2.0x	32%	43%
Held at Cost	7%	7%
0.5x - 1.0x	29%	25%
0.25x - 0.5x	18%	7%
< 0.25x	9%	1%
Total Unrealized ($m)	**$192.0**	**$178.5**

Special Situations Multiple Range	30-Jun-10 % of Cost	30-Jun-10 % of Value
2.0x +	15%	33%
1.0x - 2.0x	31%	35%
Held at Cost	18%	14%
0.5x - 1.0x	25%	16%
0.25x - 0.5x	5%	1%
< 0.25x	6%	0%
Total Unrealized ($m)	**$25.3**	**$32.6**

Growth / Venture Multiple Range	30-Jun-10 % of Cost	30-Jun-10 % of Value
2.0x +	15%	33%
1.0x - 2.0x	31%	35%
Held at Cost	18%	14%
0.5x - 1.0x	25%	16%
0.25x - 0.5x	5%	1%
< 0.25x	6%	0%
Total Unrealized ($m)	**$25.3**	**$32.6**

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

CO-INVESTMENT PERFORMANCE

As of 30 June 2010, the TVPI multiple of our co-investment portfolio was 0.94x. On an overall basis, the valuation of our co-investment portfolio experienced unrealized losses during the first half of 2010 primarily due to write downs in the value of certain large and mid-cap buyout co-investments.

The table below outlines the performance of our co-investment portfolio from inception through 30 June 2010 by asset class and valuation range.

CO-INVESTMENT PERFORMANCE BY ASSET CLASS AND VALUATION RANGE

Asset Class	# Co-investments	30-Jun-2010 Fair Value ($mm)	Total Value to Paid-in Capital	% of Co-invest Fair Value
Large-cap Buyout	5	$23.5	0.64x	28.9%
Mid-cap Buyout	15	44.9	1.08x	55.0%
Other	3	13.1	1.03x	16.1%
Total Co-investments	**23**	**$81.6**	**0.94x**	**100.0%**

Multiple Range	# Co-investments	30-Jun-2010 Fair Value ($mm)	Total Value to Paid-in Capital	% of Co-invest Fair Value
2.0x+	1	$1.5	2.63x	1.9%
1.0x to 2.0x	12	54.1	1.25x	66.3%
0.5x - 1.0x	5	19.4	0.85x	23.7%
< 0.5x	5	6.5	0.27x	8.0%
Total Co-investments	**23**	**$81.6**	**0.94x**	**100.0%**

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LARGEST UNDERLYING INVESTMENTS

At 30 June 2010, our private equity portfolio included exposure to over 2,300 separate companies, with our allocable portion of approximately 1,000 companies valued at greater than $20,000. Our 10 largest portfolio company investments totaled approximately $83 million in fair value, or 15% of our private equity fair value. Our 20 largest portfolio company investments totaled approximately $127 million in fair value, or 23% of our private equity fair value. No individual company accounted for more than 3.0% of total net asset value at quarter end. Listed below are the 20 largest portfolio company investments in alphabetical order.

Company Name	Status	Business Description	Partnership(s)
AL Gulf Coast Terminals, LLC	Privately Held	Crude and residual fuel oil storage services	ArcLight Energy Partners Fund IV
Author Solutions, Inc.	Privately Held	Independent self-publishing services	Bertram Growth Capital, Fund XVIII
Avaya, Inc.	Privately Held	Communication systems, applications and services for	Direct, Fund XVIII
CIT Group, Inc (Debt & Equity)	Publicly-Traded	Specialized financial services and lending	OCM Opportunities Fund VIIb, Fund XVIII
Dollar General Corporation	Publicly-Traded	Leading value discount retailer of quality general merchandise	KKR 2006, Fund XVIII
Dresser Holdings, Inc.	Privately Held	Energy infrastructure and oilfield equipment and services	Direct, First Reserve XI, Fund XVII, Fund XVIII
Edgen Murray Corporation	Privately Held	Distributor and marketer of steel and alloy products	Direct, Fund XVII, Fund XVIII
First Data Corporation	Privately Held	Global payment processing services	Direct, KKR 2006, Fund XVIII
Firth Rixson, plc (Mezzanine Debt)	Privately Held	Supplier of specialist metal products primarily for the aerospace industry	Direct
Freescale Semiconductor, Inc.	Privately Held	Semiconductor developer and manufacturer	Direct, Carlyle Europe II, Fund XVII, Fund XVIII
Group Ark Insurance Holdings Limited	Privately Held	Lloyd's based specialty P&C insurer	Direct, Aquiline, Fund XVIII
Hertz Global Holdings, Inc.	Publicly-Traded	Car rental service	Carlyle Europe II, Clayton, Dubilier & Rice VII, Fund XVII
Nielsen Company	Privately Held	Global information and media products and services	Carlyle Europe II, KKR Millennium, THL Fund VI, Fund XVII, Fund XVIII
Power Holdings Inc.	Privately Held	Manufacturer of full spectrum power distribution and monitoring	Bertram Growth Capital, Fund XVIII
Sabre Holdings Corporation	Privately Held	Travel services	Direct, Fund XVII, Fund XVIII
Sally Beauty Holdings, Inc.	Publicly-Traded	International specialty retailer of professional beauty supplies	Clayton, Dubilier & Rice VII
ServiceMaster Company	Privately Held	Maintenance services, including lawn care, house cleaning and pest control	Clayton, Dubilier & Rice VII
Terra-Gen Power, LLC	Privately Held	Geothermal, wind and solar power generation	Arclight IV, Fund XVIII
TPF Genco Holdings, LLC	Privately Held	Natural gas fired power plants	Direct, Fund XVII, Fund XVIII
U.S. Foodservice Inc	Privately Held	Foodservice distributor	Clayton, Dubilier & Rice VII, KKR 2006, Fund XVIII

At 30 June 2010, approximately $46 million of our private equity investment portfolio was comprised of investments directly or indirectly in publicly-traded securities. This amount represented approximately 9% of private equity fair value.

INVESTMENT PORTFOLIO PERFORMANCE METRICS

In connection with our portfolio monitoring process, our Investment Manager analyzed the operational performance and valuation metrics for the 25 largest mid-cap buyout companies and the 25 largest large-cap buyout companies based upon fair value at 30 June 2010.

