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NB Private Equity Partners Limited

2013 ANNUAL FINANCIAL REPORT

NBPE 2013 ANNUAL FINANCIAL REPORT

For the Year Ended 31 December 2013
Annual Financial Report

“During the year, the Company instituted a new dividend policy, further increased its exposure to direct investments and saw meaningful increases in Net Asset Value and Share price.”

Dear Shareholder,

I am pleased to present the 2013 Annual Financial Report of NB Private Equity Partners Limited (“NBPE” or the "Company”). During the year, the Company instituted a new dividend policy, further increased its exposure to direct investments and saw meaningful increases in net asset value (“NAV”) and Share price. 2013 was a transformative year for the Company, and I am pleased to outline these results in more detail.

The Company saw a meaningful increase in its NAV per Share. During 2013, the Company’s NAV appreciated by 8.5%, driven by value appreciation in the equity co-investment portfolio as well as realized gains from both equity co-investments and direct yielding investments. Including the Company’s two dividends during 2013, the total return NAV increased by 11.9%.

The Company also saw notable improvements in its price per Share and the liquidity of its stock - during the year NBPE’s Share price increased by 20.6%. Also during the year, Lehman Brothers Offshore Partners Limited (“Lehman”) sold all of its Class A Shares and is no longer a Shareholder in the Company. The Board of Directors is pleased that these sales occurred in a measured manner and that each sale by Lehman found meaningful demand in the market.

The Company continues to execute on its strategy of increasing its allocation to direct investments. Even after realizations, which resulted in over $188 million of distributions to NBPE, the value of the direct portfolio increased by over $100 million in 2013. As a result, I am pleased to report that over the course of 2013, the company met its stated goal of having over 50% of its NAV invested in direct investments by the end of the year. Approximately 30% and 26% of NAV is invested in direct yielding and equity co-investments, respectively.

During the year, the Company instituted a long-term dividend policy of paying regular, semi-annual dividends and made its first two payments to Shareholders which totalled $0.41 per Share. For some time the Company has been building a portfolio of direct yielding investments and it is our intention to fully support the dividend using the cash income that this portfolio generates. As of 31 December 2013, the annualized dividend was 81% supported by the cash yield from this portfolio. The Board believes that supporting the dividend with this cash yield is a prudent and sustainable approach to making dividend payments, as opposed to distributing dividends out of capital gains. The Company’s dividend policy is further described in the Directors’ Report on page 36 of this report.

Lastly, new rules in the UK restrict the promotion and distribution of what are known as “non-mainstream pooled investments” to UK retail investors. The rules do not apply however to non-UK investment companies which would qualify for approval as UK investment trusts if they were resident and listed in the UK. Whether a non-UK investment company could so qualify (if resident and listed) is a question of UK tax law and requires consideration and confirmation (on an on-going basis) that a company does not retain more than 15% of its net investment income from any source in any accounting period. The Company is actively considering this matter at the moment and the Board hopes to be able to issue an announcement in the near future, confirming that the Company would intend to conduct affairs in such a manner that the Company’s Shares would be eligible to be recommended and distributed to UK retail investors.

The Directors and I are encouraged by the prospects for the Company going forward. The Directors believe the Company is well-positioned to take advantage of continued attractive investment opportunities. The balance sheet remains strong and the Company has significant capital resources available for new equity co-investments and direct yielding investments. The Directors think this direct investment strategy gives investors a unique exposure to current yield as well as upside potential through equity appreciation over time. The Directors and I thank you for your continued support.

Talmai Morgan

Chairman

Guernsey, 11 March 2014

COMPANY OVERVIEW

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

Company

NB Private Equity Partners Limited ("NBPE")

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

Investment Manager

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

- 27 years of private equity investing experience
- Investment Committee with an aggregate of over 210 years of professional experience
- Approximately 70 investment professionals
- Approximately 130 administrative and finance professionals
- Offices in New York, London, Dallas and Hong Kong

Key Statistics	At 31 December 2013	At 31 December 2012 (Pro Forma)[1]
Net Asset Value of the Class A Shares	\$625.1m	\$576.0m
Equity Co-investments	\$160.8m	\$127.0m
Direct-Yielding Investments	\$185.2m	\$101.6m
Fund Investments	\$291.7m	\$350.6m
Total Private Equity Fair Value	\$637.7m	\$579.2m
Private Equity Investment Level	102%	101%
Cash and Cash Equivalents	\$63.7m	\$73.2m
Net Asset Value per Ordinary Share	\$12.81	\$11.80
Net Asset Value per Ordinary Share including Dividends	\$13.22	\$11.80
ZDP Shares	£44.0m	£41.0m
Net Asset Value per ZDP Share	133.40p	124.32p
Pro Forma for 28 February 2014 Dividend Payment:		
Dividend Payment per Share	\$0.22	-
Cash and Cash Equivalents	\$53.0m	-
Net Asset Value per Ordinary Share	\$12.59	-
Net Asset Value per Ordinary Share including Dividends	\$13.22	-

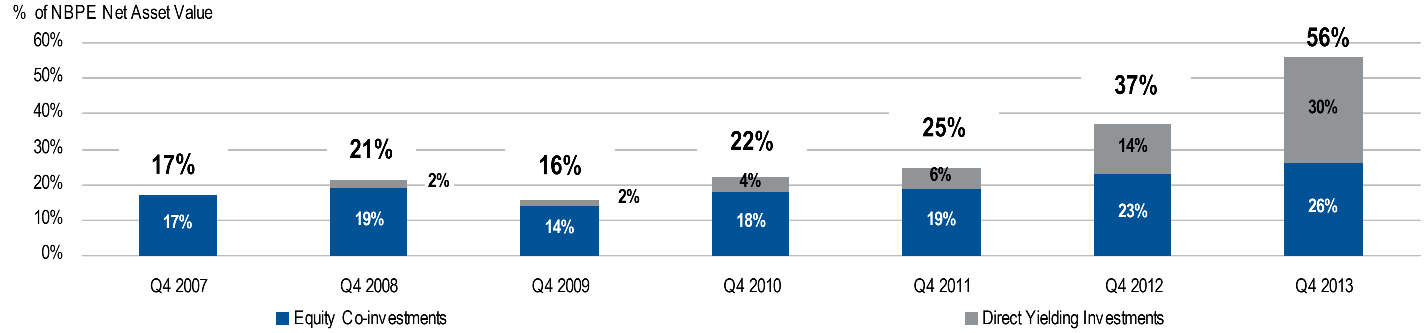
Note: Numbers may not sum due to rounding.
1. Pro-forma for the funding of a direct yielding investment, returns of capital from the NB Alternatives Direct Co-investment Program, and a distribution receivable.

Focus on equity co-investments and direct yielding investments

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

New investments are predominantly equity co-investments and direct yielding investments. Within this direct portfolio, we target allocations of 60% to equity co-investments and 40% to direct yielding investments, subject to an available opportunity set. We may also make other types of investments, as appropriate.

Direct Investments by Year



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

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

COMPANY DIVIDEND POLICY

Long-term dividends

NBPE paid its first semi-annual dividend of $0.20 per Share on 28 February 2013 and second semi-annual dividend of $0.21 on 30 August 2013.

Post year-end, on 28 February 2014, the Company paid the first 2014 semi-annual dividend of $0.22 per Share.

$0.41
Cumulative Dividends in 2013

$0.21
Second Semi-Annual Dividend per Share Paid on August 30th

3.3%
Annualized Dividend Yield on NAV at 31 December 2013

4.5%
Annualized Dividend Yield on Share Price[1]

Direct yielding income

Over time, NBPE intends to pay its dividend from the cash yield it receives from its direct-yielding investments. We expect the dividend to be 100% covered by the cash yield on a run rate basis in the first half of 2014.

Run rate cash yield and dividend coverage (% of dividend)

	31 December 2013
Direct-yielding investments	$16.7m / 81%

Share Buy Back Programme

NBPE retains the ability to repurchase shares through its Share Buy Back Programme which was launched in 2010. Shares bought back under the Programme will be cancelled. There were no share repurchases during 2013. The Board of Directors has approved an extension of the Share Buy Back Programme until 31 May 2014. The documentation for such extension is currently in progress.

1. *Based on the Euronext closing share price of $9.35 on 31 December 2013.*

KEY PERFORMANCE HIGHLIGHTS DURING THE YEAR 2013

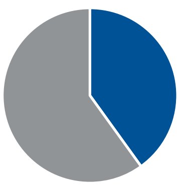
For the Year Ended 31 December 2013
Annual Financial Report

Performance

11.9% NAV per Share total return

20.6% Share price increase

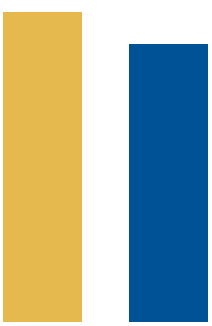
25.9% Share price total return



Portfolio at 31 December 2013

54% of Fair Value in Equity Co-investments/Direct Yielding Investments

46% of Fair Value in Funds



Cash Flows during 2013

$167.3 million funded to Investments[1]

$188.6 million of distributions from Investments

$150.1[1]
Million Invested

New Direct Investment Activity during 2013

11 Equity Co-investments

13 Direct Yielding Investments

1. Net of returns of capital and does not include follow-on investments.

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

Funding new investments through cash generated from a maturing private equity fund portfolio

- Received $188.6 million in distributions (61% from funds) and funded $167.3 million to investments[1] (90% to direct investments)

Increasing percentage of the portfolio in direct yielding investments and equity co-investments and reduced exposure to private equity funds

- Increased direct investment exposure from 37% of NAV at 31 December 2012 to 56% of NAV as of 31 December 2013
- 24 direct investments completed during 2013

30% of net asset value in direct yielding investments with a total estimated yield to maturity of 11.6% and a cash yield of 9.5%

- Direct yielding investments producing run-rate cash income of $16.7 million, covering 81% of the annual dividend
- Targeting full coverage of the dividend on a run rate basis in the first half of 2014 from the cash generated by direct yielding investments

Significant liquidity from the direct investment portfolio during 2013

- Distributions of $33.4 million from equity co-investments as a result of sales and re-capitalizations, and $40.0 million from direct yielding investments, as a result of sales and principal and interest payments
  - $22.0 million of distributions as a result of the sale and partial realization of two 2007 equity co-investments
  - $6.0 million of distributions as a result of dividends from four 2011 equity co-investments
  - $4.9 million of distributions from two 2012 equity co-investments as a result of dividend recapitalizations
  - $0.5 million of distributions from other equity co-investments
  - $18.8 million of distributions as a result of the sale of a direct yielding investment made in 2011
  - $8.8 million of distributions as a result of the sale of one corporate private debt investment and one healthcare credit investment each made during 2012 (including previous interest received)
  - Announced sale of one 2013 investment (equity co-investment and direct yielding investment); the transaction closed subsequent to this report and NBPE received the cash in January 2014

1. *Net of returns of capital.*

2013 OVERVIEW

$118.6 million invested[1] / 19.0% of NAV in Direct Yielding Investments

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

Archroma

- Global provider of specialty chemicals for the textile, paper and emulsion sectors
- Senior secured term loan with a 9.5% annual cash interest coupon
- NB Thesis:
  - Global leading market share in target sectors
  - Well diversified by geography, end market, customer, product and raw material exposure

Blue Coat

- Provider of business application optimization and security products. The company sells software and services that help businesses secure and optimize their online networks safely with speed and efficiency
- Second lien term loan with a 9.5% annual cash interest coupon
- NB Thesis:
  - Strong free cash flow and recurring revenue
  - Strong market position in web security market
  - Attractive industry dynamics

Digital Insight

- Provider of online banking, bill pay and mobile platform software for regional and community financial institutions
- Second lien term loan with an 8.8% annual cash interest coupon
- NB Thesis:
  - High quality of revenue
  - Attractive business model
  - Compelling product offerings in a large and growing addressable market

Healthcare Credit: Royalty Notes (Internal Medication)

- Synthetic royalty notes backed by the US sales of an internal medication drug
- Contractual cash interest rate of 11%
- NB Thesis:
  - Strong efficacy and safety
  - Meets an unmet need in the market
  - Protected by a strong set of patents

Healthcare Credit: Senior Secured Term Loan (Cardiac Device)

- Privately held US-based healthcare company which manufactures and markets cardiac devices
- Senior secured notes with 13.5% cash coupon
  - Five year bullet feature due in 2018 and equity warrants
- NB Thesis: Strong product offering with the possibility of expanding the addressable market

Healthcare Credit: Senior Secured Term Loan (Genetic Testing)

- Privately held U.S. based provider of diagnostic tests that analyze DNA abnormalities to detect genetic mutations that can give rise to known diseases
- Senior secured notes with 10% cash interest coupon
- NB Thesis:
  - Attractive valuation
  - Rapidly growing and profitable company

Healthcare Credit: Senior Secured Term Loan (Skin Products Company)

- Senior secured term loan in a medical device company offering dermatology products
- Contractual cash interest rate of 10.5%
- NB Thesis:
  - Strong organic growth with new products
  - Direct to consumer model
  - Limited indebtedness at company / strong collateral

1. Net of returns of capital and does not include follow-on investments.

2013 OVERVIEW

Direct Yielding Investments (continued)

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

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

- Privately held U.S. based generic pharmaceutical company that develops specialty injectable and ophthalmic suspension drugs
- Senior secured notes with 11% cash interest coupon
  - Five year bullet feature due in 2018 and equity warrants
- NB Thesis:
  - Large pipeline of products in development to drive future growth
  - Focus on complex pharmaceutical products with high barriers to entry

Heartland Dental Care

- Largest dental service organization in the U.S., providing dentists with administrative services such as personnel staffing, purchasing, and financial, marketing and technology support
- Second lien term loan with a 9.8% annual cash interest coupon
- NB Thesis:
  - Company provides clear value to dentists
  - Highly diversified revenue stream across geographies, payors and service type

KIK Custom Products

- Largest U.S. privately-held manufacturer of both national and private label consumer products
- Second lien term loan with a 9.5% annual cash interest coupon
- NB Thesis:
  - Comprehensive product line of stable-demand consumer durables provides financial stability throughout the economic cycle
  - Strong industry dynamics