PORTFOLIO COMPANY PERFORMANCE METRICS [1]

Largest 25 Mid-cap Buyout Companies

- Approximately $86.6 million of fair value, which represents 16.0% of total private equity fair value and 57.2% of the mid-cap buyout fair value
- The 13 privately held cash flow-oriented companies ($43.5 million of fair value) had a:
  - Weighted average valuation multiple of 9.3x LTM EBITDA
  - Weighted average leverage multiple of 4.5x LTM EBITDA
- The five publicly traded companies ($8.8 million of fair value) had weighted average stock price appreciation of 10% during the first six months of 2010
- The five privately held financial institutions ($19.3 million of fair value) grew book value by 24% during the last twelve month period on a weighted average basis
  - Weighted average valuation multiple of 1.32x tangible book value
- The valuation of the two power generation companies ($15 million of fair value) was based on a variety of metrics, including price per kilowatt hour of generation capacity

Largest 25 Large-cap Buyout Companies

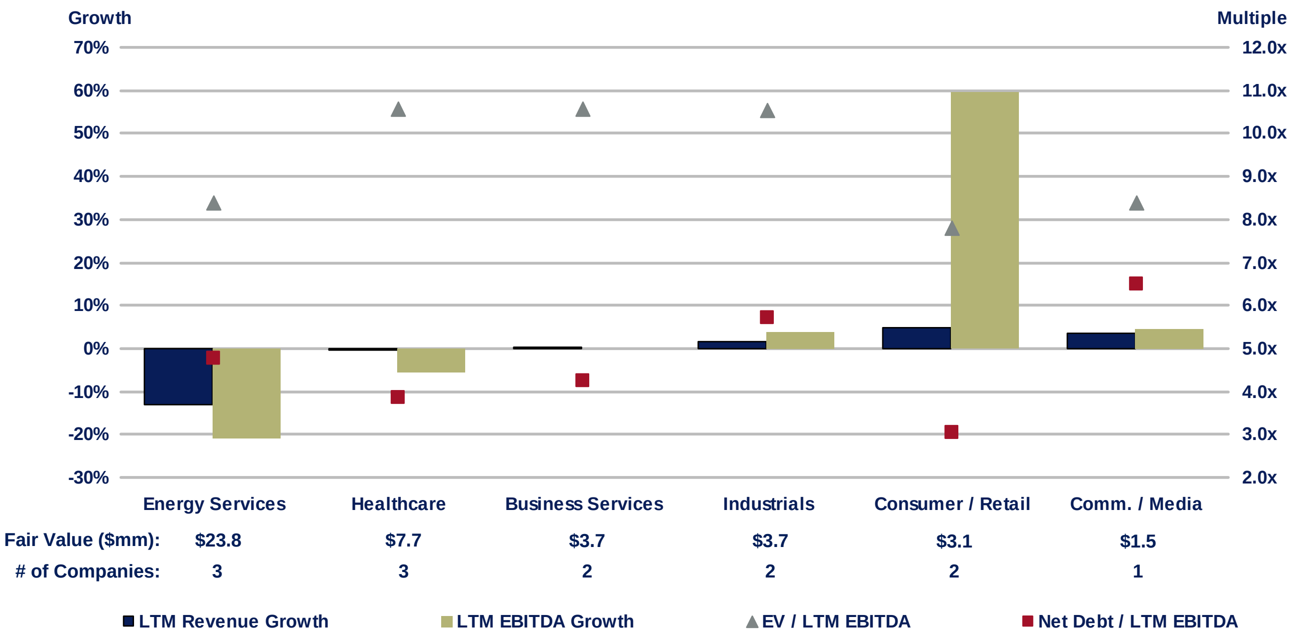
- Approximately $93 million of fair value, which represents 17.2% of total private equity fair value and 52.9% of the large-cap buyout fair value
- The 19 privately held companies ($74.3 million of fair value) had a:
  - Weighted average valuation multiple of 9.3x LTM EBITDA
  - Weighted average leverage multiple of 6.2x LTM EBITDA
- The six publicly traded companies ($18.7 million of fair value) had weighted average stock price depreciation of 5% during the first six months of 2010

Mid-cap Buyout and Large-cap Buyout Portfolio Company Analysis

The figures below illustrate the key operating and valuation metrics for the largest traditional mid-cap buyout and large-cap buyout companies by industry sector. In conducting the analysis, our Investment Manager utilized the most recently available information (principally as of 30 June 2010 but also as of 31 March 2010) to evaluate the year-over-year growth in revenue and EBITDA for each company. In addition, our Investment Manager analyzed the most recently available valuation multiple (enterprise value to LTM EBITDA) and leverage multiple (net debt to LTM EBITDA) for each company. The aggregate metrics by industry sector represent weighted averages based on the fair value of each underlying company.

1. *Portfolio company operating and valuation metrics are based on most recently available information (unaudited). Private equity fair value as of 30 June 2010 (unaudited).*

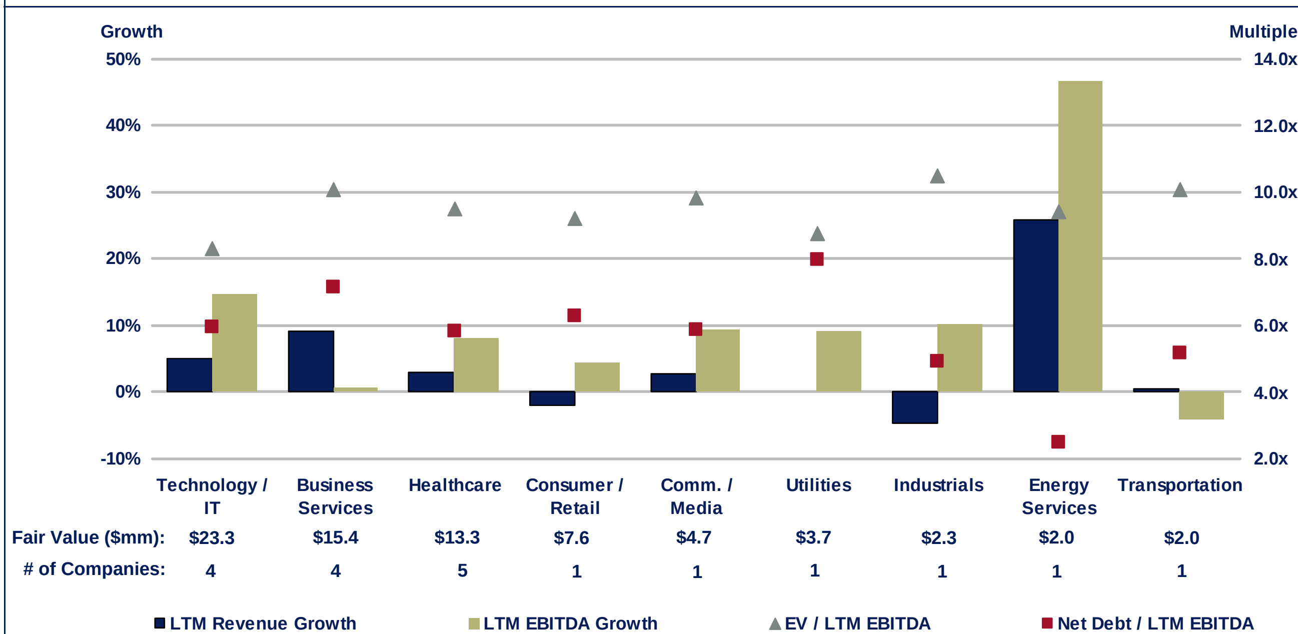
WEIGHTED AVERAGE LTM PERFORMANCE AND VALUATION METRICS BY INDUSTRY SECTOR: MID-CAP BUYOUT



	Energy Services	Healthcare	Business Services	Industrials	Consumer / Retail	Comm. / Media
Fair Value ($mm):	$23.8	$7.7	$3.7	$3.7	$3.1	$1.5
# of Companies:	3	3	2	2	2	1

Note: Private equity fair value as of 30 June 2010 (unaudited). The graph above excludes five privately held financial institutions, five companies that are publicly traded and two power generation companies. The growth statistics for one business services company and the multiples for one energy services company are excluded because they are not meaningful.

WEIGHTED AVERAGE PERFORMANCE AND VALUATION METRICS BY INDUSTRY SECTOR: LARGE-CAP BUYOUT



	Technology / IT	Business Services	Healthcare	Consumer / Retail	Comm. / Media	Utilities	Industrials	Energy Services	Transportation
Fair Value ($mm):	$23.3	$15.4	$13.3	$7.6	$4.7	$3.7	$2.3	$2.0	$2.0
# of Companies:	4	4	5	1	1	1	1	1	1

Note: Private equity fair value as of 30 June 2010 (unaudited). The graph above excludes six companies that are publicly traded.

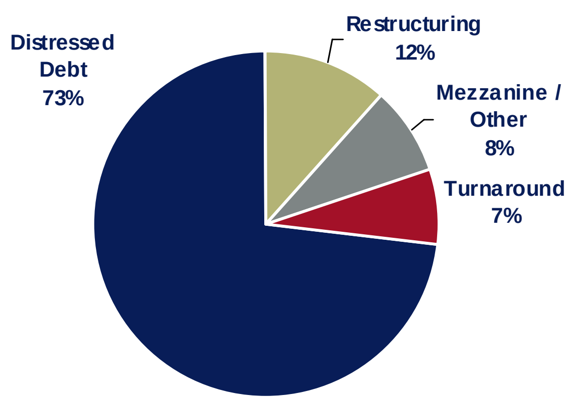
Special Situations Portfolio Analysis

The fair value of our special situations portfolio was approximately $166.0 million as of 30 June 2010, or 30% of total private equity fair value. Within this 30% of the portfolio, 22% of our total private equity fair value was from credit related funds that provide a monthly estimate of the mark-to-market fair value of their debt investments.

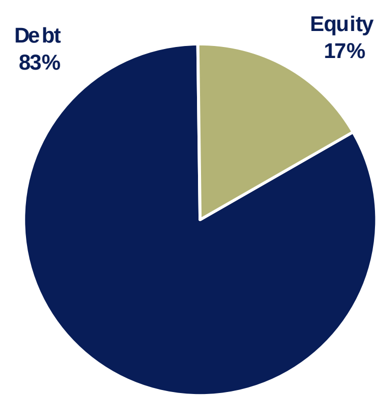
Our special situations portfolio consists of a combination of distressed debt, restructuring, turnaround and mezzanine strategies. As of quarter end, the special situations portfolio was primarily comprised of debt securities, but over time we expect the equity component to increase as restructuring 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 30 June 2010.*

Special Situations Portfolio Analysis (continued)

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 30 June 2010, the 25 largest special situations companies had an aggregate fair value of approximately $49.6 million, representing 30% of the special situations fair value and 9% of the total private equity fair value. A summary of these investments is provided below:

Investment Stage	# of Companies	Fair Value ($mm)	Commentary
Undervalued / Distressed Debt	14	$24.9	Debt securities purchased at a discount to par that generate a meaningful current yield within the sponsor's portfolio
Co-investments	2	$11.0	Firth Rixson mezzanine debt has a coupon of LIBOR plus 1,050 basis points (450 cash, 600 PIK); Suddenlink Communications preferred shares were purchased at a discount and accrue PIK interest at 12%
Bankruptcy Emergence	2	$4.7	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 bankruptcy process
Operational Turnaround	3	$4.5	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
Influential Restructuring	4	$4.4	Companies that are expected to undergo a financial restructuring; exposure to an influential portion of each company's capital structure where the manager is in position to lead the restructuring process if necessary
Total	**25**	**$49.6**	

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 30 June 2010, the fair value of our investment in Fund XVII was $32.8 million, representing 6% of total 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]: Large-cap Buyout – 27%; Mid-cap Buyout – 27%; Growth / Venture – 40%; and Special Situations – 6%. As of 30 June 2010, Fund XVII consisted of 62 primary fund investments, seven co-investments and five secondary purchases and included exposure to over 1,400 separate companies, with the ten largest companies totaling approximately $3.5 million in fair value to NBPE, or less than 1% of total private equity fair value. At the six month period ending 30 June 2010, we had unfunded commitments of $6.9 million to Fund XVII.

As of 30 June 2010, the aggregate fair value of our investments in Fund XVIII was $43.9 million, representing 8% of total 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]: Large-cap Buyout – 16%; Mid-cap Buyout – 53%; Special Situations – 17%; and Growth / Venture – 14%. As of 30 June 2010, Fund XVIII consisted of 72 primary fund investments, 28 co-investments and seven secondary purchases and included exposure to over 1,200 separate companies, with the ten largest companies totaling approximately $6.7 million in fair value to NBPE, or 1% of our total private equity fair value. At the six month period ending 30 June 2010, we had unfunded commitments of $26.3 million to Fund XVIII.

The table below lists our ten largest investments in Fund XVII and Fund XVIII in alphabetical order as of 30 June 2010. The ten largest investments in Fund XVII had a fair value of approximately $9.0 million, or 2% of our total private equity fair value. The ten largest investments in Fund XVIII had a fair value of approximately $12.3 million, or 2% of our total private equity fair value.

Ten Largest Investments in Fund XVII		Ten Largest Investments in Fund XVIII	
Partnership	**Asset Class**	**Partnership**	**Asset Class**
Apollo Investment Fund VI	Large-cap Buyout	Aquiline Financial Services Fund	Mid-cap Buyout
Carlyle/Riverstone Global E&P Fund III	Large-cap Buyout	Blackstone Capital Partners V	Large-cap Buyout
CVC European Equity Partners IV	Large-cap Buyout	Court Square Capital Partners II	Mid-cap Buyout
Meritech Capital Partners III	Growth / Venture	Doughty Hanson & Co V	Mid-cap Buyout
Oak Investment Partners XI	Growth / Venture	KKR 2006 Fund	Large-cap Buyout
ONSET V	Growth / Venture	LS Power Equity Partners II	Mid-cap Buyout
Sankaty Credit Opportunities II	Special Situations	Madison Dearborn Capital Partners V	Large-cap Buyout
Thoma Cressey Fund VIII	Mid-cap Buyout	TowerBrook Investors II	Mid-cap Buyout
Trinity Ventures IX	Growth / Venture	Veritas Capital Fund III	Mid-cap Buyout
Warburg Pincus Private Equity IX	Special Situations	Wayzata Opportunities Fund	Special Situations

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).

During the second quarter of 2010, we announced the placing of 2,999,999 new zero dividend preference shares ("ZDP Shares") pursuant to a tap issue on 16 April 2010. The issue price per ZDP Share (before expenses) was 106.25p, a premium to the estimated net asset value per ZDP Share at the time of issuance. The new ZDP Shares were admitted to trading on the Specialist Fund Market of the London Stock Exchange on 20 April 2010. In addition, the new ZDP Shares were listed and admitted to trading on the Daily Official List of the Channel Islands Stock Exchange. The new ZDP Shares rank pari passu with the existing ZDP Shares of NBPE.

As of 30 June 2010, we had outstanding borrowings of $25.0 million from our $250.0 million credit facility in order to fund ongoing investment activities. We had cash and cash equivalents of $27.9 million and $225.0 million of undrawn capacity on the credit facility, resulting in total capital resources of $252.8 million. Given that our unfunded private equity commitments were $155.4 million at quarter end, we continued to maintain a conservative capital structure with over 100% of our unfunded commitments backstopped by cash and the undrawn credit facility.