P2

- The largest independent provider of software and data solutions exclusively serving the upstream oil-and-gas industry
- Second lien term loan with a 9.0% annual cash interest coupon
- NB Thesis:
  - Strong recurring revenue and diversified customer base
  - Strong free cash flow with low capital expenditure requirements

Parsley Energy

- Exploration and production company in the Permian basin
- Second lien term loan with a 12.0% annual cash interest coupon
- NB Thesis:
  - Loan coverage from strong asset base and equity valuation
  - Acreage concentrated in attractive, established regions within the Permian Basin

Taylor

- Leading North American marketer of a wide range of consumer and foodservice precision measurement products
- Mezzanine debt with a 13.0% annual cash interest coupon
- NB Thesis:
  - Market leading business in niche categories
  - Strong free cash flow with minimal working capital needs and low capital expenditure requirements

2013 OVERVIEW

$31.5 million invested[1] / 5.0% of NAV to Equity Co-investments

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

Black Knight Financial Services

- Provider of mortgage servicing technology as well as vendor title, appraisal and other mortgage origination services
- NB Thesis:
  - Strong servicing technology business provides growth platform for other business lines
  - High recurring revenue
  - Well positioned to benefit from outsourcing and centralization in the mortgage market

Brickman

- Commercial landscaping and turf maintenance company
- NB Thesis:
  - Strong free cash flow and high percentage of recurring revenue
  - History of consistent growth across cycles
  - Growth potential through organic growth and accretive acquisitions

CoAdvantage

- Leading U.S. based professional employer organization
- Offers outsourced payroll and tax processing, benefit plan administration, risk management, governance compliance and human resource services for small and medium size businesses
- NB Thesis:
  - Offers a scalable business model with significant operating leverage
  - Consolidation opportunities
  - Geographic expansion in a favorable industry

Digital Insight

- Provider of online banking, bill pay and mobile platform software for regional and community financial institutions
- NB Thesis:
  - High quality of revenue
  - Attractive business model
  - Compelling product offerings in a large and growing addressable market

Formation Energy

- Company formed to pursue proprietary investment opportunities in established shale formations including the Bakken and Eagle Ford
- Intends to pursue a combination of producing wells and underdeveloped acreage for additional production potential
- NB Thesis:
  - Unique partnership opportunity in attractive oil & gas plays
  - Strong management team
  - Motivated sellers in target markets

Gardner Denver

- Manufacturer of process-critical, highly engineered compressors, blowers, pumps and related aftermarket parts
- NB Thesis:
  - Leading business across key segments
  - Identified value creation initiatives
  - Strong customer relationships and blue-chip customer base

1. Net of returns of capital and does not include follow-on investments.

Equity Co-investments (continued)

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

INTO

- Leading U.K.-based organization assisting the recruitment, placement and education of international students in highly-ranked universities in the U.S. and U.K.
- NB Thesis:
  - Favorable industry trends with strong supply and demand curves
  - Attractive partnership model
  - Significant barriers to entry

ÓTICAS CAROL

- Second largest independent eyewear retailer in Brazil
- Offers a broad range of prescription glasses, sunglasses and related accessories
- Operates mainly through a franchise model with over 450 stores
- NB Thesis:
  - Growing industry with favorable tailwinds
  - Leading provider in a fragmented market

Portfolio of Insurance Industry Loss Warranties

- Portfolio of insurance industry loss warranties for the 2013 storm season
- Opportunity to invest in a diversified portfolio of contracts alongside Cartesian

Saguaro Resources Ltd

- Canadian E&P company pursuing an acquire and exploit strategy in unconventional light oil/liquids-rich plays in Alberta's deep basin
- NB Thesis:
  - Opportunistic play in Western Canada with high quality assets; single well economics are comparable, and in some cases, better than the most prolific plays in the U.S.
  - Favorable investing environment in Canada
  - Strong management team and sponsor

SHELF DRILLING

- World's largest pure-play shallow water offshore drilling contractor, with operations in Southeast Asia, the Middle East, India, West and North Africa
- Customers include major national oil companies and independent oil and natural gas companies
- NB Thesis: Favorable industry macro trends with demand driven by:
  - Increases in E&P spending due to historically high oil (Brent) prices
  - Strong demand for energy
  - Successful exploration and appraisal activities of oil and natural gas companies in shallow water fields

2013 OVERVIEW

INVESTMENT RESULTS

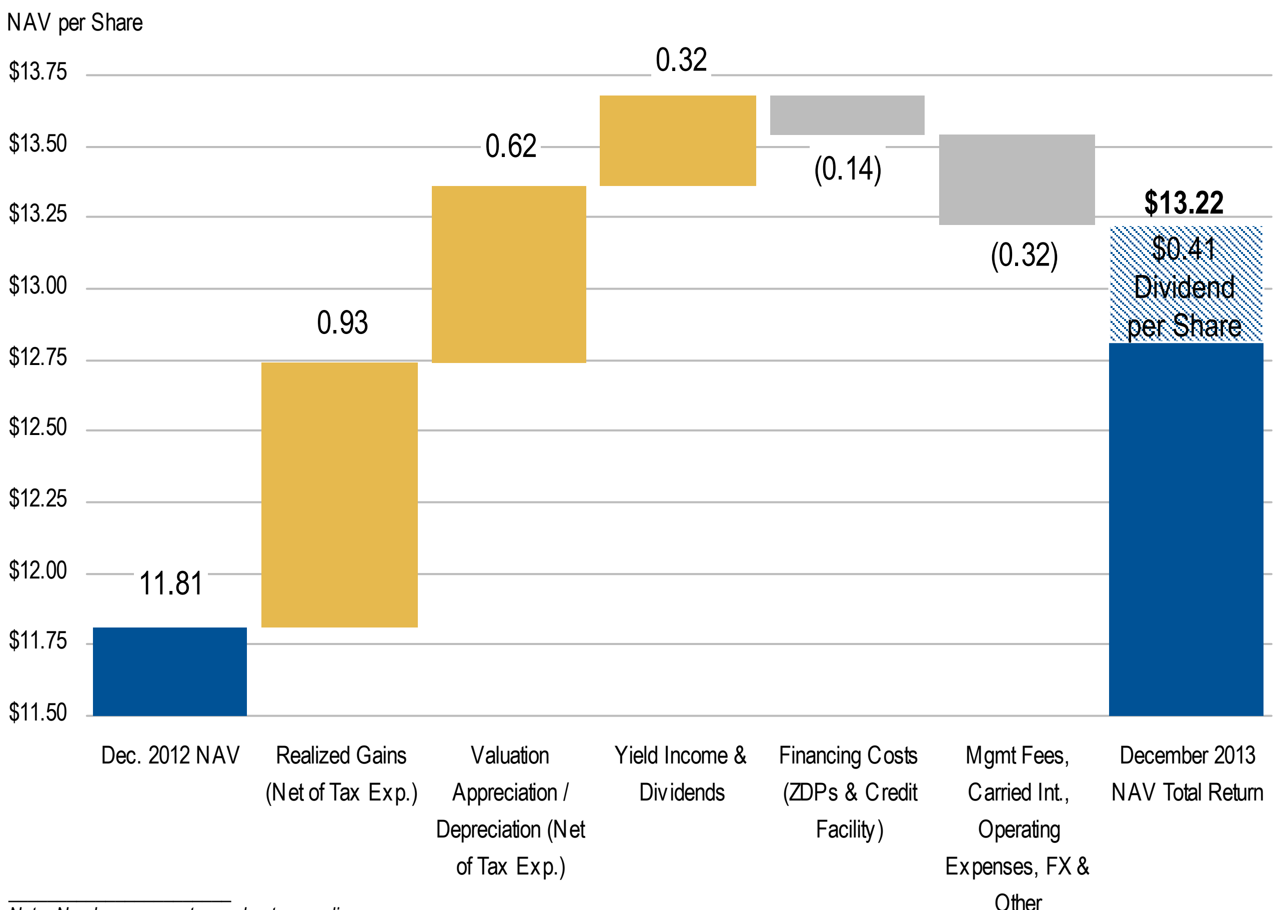
During the year ended 31 December 2013, including the Company's semi-annual dividends, the NAV per Share total return was 11.9%. Including the impact of the dividend payment, our NAV per Share increased 8.5%, driven by realized gains in the underlying investment portfolio and offset by financing costs, including ZDP and credit facility expenses, as well as management fees, carried interest, operating and other expenses and FX. Excluding investment cash flows, NBPE's private equity fair value appreciated in value by 17.1%, net of underlying fees and expenses.

Key changes to NBPE's NAV per Share:

- $45.3 million of realized gains, or $0.93 per Share, net of tax expense
- $30.4 million of unrealized gains, or $0.62 per Share , net of tax expense
- $15.8 million of yield income and dividends, or $0.32 per Share
- $22.9 million of operating expenses and other expenses, or $0.46 per Share
- $20.0 million of dividends paid, or $0.41 per Share

NBPE's total expense ratio during the year ended 31 December 2013 was 3.97%:

- Expense ratio before interest and carried interest of 2.22%
- Interest expense ratio of 0.83%
- Carried interest expense ratio of 0.92%



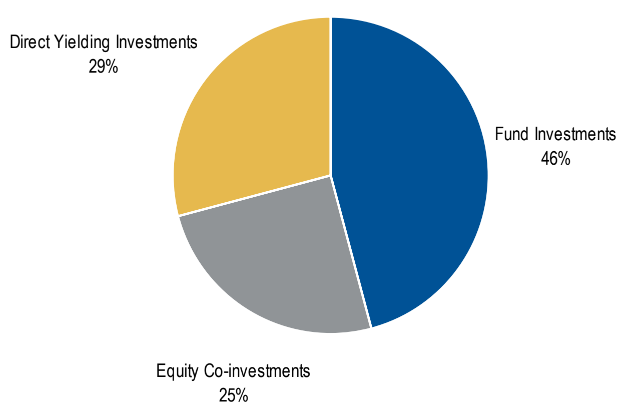
Note: Numbers may not sum due to rounding.

PORTFOLIO OVERVIEW

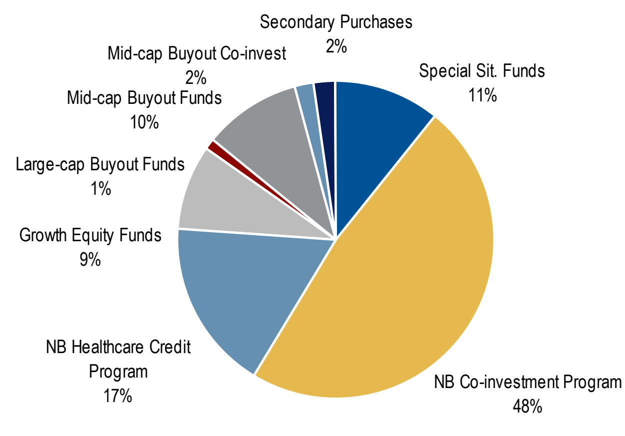
NBPE's portfolio is comprised of three investment types: direct-yielding investments, which consist of corporate private debt and healthcare credit investments, equity co-investments and fund investments. Equity co-investments and direct-yielding investments are a majority of the portfolio and represent approximately 54% of private equity fair value. NBPE's fund portfolio consists of 39 fund investments, many of which are past their investment periods, giving the portfolio exposure to a mature group of underlying companies and securities. As cash distribution activity from NBPE's fund portfolio continues, the manager intends to use these proceeds to fund new direct investments.

	Investments	Private Equity Fair Value	Unfunded Commitments[1]	Total Exposure
Equity Co-investments	42	$160.8m	$98.7m	$259.5m
Direct-Yielding Investments	21	$185.2m	$34.5m	$219.7m
Fund Investments	39	$291.7m	$64.6m	$356.4m
Total Private Equity Investments	**103**	**$637.7m**	**$197.8m**	**$835.6m**

Portfolio Diversification by Fair Value



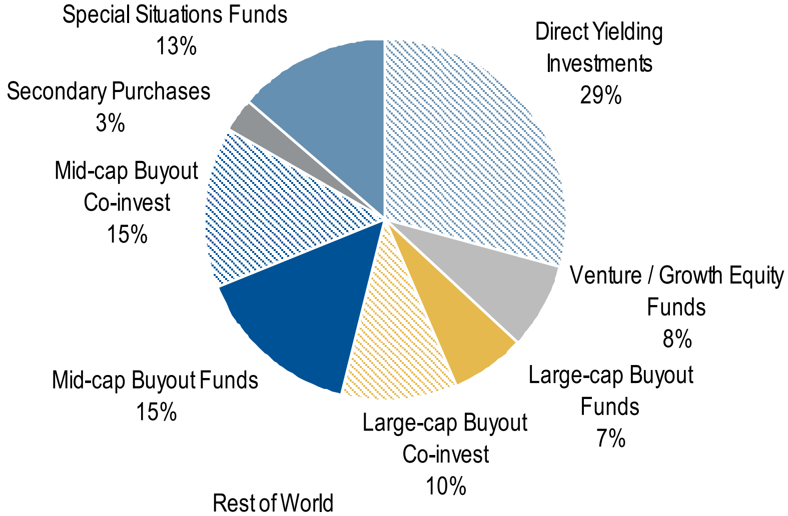
Unfunded Commitments Diversification[1]



Note: Numbers may not sum due to rounding.
1. $30.3 million of unfunded commitments are to funds past their investment period.

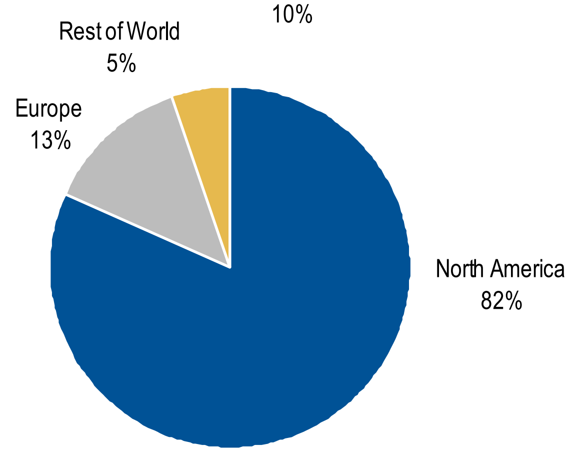
PORTFOLIO ANALYSIS

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

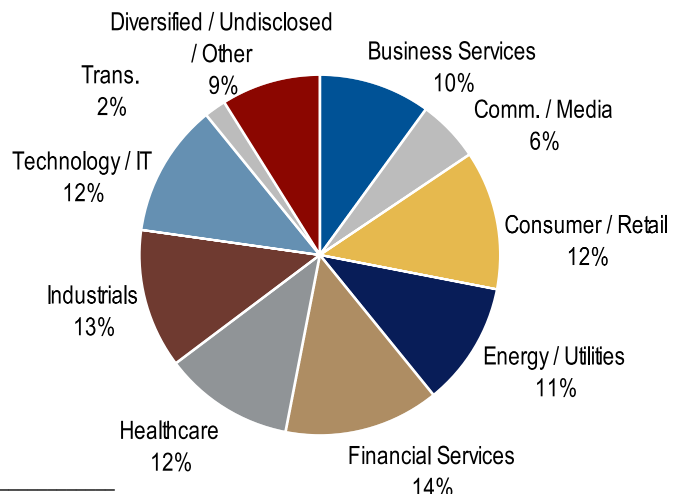


Portfolio Diversification

NBPE adapts its asset allocation over time to tactically allocate the portfolio to what we believe are the most attractive opportunities. NBPE's current allocation is weighted to direct-yielding investments and equity co-investments and these investments represent the majority of private equity fair value. Fund investments represent 46% of private equity fair value and the Investment Manager expects the fund portfolio to become a smaller portion of our private equity fair value as capital is re-deployed into direct investments.



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



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

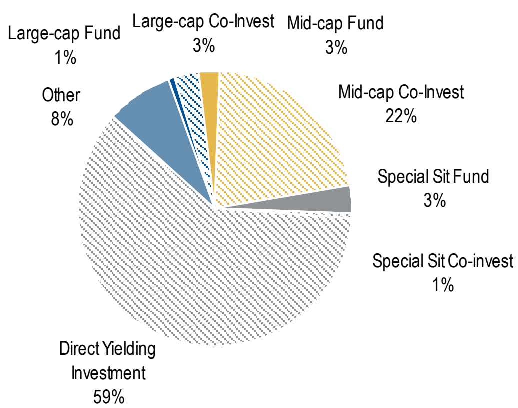
Note: Numbers may not sum due to rounding.

PORTFOLIO ANALYSIS

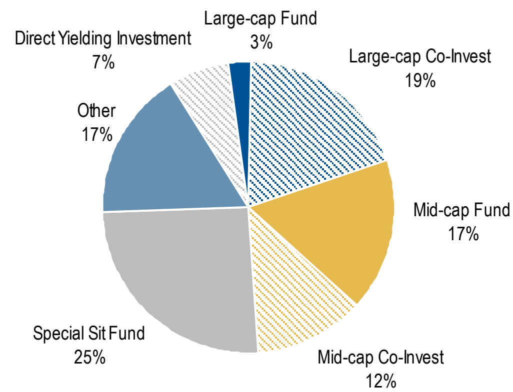
Recent capital deployment is primarily concentrated in direct / co-investments (% of Fair Value)

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

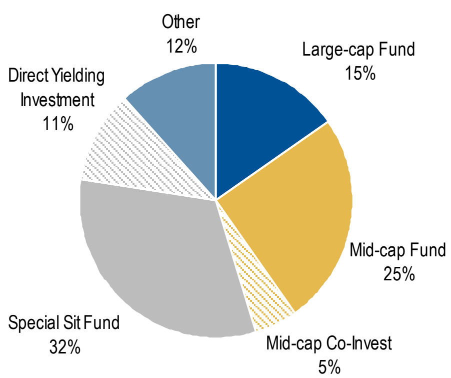
2012 & 2013 (41%)



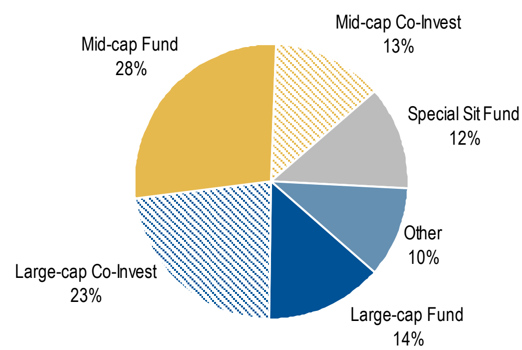
2010 & 2011 (20%)



2008 & 2009 (20%)



2007 & Earlier (19%)



Note: Numbers may not sum due to rounding. Other includes NB Crossroads Fund XVII and Growth/Venture. Based on private equity fair value as of 31 December 2013.

PORTFOLIO ANALYSIS

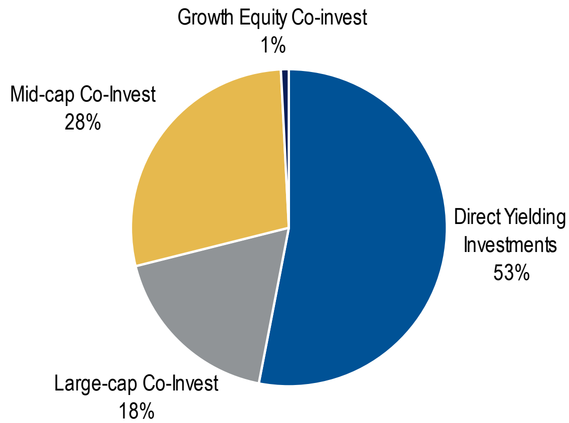
Equity co-investment and direct-yielding investments portfolio diversification

As of 31 December 2013, the private equity fair value of the direct investment portfolio, consisting of equity co-investments and direct yielding investments, was $346.0 million. Approximately $160.8 and $185.2 million was held in equity co-investments and direct yielding investments, respectively. Within the direct investment portfolio, over 50% of the fair value is invested in direct yielding investments and 28% is invested in mid-cap buyout equity co-investments. The industry diversification is broad, allocated to what we believe are attractive investment opportunities in business services, industrials, technology / IT, healthcare and others.

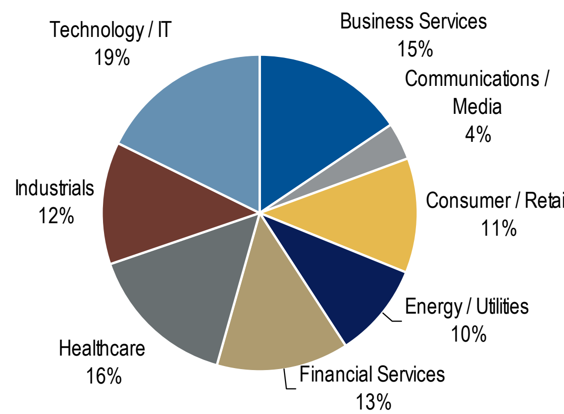
Approximately 45% of the direct investment fair value was invested during 2013 and approximately 77% of the direct investment fair value is in investments made since the beginning of 2011. We continue to be selective in making new investments and believe we have built an attractive portfolio of direct private equity investments.

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

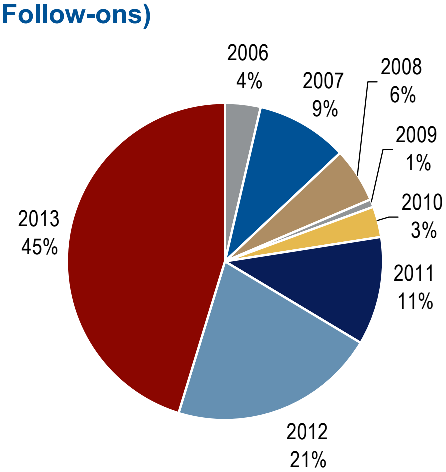
Fair Value by Asset Class



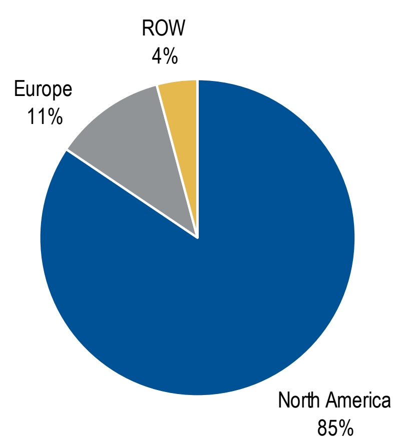
Fair Value by Industry



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



Fair Value by Geography



TWENTY LARGEST INVESTMENTS

PORTFOLIO ANALYSIS

The top 20 companies below represent 42% of NAV and $260 million of private equity fair value

Investment / Description	Status	Year of Investment	Investment Type / Asset Class	Equity Sponsor
Archroma Specialty chemicals provider	Private	2013	**Direct-Yielding** Senior Secured Debt	SK Capital Partners
Blue Coat Systems Business application optimization	Private	2012 / 2013	**Equity Co-investment & Direct-Yielding**	Thoma Bravo
Capsugel Hard capsules / drug delivery systems	Private	2011	**Equity Co-investment** Large-cap Buyout	KKR
CommScope Communications Infrastructure Solutions	Public	2011	**Equity Co-investment** Large-cap Buyout	Carlyle
Deltek, Inc. Enterprise software and solutions	Private	2012	**Equity Co-investment & Direct-Yielding**	Thoma Bravo
Digital Insight Financial services software provider	Private	2013	**Equity Co-investment & Direct-Yielding**	Thoma Bravo
Evans Network of Companies Intermodal freight business services	Private	2012	**Direct-Yielding** Mezzanine	AEA
Fairmount Minerals Producer of high purity sands / proppants	Private	2010	**Equity Co-investment** Mid-cap Buyout	American Securities Partners
Firth Rixson Supplier of rings, forgings and metal	Private	2007-2009	**Equity Co-investment & Direct-Yielding**	Oak Hill
FR Midstream Holdings Portfolio of midstream energy assets	Private	2008	**Indirect Company Investment** Large-cap Buyout	First Reserve
Group Ark Insurance Global specialty insurance / re-insurance	Private	2007	**Equity Co-investment** Mid-cap Buyout	Aquiline Capital
Heartland Dental Dental administrative services	Private	2012	**Direct-Yielding** 2nd Lien Debt	N/A
Insurance Industry Loss Warranties Portfolio of insurance industry loss warranties	Private	2013	**Equity Co-investment** Mid-cap Buyout	Cartesian
KIK Custom Products Manufacturer of consumer products	Private	2013	**Direct-Yielding** 2nd Lien Debt	CI Capital Partners
Parsley Energy Oil and Gas Exploration and Production	Private	2013	**Direct-Yielding** Senior Secured Debt	Chambers
Polymerase Chain Reaction Royalty Royalty payments from licensing patents	Private	2012	**Direct-Yielding** Royalty Backed Note	N/A
Royalty Backed Notes Hormone therapy	Private	2011	**Direct-Yielding** Royalty Backed Note	N/A
Sabre Holdings Technology solutions for global travel	Private	2007	**Equity Co-investment** Large-cap Buyout	TPG / Silver Lake
Taylor Precision Products Kitchen and Bathroom equipment manufacturer	Private	2012	**Equity Co-investment & Direct-Yielding**	Centre Partners
TPF Genco Holdings Five natural gas fired power plants	Private	2006	**Equity Co-investment** Mid-cap Buyout	Tenaska Capital

PORTFOLIO ANALYSIS

42 Equity co-investments with $160.8 million of fair value, broadly diversified across industries

NBPE's equity co-investments are primarily mid-cap and large-cap buyout investments, diversified across vintage years, geographies and industries. The Manager believes these companies are poised for value creation and are an attractive component of NBPE's private equity portfolio. Many companies benefit from highly experienced and capable management teams and sponsor groups, which the Manager thinks is critical to the investment thesis and outcome. In addition, the Manager believes many of these companies benefit from strong industry growth or secular trends and have the opportunity to appreciate in value from operational enhancements, growth of product offerings or expanding into new markets. The Manager thinks these characteristics distinguish our investment portfolio.

No individual company within NBPE's equity co-investment portfolio accounts for more than 4.0% of NBPE's net asset value.

Equity Co-investment Portfolio

($ in millions) **Equity Co-investments**	Principal Geography	Vintage Year	Description	Fair Value
Mid-cap Buyout, Special Situations and Growth Equity				
Acteon Group Ltd.	Europe	2012	Products & services to offshore energy sector	
American Dental Partners, Inc.	U.S.	2012	Dental practice management services	
Black Knight Financial Services	U.S.	2013	Mortgage servicing technology and appraisal / origination services	
Blue Coat Systems, Inc.	U.S.	2012	Business application optimization & security	
Boa Vista	Brazil	2012	Second largest credit bureau in Brazil	
CoAdvantage, Inc.	U.S.	2013	Leading professional employer organization	
Deltek Inc.	U.S.	2012	Enterprise software and information solutions	
Digital Insight	U.S.	2013	Financial technology and software	
Fairmount Minerals, Ltd.	U.S.	2010	Producer of high purity sand / sand based proppants	
Firth Rixson, plc	Global	2007-09	Supplier of rings, forgings and specialist metal	
Formation Energy, L.P.	U.S.	2013	Oil & gas shale formations including the Bakken and Eagle Ford	
Gabriel Brothers, Inc.	U.S.	2012	Discount retailer	
GazTransport & Technigaz S.A.S.	Global	2008	Containment systems for liquefied natural gas carriers	
Group Ark Insurance Holdings Limited	Global	2007	Global specialty insurance and re-insurance	
Insurance Industry Loss Warranties	U.S.	2013	Portfolio of insurance industry loss warranties	
INTO University Partnerships	U.K. / U.S.	2013	Collegiate recruitment, placement and education	
Kyobo Life Insurance Co., Ltd.	Asia	2007	Life insurance in Korea	
Oticas Carol	Brazil	2013	2nd largest eyewear retailer in Brazil	
Pepcom GmbH	Germany	2011	Germany's 5th largest cable operator	
Press Ganey Associates, Inc.	U.S.	2008	Measurement & performance solutions for healthcare	
RevSpring	U.S.	2012	Outsourced provider of accounts receivable	
Saguaro Resources Ltd.	Canada	2013	E&P pursuing unconventional light oil/liquids-rich gas properties	
Salient Federal Solutions, LLC	U.S.	2010	Technology and engineering services for government	
Seventh Generation, Inc.	U.S.	2008	Maker of environmentally responsible household products	
Shelf Drilling Holdings Ltd.	Global	2013	Shallow water offshore drilling contractor	
Swissport International AG	Europe	2011	Ground handling services for airlines	
Taylor Precision Products	U.S.	2012	Consumer & foodservice measurement products	
The SI Organization, Inc.	U.S.	2010	High-end systems engineering to US Intelligence Industry	
TPF Genco Holdings, LLC	U.S.	2006	Five natural gas-fired power plants	
Total Mid-cap, Special Situations and Growth Equity				**$96.6**
Large-cap Buyout				
Avaya, Inc.	Global	2007-12	Communications systems provider	
Brickman Group	U.S.	2013	Commericial landscape and turf maintenance	
Capsugel, Inc.	Global	2011	Hard capsules and drug delivery systems	
CommScope, Inc.	Global	2011	Communications infrastructure solutions	
Energy Future Holdings Corp.	U.S.	2007	Texas based energy company	
First Data Corporation	Global	2007	Electronic commerce and payments	
Freescale Semiconductor, Inc.	Global	2006	Semiconductors manufacturer	
Gardner Denver, Inc.	U.S.	2013	Maker of industrial equipment	
J.Crew Group, Inc.	U.S.	2011	Specialty retailer	
RAC Limited	U.K.	2011	UK motor related and breakdown assistance services	
Sabre Holdings Corporation	Global	2007	Technology solutions for global travel industry	
Syniverse Technologies, Inc.	Global	2011	Global telecommunications technology solutions	
Univar Inc.	Global	2010	Commodity and specialty chemicals distributor	
Total Large-cap Buyout				**$64.2**
Total Equity Co-investments				**$160.8**

Note: Numbers may not sum due to rounding.