The table below outlines our liquidity and capital commitment position as of 30 June 2010.

CAPITAL COMMITMENT POSITION AT 30 JUNE 2010

($ in millions)	
Net Asset Value	$485.0
Total Private Equity Investments	$540.7
Private Equity Investment Level	111%
Unfunded Private Equity Commitments	$155.4
Total Private Equity Exposure	$696.1
Over-commitment Level	44%
Cash and Cash Equivalents	$27.9
Undrawn Credit Facility	$225.0
Total Capital Resources	$252.8
Excess of Capital Resources Over Unfunded Commitments	**$97.4**

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. As of 30 June 2010, the interest rate on outstanding borrowings ranged from approximately 1.66% to 1.89%. 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.

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 30 June 2010, the debt to value ratio was 6.0%.

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 30 June 2010, the secured asset ratio was 8.3%.

The commitment ratio is defined as Restricted Total Exposure divided by the aggregate of shareholder's equity and the total amount of the credit facility, with Restricted Total Exposure defined as the value of private equity investments (less any excluded value) plus unfunded private equity commitments. If the debt to value ratio is greater than 25.0% and the commitment ratio is greater than 130.0%, then we become restricted from making new private equity investments. At 30 June 2010, the commitment ratio was 89.0%.

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.

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

An investment in our company involves substantial risk and investors in our company's class A shares ("Class A Shares") and zero dividend preference shares ("ZDP Shares") should carefully consider such risks, including the following. Additional risks and uncertainties that we do not presently know about or that we currently believe are immaterial may also adversely impact our business, financial condition, results of operations or the value of your investment. If any of the following risks actually 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 Class A 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 Class A Shares could continue to trade at a discount to net asset value.

The Class A Shares could continue to trade at a discount to net asset value for a variety of reasons, including 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 Class A Shares. Additionally, unlike traditional private equity funds, we intend to continuously reinvest the cash we receive, except in limited circumstances. Therefore, the only way for investors to realize upon their investment is to sell their Class A Shares for cash. Accordingly, in the event that a holder of Class A Shares requires immediate liquidity, or otherwise seeks to realize the value of its investment in our company, through a sale of Class A Shares, the amount received by the holder upon such sale may be less than the underlying net asset value of the Class A Shares sold.

The trading markets of Euronext Amsterdam and the Specialist Fund Market ("SFM") of the London Stock Exchange ("LSE") are less liquid than certain other major exchanges, which could affect the price of our Class A Shares.

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

The availability of 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 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 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 LSE may vary significantly.

The Class A Shares are admitted to trading on Euronext Amsterdam and the LSE. The price attributed to the Class A Shares may vary significantly on one exchange versus the other. As such, no guarantee is given that investors will receive best pricing and execution on Euronext Amsterdam over the LSE and vice versa. 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 LSE, and any pricing and/or execution variation between these exchanges. Investors are responsible for informing themselves as to the best pricing and execution available in relation to the Class A Shares on both Euronext Amsterdam and the LSE.

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 ADDITIONAL INFORMATION

Statement of Responsibility

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company 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 Companies (Guernsey) Law, 2008.

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 Companies (Guernsey) Law, 2008. 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.

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.

Major Shareholders

As at 30 June 2010, 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

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

STATEMENT OF RESPONSIBILITY (CONTINUED)

We also confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole as required by Disclosure and Transparency Rules (“DTR”) 4.1.12R and by the Wft Decree; and
- The interim financial report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face as required by DTR 4.1.12R and by the Wft Decree.

By order of the Board

Talmai Morgan
Director

John Hallam
Director

Date: 25 August 2010

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

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Guernsey Administrator
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Fund Service and Recordkeeping Agent
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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.

NB PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the Six Month Period Ended 30 June 2010

KPMG

KPMG Channel Islands Limited
P.O. Box 20
20 New Street
St Peter Port
Guernsey
Channel Islands
GY1 4AN

Independent Accountant's Review Report

To the NB Private Equity Partners Limited

We have reviewed the accompanying unaudited consolidated balance sheet of NB Private Equity Partners Limited (the "Company"), including the unaudited consolidated condensed schedule of private equity investments as of 30 June 2010, and the related unaudited consolidated statement of operations and changes in net assets and unaudited statement of cash flows for the six month period ended 30 June 2010, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management and the directors of the Company.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

This report is made solely to the Company in accordance with the terms of our engagement dated 8 February 2010. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusion we have reached.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Robert A Hutchinson

For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants
Guernsey

25 August 2010

NB Private Equity Partners Limited

Consolidated Balance Sheets

30 June 2010 and 31 December 2009

Assets		2010 (Unaudited)		2009 (Audited)
Private equity investments				
(cost of $536,428,721 for 2010 and $544,064,097 for 2009)	$	540,658,163	$	534,812,439
Cash and cash equivalents				
Denominated in U.S. dollars		27,839,275		63,911,521
Denominated in GBP (cost of $11,795 for 2010)		10,915		-
		27,850,190		63,911,521
Other assets		3,675,373		4,428,391
Total assets	**$**	**572,183,726**	**$**	**603,152,351**

Liabilities				
Liabilities:				
Credit facility loans	$	25,004,673	$	65,847,760
Zero dividend preference share liability		51,516,784		48,871,677
Payables to Investment Manager and affiliates		1,875,187		1,851,432
Accrued expenses and other liabilities		7,427,523		2,139,053
Net deferred tax liability		929,291		800,385
Total liabilities	**$**	**86,753,458**	**$**	**119,510,307**
Net assets				
Class A shares, $0.01 par value, 500,000,000 shares authorized,				
54,210,000 shares issued, and 51,059,592 shares outstanding	$	542,100	$	542,100
Class B shares, $0.01 par value, 100,000 shares authorized and				
10,000 shares issued and outstanding		100		100
Additional paid-in capital		541,657,800		541,657,800
Retained earnings (deficit)		(47,995,692)		(49,782,128)
Less cost of treasury stock (3,150,408 shares)		(9,248,460)		(9,248,460)
Total net assets of the controlling interest		484,955,848		483,169,412
Net assets of the non-controlling interest		474,420		472,632
Total net assets	**$**	**485,430,268**	**$**	**483,642,044**
Total liabilities and net assets	**$**	**572,183,726**	**$**	**603,152,351**
Net asset value per share for Class A and Class B shares	**$**	**9.50**	**$**	**9.46**
Net asset value per zero dividend preference share (Pence)		**104.18**		**100.79**

The accounts were approved by the board of directors on 25 August 2010 and signed on its behalf by

Talmai Morgan **John Hallam**

The accompanying notes are an integral part of the consolidated financial statements.
See accompanying accountant's review report.