PORTFOLIO ANALYSIS

21 direct-yielding investments in corporate private debt and healthcare credits with a total fair value of $185.2 million

On a run rate basis, the investments in the direct-yielding portfolio generate cash and PIK income of $18.9 million. The corporate private debt portfolio is broadly diversified across sectors including business services, industrials and technology. The Manager believes securities within this portfolio benefit from strong customer bases, diversified revenue sources and favorable industry dynamics. Many of the debt securities are cash-pay at strong yields from a risk-return perspective. The weighted average cash yield on NBPE's corporate private debt investments is 9.2%.[1] The weighted average total leverage and senior leverage is 5.1x and 2.7x, respectively.[2] Approximately 76% of value within corporate private debt investments was invested in floating rate debt.[3] The healthcare credit investments consist of royalty backed notes and senior secured loans with a weighted average cash yield of 12.5%.[1] No individual company within the direct yielding portfolio represents more than 3.5% of NBPE's net asset value.

Pro forma for the sale of one direct yielding investment in January 2014, NBPE received $42.5 million of distributions from direct yielding investments as a result of full realizations, with an average uplift of 5.1%.

Direct-Yielding Investment Portfolio[1,4]

INVESTMENT NAME	SECURITY DETAILS	INVESTMENT DATE	FAIR VALUE[1]	CASH + PIK COUPON	CASH YIELD	PIK YIELD	EST. YIELD TO MATURITY
Corporate Private Debt Investments							
Archroma	Sr. Secured Term Loan (L+8.25%, 1.25% L Floor, 2% OID)	Oct-13	-	9.5%	9.5%	-	-
Blue Coat	Second Lien (L+8.5% Cash, 1% L Floor, 1% OID)	Jul-13	-	9.5%	9.5%	-	-
Deltek	Second Lien (L+8.75% Cash, 1.25% L Floor, 1-1.5% OID)	Oct-12	-	10.0%	10.0%	-	-
Digital Insight	Second Lien (L+7.75% Cash, 1.0% L Floor, 1% OID)	Oct-13	-	8.8%	8.8%	-	-
Evans Network of Companies	Sr. Sub Notes (12% Cash, 2% PIK, 2% OID) & Equity	Jun-12	-	14.0%	12.0%	2.0%	-
Firth Rixson 2011 PIK Notes	Sr. Unsecured PIK (18% PIK)	Nov-11	-	18.0%	-	18.0%	-
Firth Rixson 2012 PIK Notes	Sr. Unsecured PIK (19% PIK, 3.0% OID)	Dec-12	-	19.0%	-	19.0%	-
Firth Rixson Mezzanine	Second Lien (L+9%: 4.5%/4.5% Cash/PIK @99.0) & Equity	May-08	-	11.8%	4.8%	7.0%	-
Heartland Dental	Second Lien (L+8.5% Cash, 1.25% L Floor, 1.5% OID)	Jan-13	-	9.8%	9.8%	-	-
KIK Custom Products	Second Lien (L+8.25% Cash, 1.25% L Floor, 2% OID)	May-13	-	9.5%	9.5%	-	-
P2 Energy Solutions	Second Lien (L+8.00% Cash, 1.0% L Floor, 1% OID)	Nov-13	-	9.0%	9.0%	-	-
Parsley Energy	Sr. Secured Term Loan (L+11% Cash, 1% L Floor)	Oct-13	-	12.0%	12.0%	-	-
Taylor Precision Products	Sr. Sub Notes (11% Cash, 2% PIK, 1.5% OID)	Nov-13	-	13.0%	11.0%	2.0%	-
Total Corporate Private Debt Investments			**$161.6**	**10.6%**	**9.2%**	**1.4%**	**11.3%**
Healthcare Credit Investments							
Term Loan (Genetic Testing)	Senior Secured Loan (First Lien, 10% Cash, 1% Fee)	Jun-13	-	10.0%	10.0%	-	-
Term Loan (PCR)	Senior Secured Loan (First Lien, 10% Cash, 1% Fee)	Aug-12	-	10.0%	10.0%	-	-
Term Loan (Specialty Drug Pharmaceuticals)	Senior Secured Loan (First Lien, 11% Cash, 1% Fee)	Nov-13	-	11.0%	11.0%	-	-
Royalty Notes (Internal Medication)	Royalty Backed Note	Jan-13	-	11.0%	11.0%	-	-
Royalty Notes (Medication Delivery)	Royalty Backed Note	Feb-12	-	-	-	-	-
Term Loan (Cardiac Device)	Senior Secured Loan (First Lien, 13.5% Cash, 1.5% OID, 1% Fee)	Feb-13	-	13.5%	13.5%	-	-
Royalty Notes (Hormone Therapy)	Royalty Backed Note	Apr-11	-	17.0%	17.0%	-	-
Term Loan (Skin Products Company)	Senior Secured Loan (First Lien, 10.5% Cash, 1.5% Fee)	Jul-13	-	10.5%	10.5%	-	-
Total Healthcare Credit Investments			**$23.6**	**12.5%**	**12.5%**	**-**	**13.3%**
Total Direct Yielding Portfolio			**$185.2**	**10.8%**	**9.5%**	**1.3%**	**11.6%**

1.The mezzanine debt investments include equity investments completed as part of the mezzanine transaction. The fair value includes the value of these equity investments, but the cash, PIK and current yields and internal rates of return (IRR) are calculated based on only the debt investments. Yield calculations are based on the debt portion of the investment only and the principal amount of the debt.
2. Based on the net leverage that is senior to the security held by NBPE.
3. Based on the fair value of the debt only and excludes the fair value of equity investments and warrants.
4. The obligations of medication delivery royalty notes were satisfied in March 2013. NBPE received an initial distribution in March 2013 and expects to receive an additional distribution in Q4 2014. NBPE also received a preferred equity security in connection with the realization of the royalty notes.

PORTFOLIO ANALYSIS

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

($ in millions) Fund Investments	Principal Geography	Vintage Year	Fair Value	Unfunded Commit. [1]	Total Exposure
Special Situations					
Catalyst Fund III	Canada	2009	$9.7	$5.8	$15.5
Centerbridge Credit Partners	U.S.	2008	1.8	-	1.8
CVI Global Value Fund	Global	2006	7.3	0.8	8.1
OCM Opportunities Fund VIIb	U.S.	2008	7.3	3.0	10.3
Oaktree Opportunities Fund VIII	U.S.	2009	8.8	-	8.8
Platinum Equity Capital Partners II	U.S.	2007	13.8	3.7	17.5
Prospect Harbor Credit Partners	U.S.	2007	0.6	-	0.6
Sankaty Credit Opportunities III	U.S.	2007	14.4	-	14.4
Strategic Value Special Situations Fund	Global	2010	0.5	0.0	0.5
Strategic Value Global Opportunities Fund I-A	Global	2010	0.7	0.1	0.8
Sun Capital Partners V	U.S.	2007	7.7	2.3	9.9
Wayzata Opportunities Fund II[2]	U.S.	2007	7.4	4.0	11.4
Wayzata Opportunities Fund II (Secondary)[2]	U.S.	2011	5.5	1.5	7.0
Total Special Situations Funds			**$85.4**	**$21.1**	**$106.5**
Mid-cap Buyout					
American Capital Equity II	U.S.	2007	3.8	1.2	5.1
Aquiline Financial Services Fund	U.S.	2005	5.8	-	5.8
ArcLight Energy Partners Fund IV	U.S.	2007	5.5	4.6	10.1
Avista Capital Partners	U.S.	2006	11.2	0.7	11.9
Clessidra Capital Partners	Europe	2004	1.3	0.1	1.4
Corsair III Financial Services Capital Partners	Global	2007	6.8	1.2	8.0
Highstar Capital II	U.S.	2004	2.7	0.1	2.8
Investitori Associati III	Europe	2000	0.2	0.5	0.8
Lightyear Fund II	U.S.	2006	9.6	1.4	11.0
OCM Principal Opportunities Fund IV	U.S.	2006	11.8	2.0	13.8
Trident IV	U.S.	2007	4.1	0.6	4.6
Total Mid-cap Buyout Funds			**$62.8**	**$12.4**	**$75.3**
Large-cap Buyout					
Carlyle Europe Partners II	Europe	2003	4.2	0.8	5.0
Doughty Hanson & Co IV	Europe	2003	3.6	0.1	3.8
First Reserve Fund XI	Global	2006	15.3	-	15.3
J.C. Flowers II	Global	2006	2.9	0.3	3.2
Total Large-cap Buyout Funds			**$26.1**	**$1.2**	**$27.3**
Growth Equity					
Bertram Growth Capital I	U.S.	2007	8.6	1.3	9.9
Bertram Growth Capital II	U.S.	2010	5.7	4.2	9.9
DBAG Expansion Capital Fund	Europe	2012	0.5	4.9	5.4
NG Capital Partners	Peru	2010	6.2	0.7	6.9
Summit Partners Europe Private Equity Fund	Europe	2010	2.5	3.0	5.5
Total Growth Equity Funds			**$23.5**	**$14.1**	**$37.6**
Fund of Funds Investments					
NB Crossroads Fund XVII	Global	2002-06	27.3	2.4	29.7
NB Crossroads Fund XVIII Large-cap Buyout	Global	2005-10	11.5	2.2	13.7
NB Crossroads Fund XVIII Mid-cap Buyout	Global	2005-10	29.8	7.1	36.9
NB Crossroads Fund XVIII Special Situations	Global	2005-10	6.7	0.9	7.7
NB Crossroads Fund XVIII Venture Capital	U.S.	2005-10	11.4	1.7	13.1
NB Fund of Funds Secondary 2009	Global	2009-10	7.1	1.6	8.7
Total Fund of Funds			**$93.9**	**$15.9**	**$109.7**
Total Fund Investments			**$291.7**	**$64.6**	**$356.4**

Note: Numbers may not sum due to rounding.

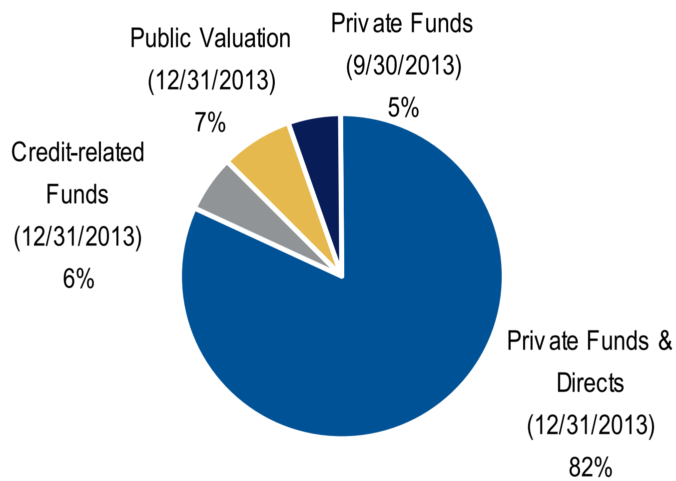
1. *$30.3 million of unfunded commitments are to funds past their investment period*
2. *The decline in unfunded commitments is attributable to the re-calculation of the unfunded commitments.*

PORTFOLIO VALUATION[1]

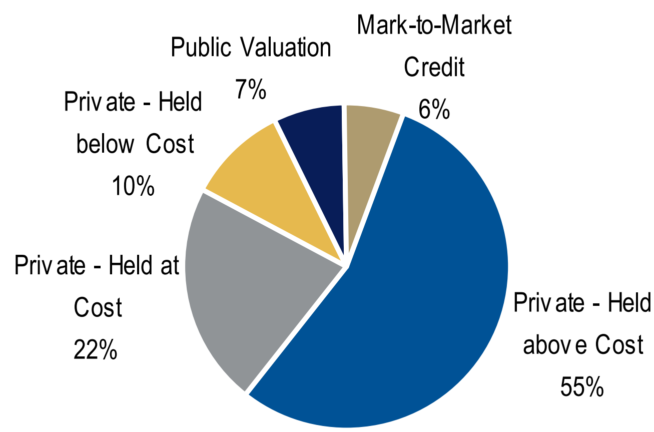
PORTFOLIO ANALYSIS

The NAV per Share of $12.81 was $0.22 higher than previously reported in the December Monthly NAV estimate, principally due to the receipt of additional valuation information after 13 January 2014, the publication date of the December Monthly NAV estimate (% of Fair Value)[2,3]

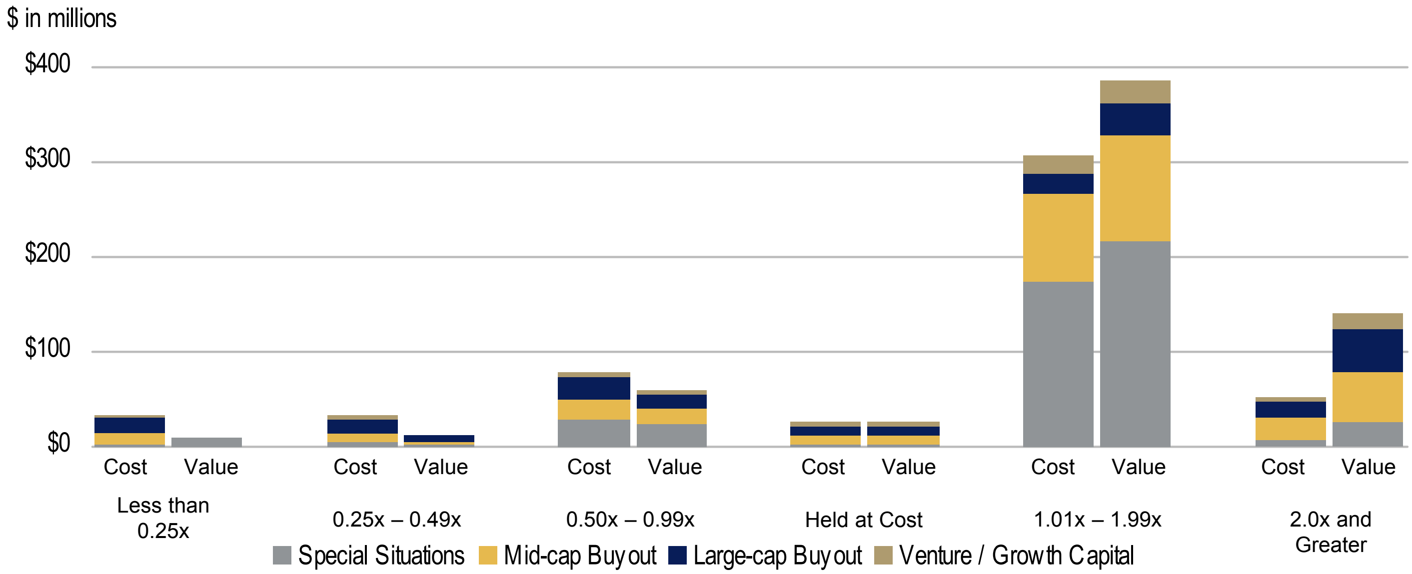
By Date of Information & Valuation Type



Valuation Method



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



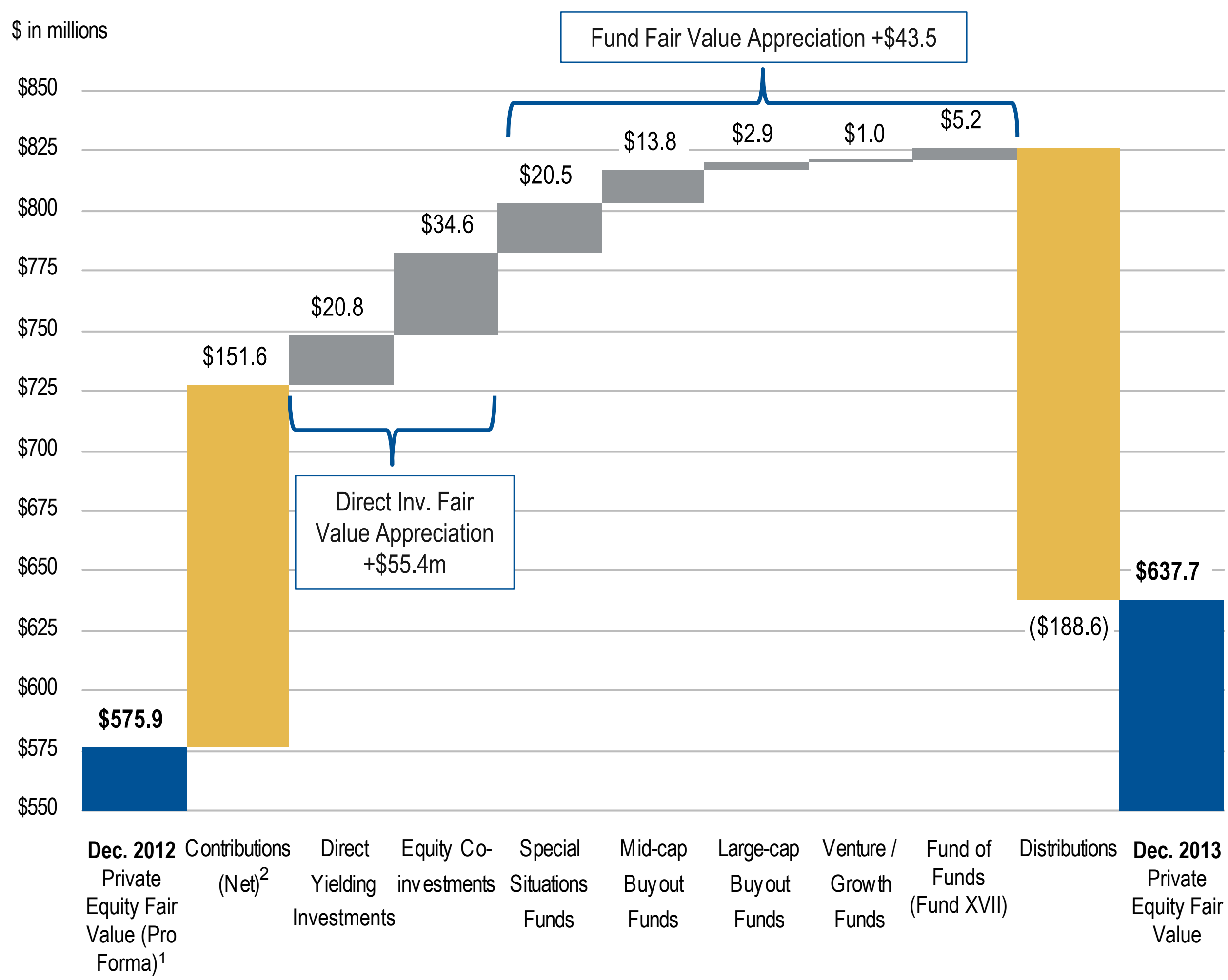
1. *Please refer to page 64 for a detailed description of the valuation policy. While some information is as of 30 September 2013, the Manager's analysis and historical experience lead the Manager to believe that this approximates fair value at 31 December 2013.*
2. *As reported in the monthly NAV estimate the percent of private equity fair value was held: 30% in Private Funds & Directs as of 31 December 2013, 1% in Private Funds & Directs as of 31 October 2013, 55% in Private Funds & Directs as of 30 September 2013, 7% in Credit-related Funds and 7% in publics.*
3. *As published in the December Monthly NAV update on 13 January 2014.*

PERFORMANCE ANALYSIS

PERFORMANCE OVERVIEW

During the year ended 31 December 2013, the private equity fair value appreciated in value across asset classes and investment types, with the largest gains in value coming from equity co-investments and direct yielding investments. Special situations funds continue to generate liquidity and have distributed $68.9 million to NBPE in 2013. Excluding investment cash flows, during the year ended 31 December 2013, fair value appreciation in NBPE's private equity fair value was 17.1%, driven by:

- 27.2% increase in the value of the equity co-investment portfolio fair value
- 25.1% increase in the value of the direct yielding investment portfolio fair value
- 12.4% increase in the value of the fund portfolio fair value

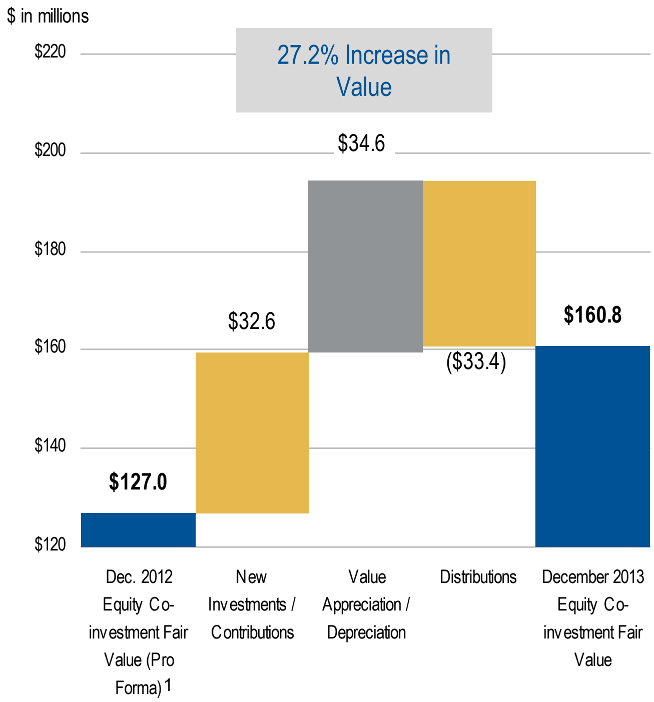


Note: Direct-yielding investment appreciation includes equity investments completed as part of the mezzanine transaction. Direct Yielding appreciation includes both fair value appreciation as a result of accrued cash interest as well as accrued non-cash (PIK) yield. The Company's investment performance related to the commitment to NB Crossroads Fund XVIII is presented within each respective fund asset class. Numbers may not sum due to rounding.

1. *For the purposes of this analysis, the December 2012 Private Equity Pro Forma Fair Value has netted $3.4 million related to the Wayzata Opportunities Fund II deferred purchase price. This deferred purchase price payment occurred in December 2013 and is included as a contribution.*
2. *For the purposes of this analysis, the funding of Heartland Dental second lien debt is removed from the contributions and is treated as a pro-forma investment in the December 2012 Private Equity Fair Value. However, the actual contribution occurred in January 2013. December 2012 Private Equity Fair Value is also pro-forma for $3.0 million of returns of capital from the NB Alternatives Co-investment Program.*

PERFORMANCE ANALYSIS

$32.6 million of new equity co-investment activity and a 27.2% increase in value during the year ended 31 December 2013



Equity Co-investment portfolio

During the year ended 31 December 2013, NBPE participated in eleven new equity co-investments in the business services, energy, education, retail and insurance industries.

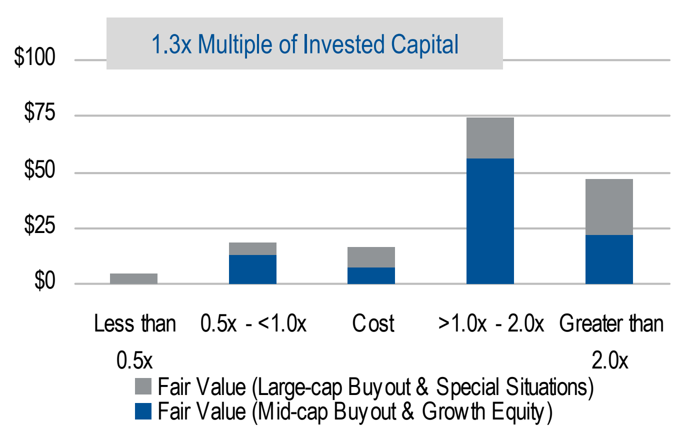
The portfolio appreciated in value by $34.6 million during the year ended 31 December 2013, due mainly to write-ups of several equity co-investments, offset by declines in certain other investments. The top five investments appreciated by $20.5 million and represented approximately 59% of the overall increase in the portfolio. Many companies benefited from strong underlying operating performance.

Distribution activity in 2013 was strong as a result of dividend re-capitalizations, sales and an agreed upon management buyout of one 2007 vintage co-investment. NBPE received the majority of distributions from this investment in 2013 and expects to receive further distributions over time. The sale of one 2013 equity co-investment was announced during 2013 and the transaction closed in January 2014.

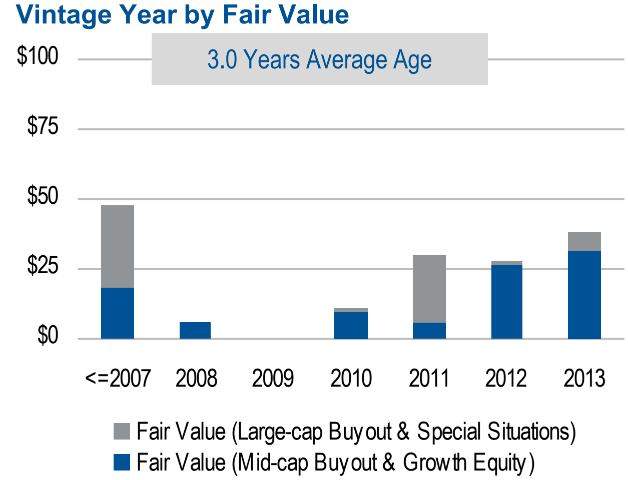
The investment multiple range by fair value shows the dispersion of value within the equity co-investment portfolio. The majority of the private equity fair value is currently held between a 1.0x – 2.0x multiple of invested capital and only approximately 14% of private equity fair value was held below cost.

The average age of the equity co-investments was 3.0 years and approximately 60% of the fair value was in vintages after 2010.