NB Private Equity Partners Limited

Consolidated Condensed Schedules of Private Equity Investments

30 June 2010 and 31 December 2009

Private equity investments		Cost		Fair Value		Unfunded Commitment		Private Equity Exposure
2010 (Unaudited)								
Fund investments	$	444,808,440	$	459,103,021	$	149,623,960	$	608,726,981
Direct co-investments-equity		80,291,956		72,616,963		5,746,301		78,363,264
Direct co-investments-mezzanine debt		11,328,325		8,938,179		N/A		8,938,179
	$	**536,428,721**	**$**	**540,658,163**	**$**	**155,370,261**	**$**	**696,028,424**
2009 (Audited)								
Fund investments	$	457,065,010	$	457,239,481	$	152,654,027	$	609,893,508
Direct co-investments-equity		75,962,038		69,209,357		6,361,771		75,571,128
Direct co-investments-mezzanine debt		11,037,049		8,363,601		N/A		8,363,601
	$	**544,064,097**	**$**	**534,812,439**	**$**	**159,015,798**	**$**	**693,828,237**

Private equity investments in excess of 5% of net asset value		Cost		Fair Value
2010 (Unaudited)				
NB Crossroads Fund XVII	$	31,278,712	$	32,781,482
NB Crossroads Fund XVIII				
Large-cap Buyout		9,029,217		7,875,355
Mid-cap Buyout		21,483,228		21,340,527
Special Situations		8,034,220		7,774,901
Venture		6,179,293		6,880,057
		44,725,958		43,870,840
Centerbridge Credit Partners Fund, L.P.		20,260,238		29,357,154
OCM Opportunities Fund VIIb, L.P.		30,543,612		37,297,783
2009 (Audited)				
NB Crossroads Fund XVII	$	31,958,815	$	31,833,592
NB Crossroads Fund XVIII				
Large-cap Buyout		9,594,780		7,752,211
Mid-cap Buyout		22,736,689		22,263,134
Special Situations		8,337,746		8,257,608
Venture		6,165,123		6,644,819
		46,834,338		44,917,772
Centerbridge Credit Partners Fund, L.P.		20,260,238		26,624,770
OCM Opportunities Fund VIIb, L.P.		28,014,709		34,542,536

The accompanying notes are an integral part of the consolidated financial statements.
See accompanying accountant's review report.

NB Private Equity Partners Limited

Consolidated Condensed Schedules of Private Equity Investments

30 June 2010 and 31 December 2009

Geographic diversity of private equity investments[1]	Fair Value 2010 (Unaudited)	Fair Value 2009 (Audited)
North America	$ 431,029,918	$ 406,766,427
Europe	82,121,999	79,435,478
Asia / Rest of World	22,304,052	12,900,478
Not classified	5,202,194	35,710,056
	$ 540,658,163	**$ 534,812,439**

Industry diversity of private equity investments[2]	Fair Value 2010 (Unaudited)	Fair Value 2009 (Audited)
Diversified / Undisclosed / Other	20.9%	23.6%
Energy / Utilities	16.8%	17.6%
Financial Services	13.2%	13.3%
Consumer / Retail	10.2%	9.4%
Communications / Media	9.6%	7.2%
Industrials	8.2%	7.3%
Healthcare	7.7%	7.4%
Technology / IT	4.9%	5.8%
Transportation	4.4%	4.5%
Business Services	4.1%	3.9%
	100.0%	**100.0%**

Asset class diversification of private equity investments[3]	Fair Value 2010 (Unaudited)	Fair Value 2009 (Audited)
Large-Cap Buyout	27.9%	30.3%
Large-Cap Buyout Co-Invest	4.7%	4.1%
Mid-cap Buyout	18.9%	19.6%
Mid-cap Buyout Co-Invest	9.1%	9.6%
Special Situation	28.4%	27.0%
Special Situation Co-Invest	2.2%	1.6%
Growth/Venture	6.0%	5.7%
Secondary Ventures	2.8%	2.1%
	100.0%	**100.0%**

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

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

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

The accompanying notes are an integral part of the consolidated financial statements.
See accompanying accountant's review report.

NB Private Equity Partners Limited

Consolidated Statements of Operations and Changes in Net Assets

For the Six Month Periods Ended 30 June 2010 and 2009

(Unaudited)

		2010		2009
Interest and dividend income	$	790,854	$	935,399
Expenses				
Investment management and services		3,745,192		3,105,164
Administration and professional		1,305,131		1,562,989
Finance costs				
Zero dividend preference shares		1,778,488		-
Credit facility		941,946		2,117,710
		7,770,757		6,785,863
Net investment income (loss)	**$**	**(6,979,903)**	**$**	**(5,850,464)**
Realized and unrealized gains (losses)				
Net realized gain (loss) on investments, net of tax expense of $1,459,496 for 2010 and $521,253 for 2009	$	(4,199,496)	$	(2,179,054)
Net change in unrealized gain (loss) on investments, net of tax expense (benefit) of $128,906 for 2010 and ($1,541,158) for 2009		13,421,498		7,490,546
Realized gain (loss) on foreign currency		(67,767)		(11,734)
Unrealized gain (loss) on foreign currency		(386,108)		(25,215)
Net realized and unrealized gain (loss)		8,768,127		5,274,543
Net increase (decrease) in net assets resulting from operations	$	1,788,224	$	(575,921)
Less net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest		1,788		(576)
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$**	**1,786,436**	**$**	**(575,345)**
Net assets at beginning of period attributable to the controlling interest		483,169,412		430,484,266
Less cost of treasury stock 1,438,271 shares for 2009		-		3,451,058
Net assets at end of period attributable to the controlling interest	**$**	**484,955,848**	**$**	**426,457,863**
Earnings (loss) per share for Class A and Class B shares of the controlling interest	***$***	***0.03***	***$***	***(0.01)***

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

See accompanying accountant's review report.

NB Private Equity Partners Limited

Consolidated Statements of Cash Flows

For the Six Month Periods Ended 30 June 2010 and 2009

(Unaudited)

	2010	2009
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 1,786,436	$ (575,345)
Net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest	1,788	(576)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized (gain) loss on investments	4,199,496	2,179,054
Net change in unrealized (gain) loss on investments	(13,421,498)	(7,490,546)
Realized (gain) loss on foreign currency	67,767	11,734
Unrealized (gain) loss on foreign currency	386,108	25,215
Amortization of finance costs	273,932	285,475
Change in other assets	(73,277)	53,116
Change in payables to Investment Manager and affiliates	(589,810)	(212,265)
Change in accrued expenses and other liabilities	1,697,971	(407,244)
Net cash provided by (used in) operating activities	(5,671,087)	(6,131,382)
Cash flows from investing activities:		
Distributions from private equity investments	26,965,649	6,422,220
Proceeds from sale of private equity investments	2,794,123	123,669
Contributions to private equity investments	(18,484,848)	(24,546,592)
Purchases of private equity investments	(5,691,880)	-
Net cash provided by (used in) investing activities	5,583,044	(18,000,703)
Cash flows from financing activities:		
Credit facility loan payments	(40,843,087)	(24,722,915)
Proceeds from zero dividend preference shares	4,904,286	-
Treasury stock purchased	-	(3,487,112)
Net cash provided by (used in) financing activities	(35,938,801)	(28,210,027)
Effect of exchange rates on cash balances	(34,487)	(15,028)
Net increase (decrease) in cash and cash equivalents	**(36,061,331)**	**(52,357,140)**
Cash and cash equivalents at beginning of period	63,911,521	139,204,019
Cash and cash equivalents at end of period	**$ 27,850,190**	**$ 86,846,879**
Supplemental cash flow information		
Interest paid	**$ 370,717**	**$ 1,605,626**
Taxes paid	**$ 33,955**	**$ 648,085**

The accompanying notes are an integral part of the consolidated financial statements.
See accompanying accountant's review report.

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Note 1 – Organization

NB Private Equity Partners Limited and its subsidiaries (the "Company", "We", or "Our") is a closed-end investment company registered in Guernsey. Our registered office is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. We invest in private equity through private equity funds and co-investments. We may also make opportunistic investments. Our Class A shares are listed and admitted to trading on Euronext Amsterdam by NYSE Euronext and on the Specialist Fund Market of the London Stock Exchange plc under the symbol "NBPE". Our zero dividend preference shares (see note 6) are listed and admitted to trading on the Daily Official List of the Channel Islands Stock Exchange and the Specialist Fund Market of the London Stock Exchange under the symbol "NBPZ".

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

The Company is managed by NB Alternatives Advisers LLC ("NB Alternatives" or "Investment Manager") pursuant to an investment management and services agreement. NB Alternatives is a subsidiary of Neuberger Berman Group LLC ("NBG"). NBG was formed by certain members of the senior management team at Lehman Brothers Investment Management Division to acquire a majority interest in certain asset management businesses from the bankruptcy estate of Lehman Brothers Holdings, Inc. ("LBHI"). The investment management and services agreement with the Company was included in the assets acquired by NB Alternatives. The same key individuals are providing services to the Company before and after the NBG transaction, which was effective as of 4 May 2009.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss and are in accordance 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 in compliance with the Companies (Guernsey) Law, 2008. These financial statements are presented in United States dollars.

Principles of Consolidation

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

Cash and Cash Equivalents

Cash and cash equivalents are valued at cost plus accrued interest, which approximates fair value. These investments represent amounts held with financial institutions that are readily accessible to pay expenses or fund investments as well as money market mutual funds. As of 30 June 2010 and December 31 2009, $27,850,190 and $63,911,521 are held with JPMorgan Chase, respectively.

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Valuation of Investments

The Company carries private equity investments on its books at fair value in accordance with U.S. GAAP. We use the best information we have reasonably available to determine or estimate fair value. 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. 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.

In September 2009, the FASB issued ASU No. 2009-12, Fair Value Measurements and Disclosures (Topic 820) – Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ("ASU 2009-12") which amended Accounting Standards Codification Subtopic 820-10, Fair Value Measurements and Disclosures – Overall. The guidance permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. The guidance also requires disclosure of the attributes of investments within the scope of the guidance by major category of investment. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments and the investment strategies of the investee. This guidance is now effective and has been adopted in these financial statements. Adopting this guidance did not materially affect our valuation policy. We have updated our disclosures as necessary.

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820) - Improvements to Disclosures about Fair Value Measurements, which requires additional disclosures about fair value measurements including transfers in and out of Levels 1 and 2 and a higher disaggregation for the different types of financial instruments. For the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements should be presented separately. We have adopted this guidance in these financial statements.

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

Market Risk

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

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

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Investment Income

We earn interest and dividends from our direct investments in private equity, from the underlying portfolio companies of investments in private equity funds, and from our cash and cash equivalents. We record dividends when they are declared and interest when earned, provided we know the information or are able to reliably estimate it. Otherwise, we record the investment income when it is reported to us by the private equity investments.

Operating Expenses

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

Realized Gains and Losses on Investments

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

Net Change in Unrealized Appreciation and Depreciation of Investments

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

Carried Interest

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

Currency Translation

Assets and liabilities denominated in a currency other than U.S. dollars are translated into U.S. dollar equivalents using spot rates as of the valuation date.

The Company has unfunded commitments denominated in a currency other than U.S. dollars. These unfunded commitments are in Euro and amounted to €10,141,632 at 30 June 2010 and €16,103,530 at 31 December 2009; they have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rate in effect at 30 June 2010 and 31 December 2009. The effect on the unfunded commitment of the change in the exchange rate between Euros and U.S. dollars was a decrease in the U.S. dollar obligation of $2,207,865 and $225,403, for 30 June 2010 and 31 December 2009 respectively.

Income Taxes

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

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

Investments made in entities that generate U.S. source investment income may subject the Company to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30 percent may be applied on the Company's distributive

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share of any U.S. source dividends and interest (subject to certain exemptions) and certain other income that we receive directly or through one or more entities treated as either partnerships or disregarded entities for U.S. federal income tax purposes.

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

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

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

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

Forward Foreign Exchange Contracts

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

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

Use of Estimates

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

Note 3 – Agreements, including related party transactions

Management and Administration

We pay the Investment Manager a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the net asset value of our private equity and opportunistic investments. For purposes of this computation, the net asset value is reduced by the net asset value of any investment for which the Investment Manager is

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separately compensated as investment manager. For the six month periods ended 30 June 2010 and 2009, the management fee expenses were $3,475,146 and $2,879,944, respectively.

We also pay the Investment Manager for certain accounting and administrative services at the rate of 2.5 basis points per quarter (10 basis points per annum) applied to the net asset value of our private equity and opportunistic investments at the end of each calendar quarter, computed as described above. The amount incurred by the Company for the six month periods ended 30 June 2010 and 2009 for these services were $270,046 and $225,220, respectively.

We pay to Heritage International Fund Managers Limited ("Heritage"), an affiliate of the Trustee, a fee for providing certain administrative functions relating to certain corporate services and Guernsey regulatory matters affecting the Company. Fees for these services are paid as invoiced by Heritage. We paid Heritage $93,695 and $68,415 for the six month periods ended 30 June 2010 and 2009, respectively, for such services.

For the six month periods ended 30 June 2010 and 2009, we paid our independent directors a total of $121,944 and $97,500 respectively. On an annual basis, our Chairman receives $75,000 and the other directors receive $60,000 each. Directors associated with the Investment Manager receive no additional compensation.

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 30 June 2010 and 31 December 2009, the noncontrolling interest of $474,420 and $472,632 represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation, respectively. The amount of the noncontrolling ownership interest in the subsidiary was agreed between the General Partner and Special Limited Partner of the subsidiary.

The following table reconciles the carrying amount of net assets, net assets attributable to the controlling interest and net assets attributable to the noncontrolling interest at 30 June 2010 and 31 December 2009.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2008	$ 430,484,266	$ 416,440	$ 430,900,706
Net increase (decrease) in net assets resulting from operations	56,136,204	56,192	56,192,396
Purchase of treasury stock	(3,451,058)	-	(3,451,058)
Net assets balance, 31 December 2009	**$ 483,169,412**	**$ 472,632**	**$ 483,642,044**
Net increase (decrease) in net assets resulting from operations	1,786,436	1,788	1,788,224
Net assets balance, 30 June 2010	**$ 484,955,848**	**$ 474,420**	**$ 485,430,268**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5 percent of our consolidated net increase in net assets resulting from operations for a fiscal year in the event that our internal rate of return for such period, based on our net asset value, exceeds 7.5 percent. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the internal rate of return calculations for future periods. Carried interest is reduced by the amount of carried interest that we paid during the period to any investment for which the Investment

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Manager serves as investment manager. Carried interest is also accrued and paid on any economic gain that we realize on treasury stock transactions. (See note 10). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. As of 30 June 2010 and 31 December 2009, no carried interest was accrued.