Investment Multiple Range by Fair Value



Vintage Year by Fair Value



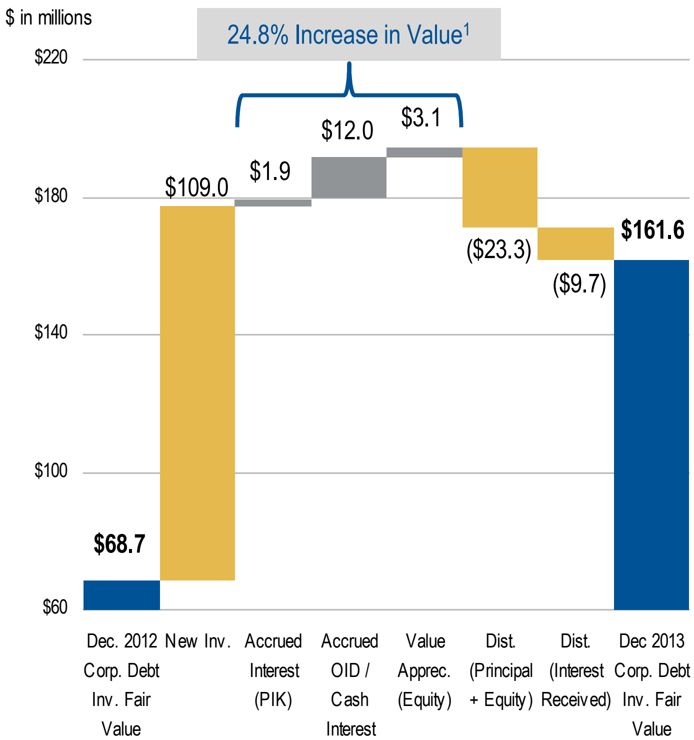
Note: Numbers may not sum due to rounding.

1. *For the purposes of this analysis, private equity fair value at December 2012 is on a pro-forma basis, which takes into account returns of capital that occurred in Q1 2013. 2013 contributions reflect the amount invested into new investments during the quarter and exclude returns of capital.*

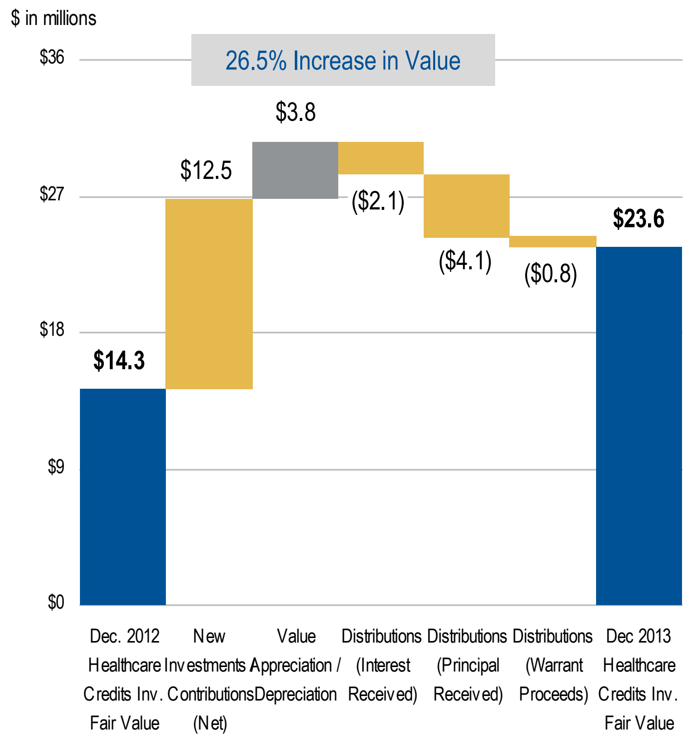
PERFORMANCE ANALYSIS

24.8% and 26.5% increase in the value of corporate private debt and healthcare credit investments, respectively. Run-rate cash income was $16.7 million as of 31 December 2013

Corporate Private Debt[1]



Healthcare Credit Investments



Corporate Private Debt Investment Portfolio

During the year ended 31 December 2013, NBPE funded approximately $109.0 million to eight corporate private debt investments. NBPE also received approximately $33.0 million of distributions consisting of cash interest, principal repayment and equity proceeds. NBPE received principal and equity proceeds from the sale of CPG International and principal proceeds from the sale of P2 Energy.

The portfolio includes 13 corporate private debt investments, consisting of mezzanine investments, term loans and 2nd-lien debt

- 10.6% cash & PIK yield / 9.2% cash yield
- $14.4 million of run-rate cash income
- 11.3% weighted average estimated yield to maturity
- 5.1x weighted average total leverage
- 2.7x weighted average senior leverage[2]
- 76% of value invested in floating rate debt[3]

Healthcare Credit Investment Portfolio

During the year ended 31 December 2013, NBPE participated in five healthcare credit investments. The five investments were in senior secured term loans and a synthetic healthcare royalty. In 2013, the portfolio increased in value by $3.8 million, driven by write-ups in two 2012 vintage healthcare credit investments.

NBPE received approximately $7.0 million in distributions consisting of cash interest, principal repayments and warrant proceeds during the year ended 31 December 2013. During 2013, one healthcare credit investment was sold and another sale was announced, which closed in January 2014.

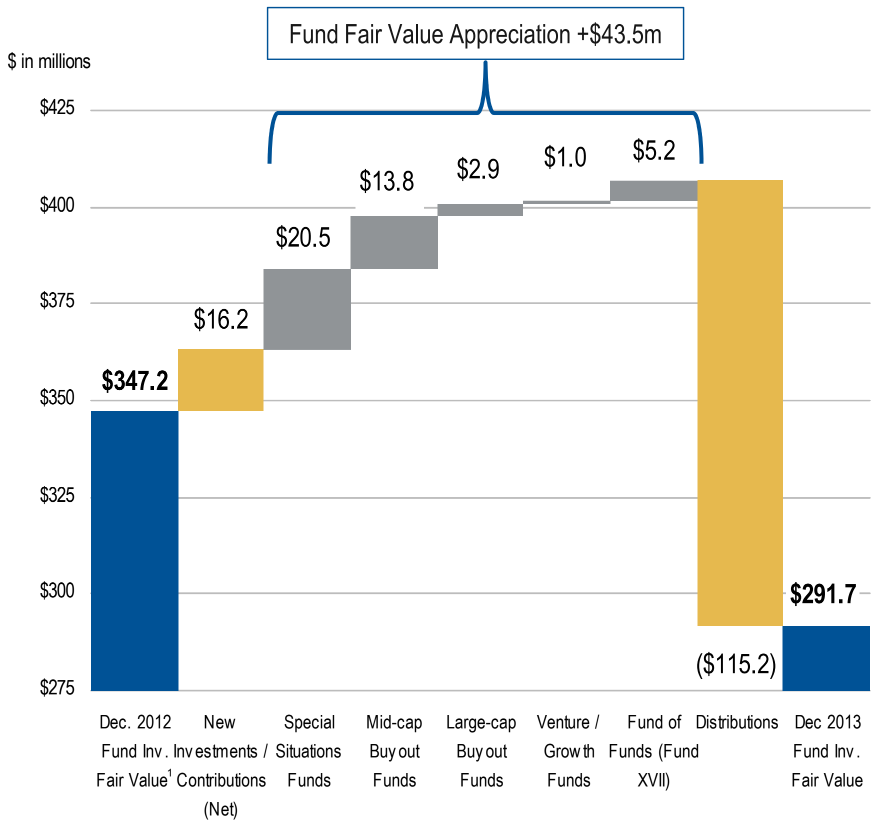
This portfolio includes five healthcare credits and three royalty backed notes

- 12.5% cash yield
- $2.4 million of run-rate cash income
- 13.3% weighted average estimated yield to maturity

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

PERFORMANCE ANALYSIS

12.4% appreciation in value for the fund investment portfolio



Fund Portfolio Investment Performance

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

During the year ended 31 December 2013, NBPE received $115.2 million of distributions from fund investments, including approximately $68.9 million from special situations funds. This activity included redemption proceeds from one special situations fund.

Excluding investment cash flow activity, during the year ended 31 December 2013, the top 10 fund value drivers had a combined fair value appreciation of $30.8 million, or 17.2%. The nine negative drivers had a combined depreciation in fair value of $2.8 million, or down 5.2%. The remaining 20 funds had a combined fair value appreciation of $15.5 million, or 13.4%.

Note: Numbers may not sum due to rounding.

1. *For the purposes of this analysis, the December 2012 Private Equity Pro Forma Fair Value has netted $3.4 million related to the Wayzata Opportunities Fund II deferred purchase price. This deferred purchase price payment occurred in December 2013 and is included as a contribution.*

BUYOUT PORTFOLIO

Buyout Realizations

Pro forma for the sale of an equity co-investment that closed in January 2014, NBPE received $76.9 million of distributions from buyout funds and equity co-investments. The Investment Manager analyzed $49.6 million of this amount. $37.0 million of these distributions was the result of sales with an average uplift of 28.0%, relative to the carrying value the quarter end prior to the announcement of the transaction, and $12.5 million was the result of dividends and recapitalizations.

Buyout Company Analysis

In connection with our portfolio monitoring process, the Investment Manager analyzed the operational performance and valuation metrics for the 50 largest buyout investments (including co-investments) based upon fair value at 31 December 2013. There are 37 companies valued on traditional buyout metrics. 37 traditional buyout companies representing 23% of private equity fair value, had a weighted average valuation multiple of 10.5x and LTM EBITDA growth of 18.2%. There were 13 companies valued on other metrics.

Traditional Buyout Investments

- Traditional buyout investments that were valued based on a multiple of cash flow (total enterprise value as a multiple of EBITDA[2])
  - 37 companies with approximately $149.7 million of fair value, representing 23% of private equity fair value and 49% of buyout fair value
- Summary Metrics for the traditional buyout investments:
  - Weighted average valuation multiple of 10.5x LTM EBITDA
  - Weighted average leverage multiple of 5.0x LTM EBITDA
  - Weighted average LTM revenue growth of 16.5%
  - Weighted average LTM EBITDA growth of 18.2%

Other Buyout Investments

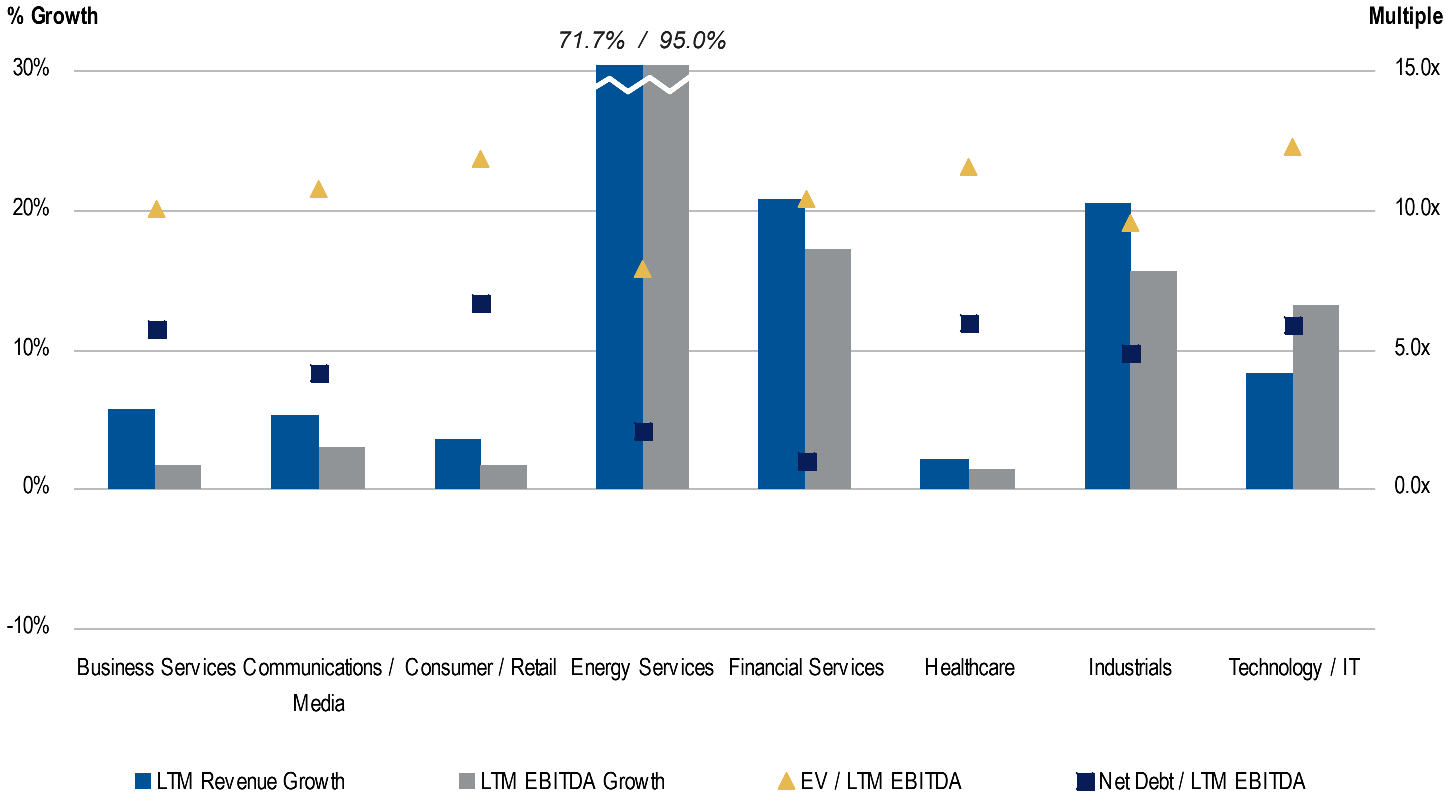
- Power generation and utility companies, financial institutions and publicly traded companies
  - 13 companies with approximately $51.2 million of fair value, representing 8% of private equity fair value and 17% of buyout fair value
- Five privately held financial institutions and one portfolio of insurance loss warranties, representing $21.2 million of fair value. The five privately held financial institutions grew book value by 3% over the last twelve months and were valued at 1.5x book value on a weighted average basis, and the one portfolio of insurance loss warranties is held at book value
- Two power generation and utility companies and one E&P company ($13.8 million of fair value) were valued based on a variety of metrics, including price per kilowatt hour of generation capacity and dollars per acre, respectively
- Four publicly traded companies ($16.2 million of fair value) generated a weighted average total return of 14% during 2013

1. *Portfolio company operating and valuation metrics are based on most recently available information (unaudited). Private equity fair value as of 31 December 2013. Numbers may not sum due to rounding.*
2. *One energy services company was valued based on normalized EBITDA.*

Traditional Buyout Companies[1]

The figure below illustrates the key operating, valuation, and leverage statistics for the largest traditional buyout investments based on fair value by industry sector (37 companies valued based on enterprise value to LTM EBITDA). In conducting the analysis, NBPE's Investment Manager utilized the most recently available information (principally as of 31 December 2013 but also as of 30 September 2013) to evaluate the year-over-year growth in revenue and EBITDA for each company. In addition, NBPE's Investment Manager analyzed the most recently available valuation multiple (enterprise value to LTM EBITDA[2]) and leverage multiple (net debt to LTM EBITDA) for each company. The aggregate metrics by industry sector represent weighted averages based on the fair value of each underlying company at 31 December 2013.

Operating Performance, Valuation and Leverage by Sector



Fair Value ($mm):	**$38.4**	**$7.0**	**$15.8**	**$19.5**	**$6.1**	**$20.1**	**$18.8**	**$24.1**
# of Companies:	**7**	**2**	**5**	**6**	**2**	**6**	**5**	**4**

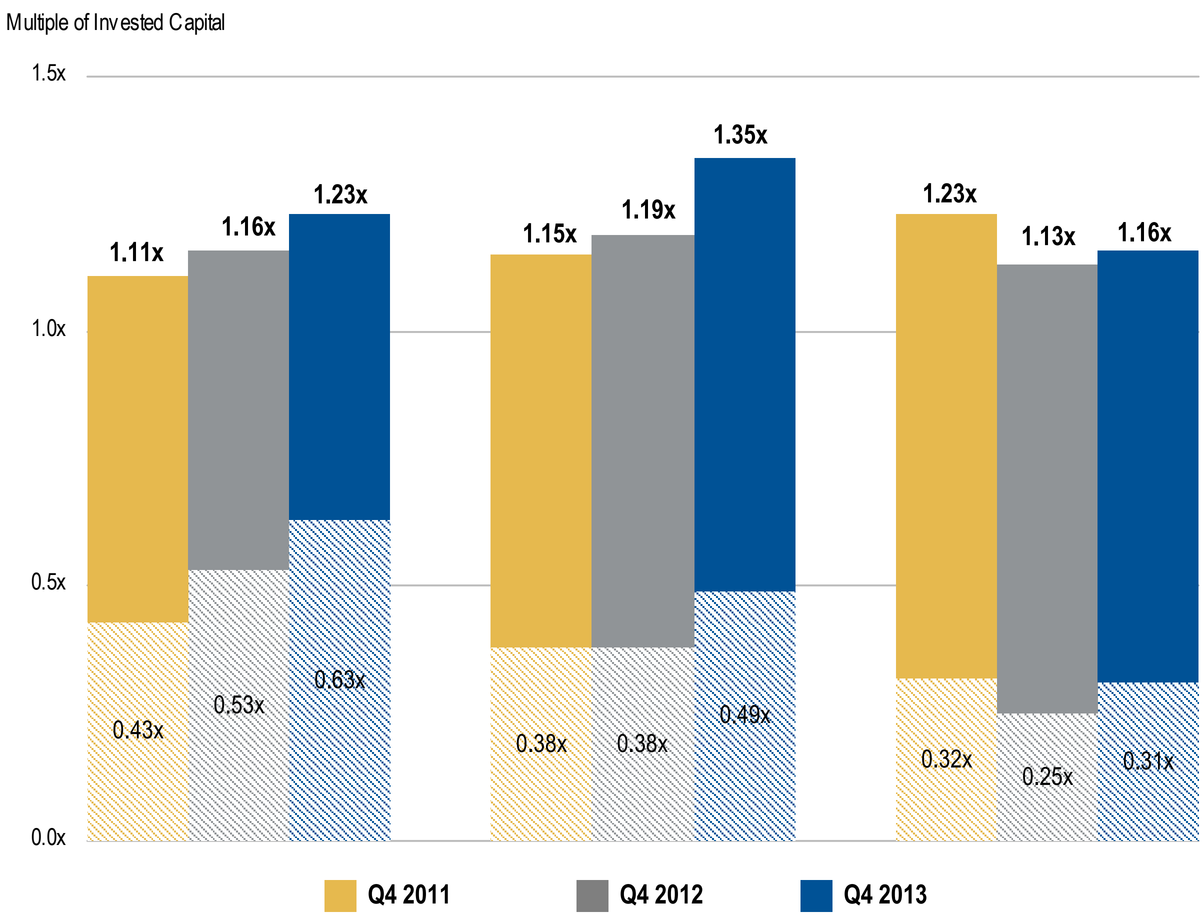
1. *Portfolio company operating and valuation metrics are based on most recently available information. Private equity fair value as of 31 December 2013. Numbers may not sum due to rounding.*
2. *One energy services company was valued based on normalized EBITDA.*

PERFORMANCE SINCE INCEPTION[1]

PERFORMANCE ANALYSIS

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

Since inception, including realized investments and based on the multiple of total value to paid-in capital ("TVPI"), NBPE's total portfolio is held at a 1.23x gross TVPI multiple. NBPE has received cash distributions from its portfolio of private equity investments of approximately $572.3 million, or 63% of paid-in capital, across the portfolio. The equity co-investments are held at a 1.35x gross TVPI multiple and NBPE has received total distributions of $93.0 million, or 49% of paid-in capital, through sales, recapitalizations and dividends. As of 31 December 2013, the direct yielding investments were held at a 1.16x gross TVPI multiple and NBPE has received total distributions of $68.7 million, or 31% of paid-in capital, through sales, cash interest and principal repayments.



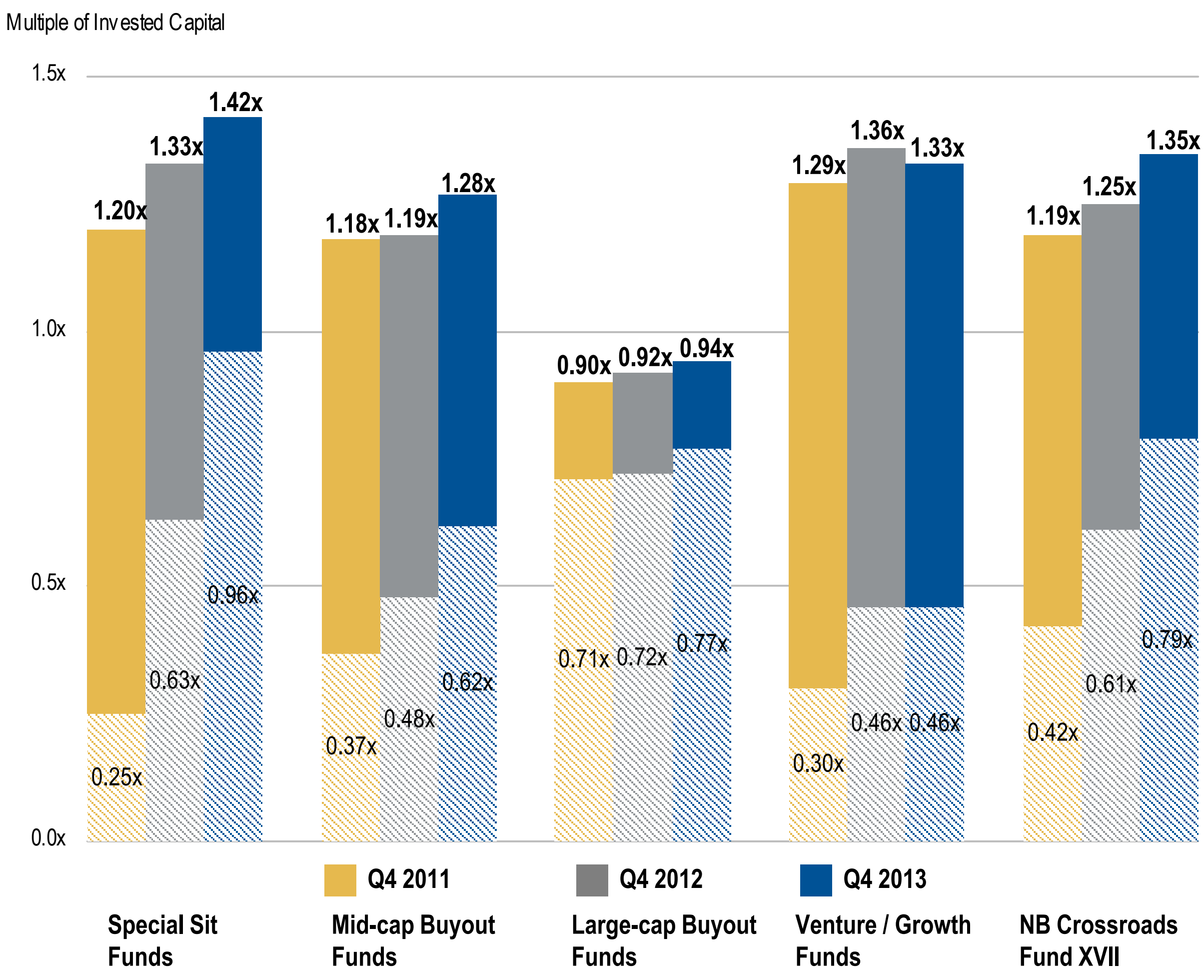
	Total Portfolio	Equity Co-investments	Direct Yielding Investments
Fair Value at 31 December 2013	$637.7m	$160.8m	$185.2m
Cash Distributions received since Inception	$572.3m	$93.0m	$68.7m

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

PERFORMANCE ANALYSIS

Special situations and mid-cap buyout funds continue to generate gains

Special situations funds, the largest asset class within the fund portfolio, have generated a gross TVPI multiple of 1.42x. NBPE has received cash distributions of approximately $188.7 million, or 96% of paid-in capital, driven by the monetization of credit positions by underlying managers as well as redemption proceeds realized from the full redemption of two special situations funds in 2012 and 2013. The Manager expects cash distribution activity to continue over the coming quarters within this asset class. Mid-cap buyout funds have generated a gross TVPI multiple of 1.28x and NBPE has received approximately $94.8 million in distributions, or 62% of paid-in capital. The Manager believes the remaining fund asset classes, including large-cap buyout, venture / growth capital and NB Crossroads Fund XVII, while smaller parts of the overall portfolio, will continue to drive value and provide cash distributions.



	Special Sit Funds	Mid-cap Buyout Funds	Large-cap Buyout Funds	Venture / Growth Funds	NB Crossroads Fund XVII
Fair Value at 31 December 2013	$92.1m	$99.7m	$37.6m	$34.9m	$27.3m
Cash Distributions since Inception	$188.7m	$94.8m	$69.6m	$18.5m	$39.0m

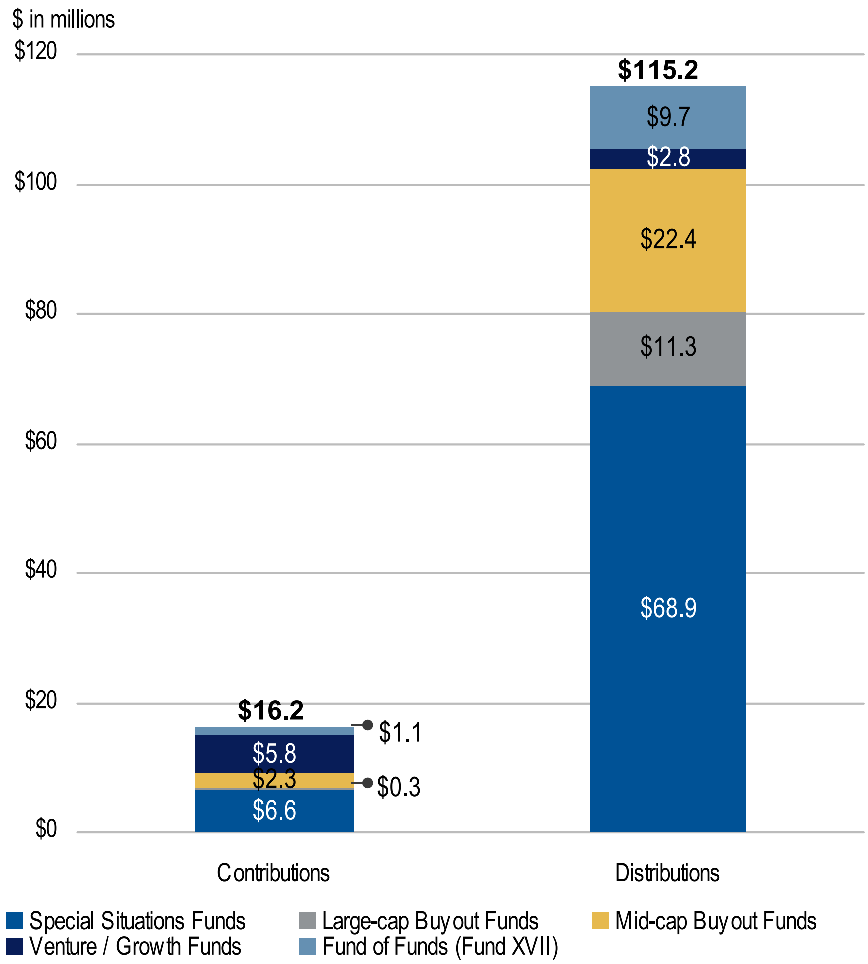
1. Dashed bars represent distributed to paid in capital. Total distributions exclude Strategic Asset Sale proceeds of $100.5 million. NBPE's performance related to the commitment to NB Crossroads Fund XVIII is presented within each respective fund asset class. Numbers may not sum due to rounding.

PERFORMANCE ANALYSIS

Liquidity events and IPO activity during the year ended 31 December 2013

- Within the fund portfolio, 196 companies completed liquidity events, leading to $115.2 million of distributions to NBPE
- 59 companies in the portfolio, representing $13.2 million of unrealized value, completed IPOs during the year ended 31 December 2013, which may lead to distributions to NBPE. The IPOs below represent the top five companies by value that completed an IPO during 2013.
  - Commscope (NASDAQ: COMM) - NBPE and NB Crossroads Fund XVIII (Carlyle Europe III, Carlyle Partners V)
  - Taylor Morrison Home Corp. (NYSE: TMHC) – NBPE and NB Crossroads Fund XVIII (Oaktree Capital Management VIII)
  - Tableau Software, Inc. (Nasdaq: DATA) – NB Crossroads Fund XVII (Meritech III & NEA XI)
  - Intrexon Corporation (Nasdaq: INXN) – NB Crossroads Fund XVIII (New River Management V)
  - Twitter, Inc. (NYSE: TWTR) – NB Crossroads Fund XVIII (Institutional Venture Partners XII, Spark Capital II)

Fund capital call activity continues to slow while distribution activity from NBPE's mature funds has increased



The Fund portfolio's capital call activity has decreased as the portfolio matures. During the year, special situations funds experienced the most capital call activity. However, this was primarily driven by the funding of a deferred purchase payment in the fourth quarter of 2013 related to the secondary purchase of a special situations fund commitment made in 2011. NBPE also funded $5.8 million to Venture / Growth funds during 2013.