Shares Owned by Lehman Brothers

Simultaneously with the closing of the initial offering of the Company and related transactions, affiliates of Lehman Brothers, which are not party to the bankruptcy filing of LBHI, purchased 14,500,000 Class A shares, in the form of restricted depositary shares applicable to investors in the United States, at the offering price. The restriction on re-sale of these shares expired on 18 July 2010.

Pursuant to a trading plan commenced in November 2007 and terminated in November 2008, affiliates of Lehman Brothers acquired an additional 802,319 Class A shares. Such shares were acquired on the open market and are not subject to any restrictions on re-sale.

Investments in NB Crossroads Funds

The Company holds limited partner interests in private equity funds of funds managed and sponsored by the Investment Manager. These investments are excluded from the calculation of management fees and carried interests. As of 30 June 2010 and 31 December 2009, the aggregate net asset value of these funds was approximately $76.7 million and $76.8 million, respectively, and associated unfunded commitments were $33.3 million and $33.3 million, respectively.

In 2009, we invested in a secondary transaction alongside other funds managed by the Investment Manager. Together with certain of the other funds, we formed NB Fund of Funds Secondary 2009 LLC ("NBFOFS") to hold our interests in the acquired portfolio. NBFOFS pays no fees or carry to the Investment Manager or affiliates. We bear our share of any direct expenses of NBFOFS.

Note 4 – Fair Value of Financial Instruments

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

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

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

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

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The following tables detail the Company's financial assets and liabilities that were accounted for at fair value as of 30 June 2010 and 31 December 2009 by level. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets (Liabilities) Accounted for at Fair Value			
As of 30 June 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 27,850,190	$ -	$ -	$ 27,850,190
Private equity investments	-	-	540,658,163	540,658,163
Forward foreign exchange contract	-	-	(3,914,032)	(3,914,032)
Totals	**$ 27,850,190**	**$ -**	**$ 536,744,131**	**$ 564,594,321**
As of 31 December 2009				
Cash and cash equivalents	$ 63,911,521	$ -	$ -	$ 63,911,521
Private equity investments	-	-	534,812,439	534,812,439
Forward foreign exchange contract	-	-	310,010	310,010
Totals	**$ 63,911,521**	**$ -**	**$ 535,122,449**	**$ 599,033,970**

As of 30 June 2010 and 31 December 2009, the Company has assessed its positions and concluded that all of its private equity investments are classified as level 3.

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The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the six month period ended 30 June 2010.

(dollars in thousands)

For the Six Month Period Ended 30 June 2010

	Large-cap Buyout	Mid-cap Buyout	Special Situation	Growth/ Venture	Diversified	Secondary Purchases	Private Equity Investments
Balance, 31 December 2009	$ 176,739	$ 170,557	$ 143,327	$ 7,644	$ 31,833	$ 4,713	$ 534,813
Purchases of investments and/or contributions to investments	2,087	5,086	10,575	1,173	1,576	1,024	21,521
Realized gain (loss) on investments	(6,892)	455	4,889	(363)	(491)	(79)	(2,481)
Changes in unrealized appreciation (depreciation) of investments (including charges related to investments still held at the reporting date)	9,238	(4,922)	7,172	115	1,630	298	13,531
Distributions from investments	(13,079)	(3,792)	(7,765)	-	(1,766)	(324)	(26,726)
Transfers in and/or (out) of level 3	-	-	-	-	-	-	-
Balance, 30 June 2010	**$ 168,093**	**$ 167,384**	**$ 158,198**	**$ 8,569**	**$ 32,782**	**$ 5,632**	**$ 540,658**

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The following table summarizes the changes in the fair value of the Company's level 3 private equity investments for the year ended 31 December 2009.

(dollars in thousands)

For the Year Ended 31 December 2009

	Large-cap Buyout	Mid-cap Buyout	Special Situation	Growth/ Venture	Diversified	Secondary Purchases	Private Equity Investments
Balance, 31 December 2008	$ 150,592	$ 161,972	$ 95,675	$ 6,543	$ 28,708	$ -	$ 443,490
Purchases of investments and/or contributions to investments	13,020	19,020	6,538	1,044	3,399	2,463	45,484
Realized gain (loss) on investments	(4,328)	(716)	(558)	(83)	(2,822)	(492)	(8,999)
Changes in unrealized appreciation (depreciation) of investments (including charges related to investments still held at the reporting date)	19,511	2,671	42,701	140	3,956	2,863	71,842
Distributions from investments	(2,056)	(12,390)	(1,029)	-	(1,408)	(121)	(17,004)
Transfers in and/or (out) of level 3	-	-	-	-	-	-	-
Balance, 31 December 2009	**$ 176,739**	**$ 170,557**	**$ 143,327**	**$ 7,644**	**$ 31,833**	**$ 4,713**	**$ 534,813**

Generally, our private equity investments have a defined term and no right to withdraw. We receive distributions as the underlying investments are liquidated. The pace of liquidation depends on a number of factors. We estimate that the liquidation of our current portfolio will continue for another 10-15 years.

Our special situations investments include hedge funds valued at approximately $40.7 million and $37.2 million at 30 June 2010 and 31 December 2009, respectively. As of 30 June 2010, one hedge fund amounting to $11.4 million is redeemable quarterly with a 60 day advance notice. Another hedge fund amounting to $29.4 million is not redeemable for the first two to three years following investment, and has rolling two year lock-up periods thereafter. Hedge funds generally have a right to restrict redemptions in order to avoid a forced sale of underlying assets.

Note 5 – Credit Facility

A subsidiary of the Company has entered into an agreement with Lloyds Banking Group (Bank of Scotland) regarding a senior secured revolving credit facility ("Facility") of up to $250 million. The term of the Facility is seven years and expires in August 2014. At 30 June 2010 and 31 December 2009, $25.0 million and $65.8 million were outstanding and substantially all assets are pledged pursuant to the following:

- a security interest in the Company's interest in substantially all eligible funds or co-investments

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

The Company is required to meet certain portfolio diversification tests, a minimum fund/co-investment threshold, maximum exposure limitations, a maximum debt to value ratio, a maximum debt to secured assets ratio and a maximum over-commitment test. In addition, the Facility limits the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers, repurchase of shares, liens or other matters customarily restricted in such agreements. The zero dividend preference shares (note 6) and the forward foreign exchange contract (note 7) are compliant with the credit facility agreement. At 30 June 2010 and 31 December 2009, the Company met all requirements under the Facility.

All borrowings under the Facility bear interest at a floating rate, calculated as LIBOR or Euribor, as appropriate, plus 1.35% per annum. At 30 June 2010, interest rates on the outstanding balance range from 1.66297% to 1.88925% per annum. At 31 December 2009, interest rates on the outstanding balance range from 1.60338% to 1.63406% per annum.

In addition, we are required to pay a non-utilization fee calculated as 40 basis points per annum on the daily balance of the unused Facility amount. For the six month period ended 30 June 2010, we incurred and expensed $322,721 for interest and $422,623 for non-utilization fees related to the Facility. For the six month period ended 30 June 2009, we incurred and expensed $1,696,430 for interest and $224,402 for non-utilization fees related to the Facility. As of 30 June 2010 and 31 December 2009, unamortized capitalized debt issuance costs (included in other assets) were $1,597,867 and $1,794,745 respectively. Capitalized amounts are being amortized on a straight-line basis over the term of the Facility. Such amortization amounted to $196,878 and $196,878 for the six month periods ended 30 June 2010 and 2009, respectively.

An active market for debt that is similar to that of the Facility does not exist. Management estimates the fair value of the Facility based on comparison to debt instruments with comparable characteristics. Management has estimated that the fair values of the Facility, based on the balance outstanding, are approximately $23.2 million and $62.2 million at 30 June 2010 and 31 December 2009 respectively. However, these estimates are affected by and are subject to significant variability due to the disruptions in the current market for such debt.

In the first quarter of 2009, the Company amended the terms of the Facility to ensure that the change in ownership of the Investment Manager (see note 1) did not cause an event of default. Likewise, we amended the terms of the Facility in the fourth quarter of 2009 to facilitate the offering of the zero dividend preference shares (see note 6) and the forward foreign exchange contract (see note 7).

Note 6 – Zero Dividend Preference Shares

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

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Zero dividend preference shares		**Pounds Sterling**		**U.S. Dollars**
Offering proceeds, 30 November 2009	£	30,000,000	$	48,489,000
Accrued interest	£	236,761	$	388,075
Currency conversion	£	-	$	(5,398)
Liability, 31 December 2009	£	30,236,761	$	48,871,677
Offering proceeds, 16 April 2010	£	3,080,443	$	6,108,726
Accrued interest	£	1,062,122	$	1,651,397
Unamortized premium	£	105,435	$	162,258
Currency conversion	£	-	$	(5,277,274)
Liability, 30 June 2010	£	34,484,761	$	51,516,784

Capitalized offering costs amounted to $2,001,941 and $1,876,452 (included in other assets) as of 30 June 2010 and 31 December 2009 and are being amortized using the effective interest rate method. The unamortized balance at June 30 2010 and 31 December 2009 is $1,851,144 and $1,855,202, respectively.

Note 7 – Forward Foreign Exchange Contract

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

The contract provides that we will purchase £40,000,000 on 17 May 2017 for $64,820,000 from the Lloyds Banking Group (Bank of Scotland). The contract further provides that the security interests granted to the bank under the credit facility as described in note 5 also apply to any amounts we may owe the bank pursuant to this contract. As of 30 June 2010 and 31 December 2009, the fair value of the forward foreign exchange contract was ($3,914,032) (included in accrued expenses and other liabilities) and $310,010 (included in other assets), respectively, in the consolidated balance sheet.

Note 8 – Income Taxes

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

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FOOTNOTES

30 June 2010 (Unaudited) and 31 December 2009 (Audited)

See accompanying accountant's review report

	30 June 2010		30 June 2009	
Current tax expense	$	1,459,496	$	521,253
Deferred tax expense (benefit)		128,906		(1,541,158)
Total tax expense (benefit)	$	1,588,402	$	(1,019,905)

	30 June 2010		31 December 2009	
Gross deferred tax assets	$	4,808,802	$	4,566,984
Less valuation allowance		3,356,036		3,114,218
Net deferred tax assets		1,452,766		1,452,766
Gross deferred tax liabilities		2,382,057		2,253,151
Net deferred tax liabilities	**$**	**929,291**	**$**	**800,385**

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

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

Note 9 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the six month periods ended 30 June 2010 and 2009 are as follows:

	For the Six Month Periods Ended 30 June			
	2010		2009	
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$	1,786,436	$	(575,345)
Divided by weighted average shares outstanding for Class A and Class B shares of the controlling interest		51,069,592		51,370,976
Earnings (loss) per share for Class A and Class B shares of the controlling interest	**$**	**0.03**	**$**	**(0.01)**

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FOOTNOTES

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Note 10 – Treasury Stock

The Company has adopted a liquidity enhancement policy that is intended to enhance and strengthen the liquidity in the trading of the Company's class A shares. The Company previously entered into a liquidity enhancement agreement on 21 July 2008 with ABN AMRO Bank N.V. London Branch ("ABN") which was amended on 9 January 2009, 14 April 2009 and 29 June 2009. The company has extended that program through a renewal of the contract with The Royal Bank of Scotland N.V. ("RBS") on 29 June 2010. Such agreement provides the parameters and requirements for the Company's liquidity enhancement policy.

Under the agreement, RBS has sole discretion, in the name and for the account of the Company and subject to all applicable legal and regulatory requirements, to effect class A share repurchases and sales of class A shares held in treasury on Euronext Amsterdam within the parameters set out in the agreement. Shares repurchased by the Company will either be cancelled or held in treasury (provided that the Company shall not at any time hold class A shares in treasury representing more than 10 percent of its issued class A shares). Shares will not be sold out of treasury at a price which is lower than the last published net asset value per share.

The aggregate number of class A shares which may be purchased in accordance with the agreement is subject to a maximum of 12.5 percent of the total number of class A shares outstanding as of 21 July 2008, or 6,776,250 shares, unless the Company elects to increase such maximum, subject to any limits to the authority granted to the Company by its shareholders to effect share repurchases. The Company currently has shareholder authority to repurchase in the market up to 14.99 percent of its issued shares.

The maximum price which may be paid for a share is an amount equal to the higher of (i) the price of the last independent trade and (ii) the highest current independent bid price for shares on Euronext Amsterdam.

The agreement shall remain in force until 28 June 2011 subject to extension at the election of the Company. The agreement may, however, be terminated at any time by either the Company or RBS.

As of 30 June 2010 and 31 December 2009, there were 51,059,592 Class A ordinary shares and 10,000 Class B ordinary shares outstanding, with 3,150,408 Class A ordinary shares held in treasury at a cost of $9,248,460.

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FOOTNOTES

30 June 2010 (Unaudited) and 31 December 2009 (Audited)

See accompanying accountant's review report

Note 11 – Financial Highlights

Per share operating performance (based on average shares outstanding during the period)	**For the Six Month Period Ended 30 June 2010**	**For the Year Ended 31 December 2009**
Beginning net asset value	$ 9.46	$ 8.20
Purchase of treasury stock	-	0.18
Net increase in net assets resulting from operations:		
Net investment income (loss)	(0.14)	(0.23)
Net realized and unrealized gain (loss)	0.17	1.31
Rounding	0.01	-
Ending net asset value	**$ 9.50**	**$ 9.46**

Total return (based on change in net asset value per share)	**For the Six Month Periods Ended 30 June 2010**	**30 June 2009**
Total return before carried interest	0.38%	1.84%
Carried interest	-	-
Total return after carried interest	**0.38%**	**1.84%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	**For the Six Month Periods Ended (Annualized) 30 June 2010**	**30 June 2009**
Net investment income (loss)	(2.89%)	(2.74%)
Expense ratios:		
Expenses before interest and carried interest	3.09%	2.38%
Interest expense	0.13%	0.79%
Carried interest	-	-
Total	**3.22%**	**3.17%**

Individual shareholder returns may differ from the ratios presented based on differing entry dates into the Company. Total return was for the periods stated and was not annualized.

Note 12 – Commitments and Contingencies

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

Note 13 – Subsequent Events

There have been no subsequent events through 25 August, 2010, the date of the independent accountant's review report, that require recognition or disclosure in the financial statements.