NBPE received $68.9 million in distributions from special situations funds during 2013. Approximately $21.3 million of this amount was attributable to multiple redemptions of one special situations fund commitment. NBPE also received $33.7 million from buyout funds as managers focus on harvesting portfolio companies and returning cash.

During the year ended 31 December 2013, the largest fund distributions were received from Centerbridge Credit Partners Fund, Sankaty Credit Opportunities Fund III, Wayzata Opportunities Fund II, OCM Principal Opportunities Fund IV, and OCM Opportunities VIIb.

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

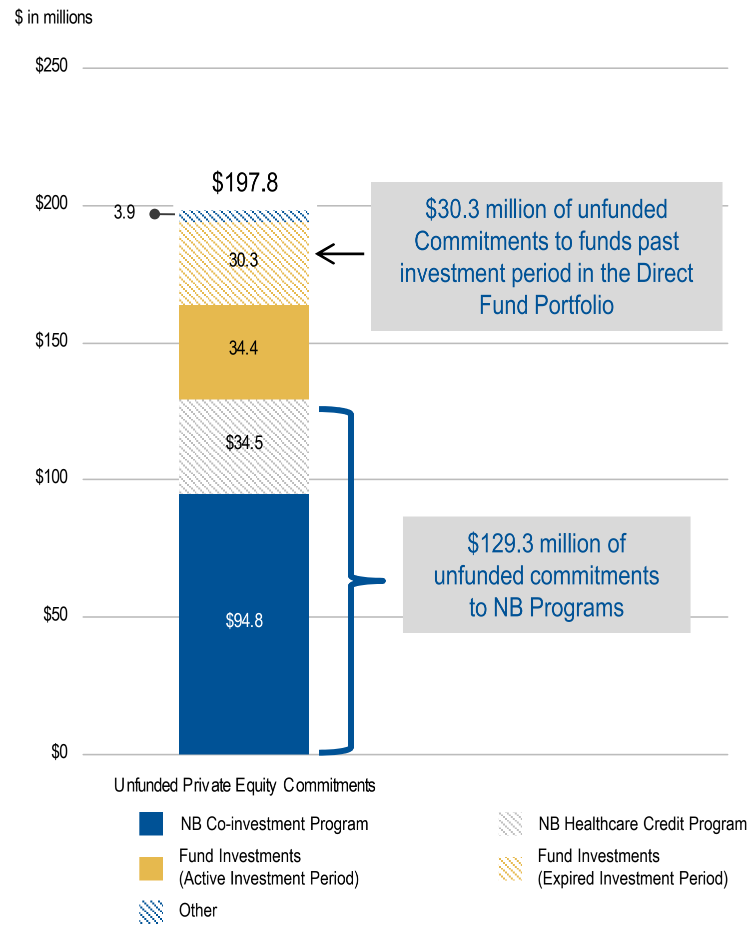
Note: Numbers may not sum due to rounding.

UNFUNDED COMMITMENTS

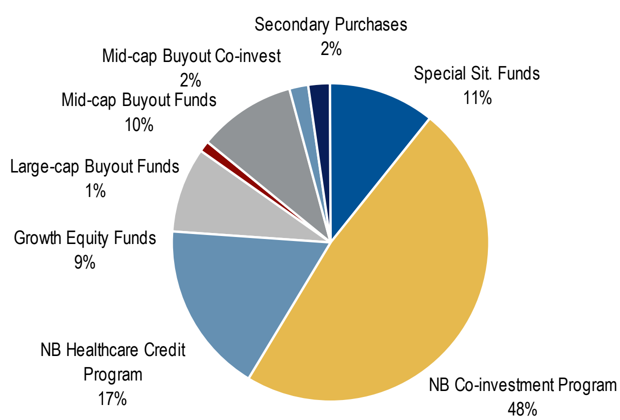
Favorable capital position for new investments

As of 31 December 2013, NBPE's unfunded commitments were approximately $197.8 million. Approximately $94.8 million and $34.5 million were unfunded commitments to the NB Alternatives Co-investment and Healthcare Credit Programs, respectively. Approximately $14.3 million of unfunded commitments were to fund of funds managed by NB Alternatives and $50.4 million of unfunded commitments were to third party direct funds. Within the fund portfolio, $30.3 million of the unfunded commitments are to funds past their investment period. The Manager believes a portion of this amount is unlikely to be called, which the Manager believes places NBPE in a favorable capital position to make new investments. However, some amount may be called in future periods for fees, expenses and / or follow-on investments.

Unfunded commitments are primarily to the NB Alternatives Co-investment and NB Healthcare Credit Programs. The Manager expects capital to be called in future quarters to fund new direct investments. Approximately 33% of the unfunded commitments were to the fund portfolio, with large unfunded commitments to special situations and mid-cap buyout funds. However, approximately 73% and 63% of unfunded commitments to these asset classes, respectively, were to funds past their investment period. Approximately 9% of the unfunded commitments were to growth equity funds; capital deployment by underlying managers within this asset class is typically prolonged.



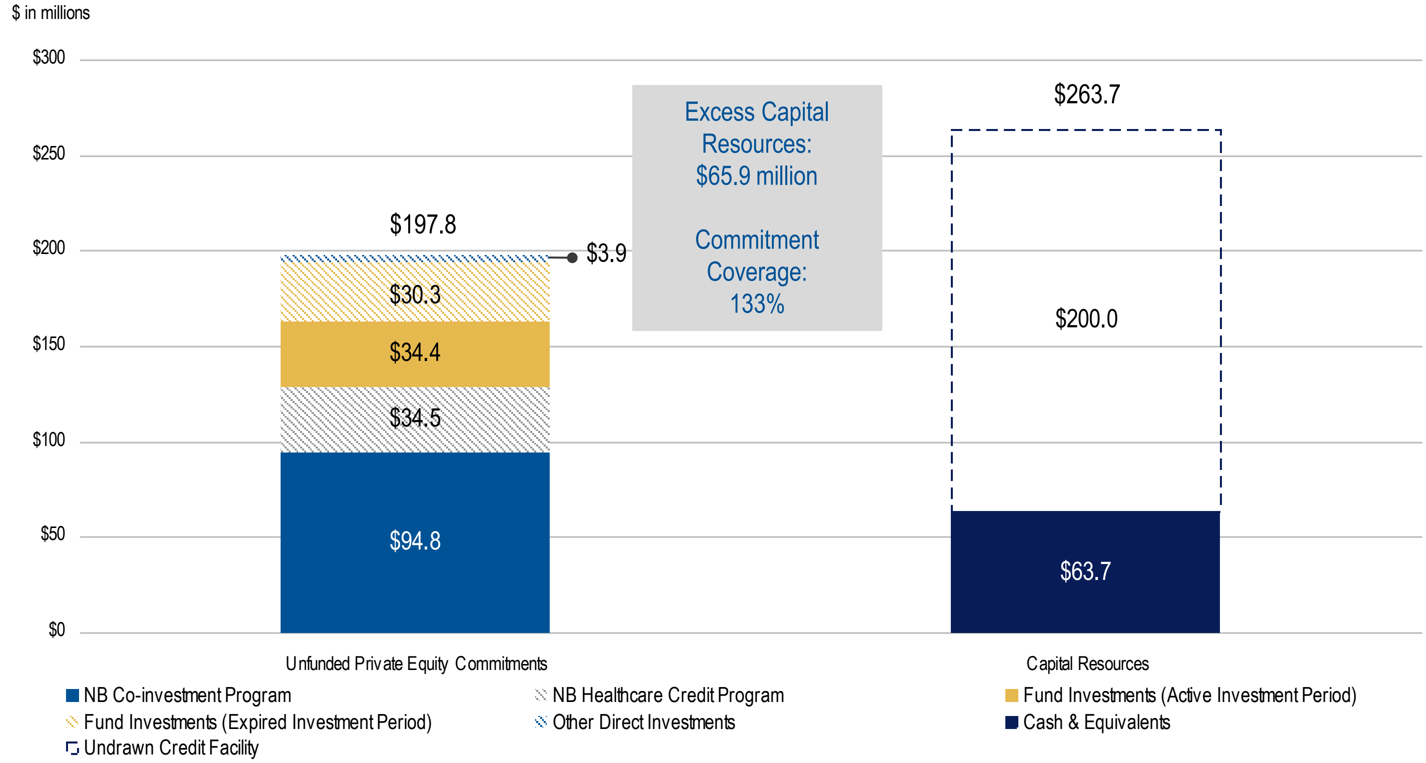
65% of our unfunded commitments are to the NB Alternatives Co-investment and NB Healthcare Credit Programs



Note: Numbers may not sum due to rounding.

LIQUIDITY & CAPITAL RESOURCES

Excess capital resources of $65.9 million and no outstanding borrowings on NBPE's $200 million credit facility as of 31 December 2013



Credit Facility

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

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

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

The key financial covenant for NBPE's credit facility is a maximum debt to value ratio of 50.0%. The debt to value ratio is calculated as total debt and current liabilities divided by Restricted NAV, with Restricted NAV defined as the fair value of all private equity investments (less any excluded value) plus cash and cash equivalents. At 31 December 2013, the debt to value ratio was 2.3%.

The two other covenants are a secured asset ratio and a commitment ratio. The secured asset ratio is not to exceed 80.0% and is defined as total debt and current liabilities divided by Secured Assets, with Secured Assets defined as the value of secured private equity investments plus cash and cash equivalents. At 31 December 2013, the secured asset ratio was 3.2%.

The commitment ratio is defined as Restricted Total Exposure divided by the aggregate of Shareholder's equity and the total amount of the credit facility, with Restricted Total Exposure defined as the value of private equity investments (less any excluded value) plus unfunded private equity commitments. If the debt to value ratio is greater than 25.0% and the commitment ratio is greater than 130.0%, then the Company becomes restricted from making new private equity investments. At 31 December 2013, the commitment ratio was 101.3%.

Note: Numbers may not sum due to rounding.

MARKET COMMENTARY

Five years after the global financial crisis, the global economy is finally embarking on a more typical growth path as global economic imbalances gradually decline and central banks begin unwinding unconventional policies. During the fourth quarter the S&P 500 Index increased 9% which resulted in a 26% increase during the year. Global markets have also performed well, as measured by the MSCI World Index, which increased by 7% in the fourth quarter and 24% during the year. [1]

The Federal Reserve's "tapering" of quantitative easing (QE) continues to loom as a major worry among investors—affecting asset prices globally. Judging the timing of tapering could be perplexing: payroll data, inflation, the recent debt ceiling debate and replacement of the Fed chairman all could be potential factors in the central bank's decision making.[1]

In the U.S., housing and energy have performed well, while employment continues to grow slowly. Opportunities in the U.S. are looking especially attractive as housing continues to rebound. Also a tailwind for the U.S. economy and markets is well-capitalized corporations, which are investing in new plant and equipment, as well as new hiring. Additional exploration and production of U.S. oil and gas resources could provide further support for growth. Growth in the U.S. is expected to accelerate from 2013 levels as the fiscal drag from government spending declines.[1]

Europe appears to have finally emerged from recession after several years of debt-crisis-related struggle. Growth in the eurozone should accelerate during the year as austerity measures decline and confidence rises. Nevertheless, weak growth and deflationary forces, particularly in peripheral countries, could keep the European Central Bank (ECB) in an accommodative stance. Unemployment remains close to record levels and the debt overhang is expected to constrain credit growth. If economic data indicates a long period of stagnation (like Japan's), the recent market rally could easily stall.[1]

Private Equity Buyout Market

Private equity buyers had sufficient capital to invest, credit was readily available and many companies have demonstrated solid performance since 2009. In addition, strong public equity markets helped fuel buyout volumes. Similar to 2012, companies with strong growth profiles, high free cash flow and more predictable business models insulated from broad macroeconomic trends attracted premium multiples. In addition, active competition from cash-rich strategic acquirers and private equity firms, combined with ample credit availability, kept transaction valuation multiples at elevated levels, particularly for larger transactions.

U.S. leveraged buyout volume was $164 billion in 2013 which represents a 67% increase from 2012. The increase in transaction volume was driven by robust credit markets and strong public equity markets. Large-cap transactions (defined by S&P as companies with enterprise values above $500 million) continued to be the largest contributor to volume, representing over 65% of buyout volume in 2013.

LBO valuations remained elevated in 2013. Average purchase price multiples rose slightly to 8.8x EBITDA, up 0.1x relative to 2012. After reaching historical highs in the 2009-2010 period, equity contributions continued to fall in 2013, to 35.6% of the capital structure. Total leverage multiples increased only moderately by 0.2x from 2012 to 2013, to 5.3x EBITDA.[2]

Buyouts of middle market companies, with less than $500 million in transaction value, continued to be more conservatively capitalized than large-cap transactions. Equity contributions for mid-cap buyouts during 2013 were 46%, or 12% higher than large-cap transactions.[2] The higher equity level in the mid-cap market is in part the result of less transparent credit markets for smaller transactions as well as generally less reliance on financial leverage to create returns. The Manager believes a favorable opportunity continues to exist to invest at reasonable valuations in the small and mid-cap buyout markets, where the availability of credit is typically lower and equity contributions are higher. Given the lower absolute leverage levels employed in the small- to mid-cap market, co-investors have increasingly been utilized to fund the equity portion of these transactions.

In Europe, the Netherlands, the UK, France, and Germany were the most active countries by total LBO volume and the average purchase price multiple for all LBOs was 8.6x EBITDA in the year ended 31 December 2013, down from 9.3x EBITDA in 2012.[3] The majority of transactions that were executed involved stable businesses with healthy cash flows which generally demand a higher valuation. However, investment activity remains substantially below the peak buyout years prior to the financial crisis.

1. *Source: Neuberger Berman Investment Strategy Group.*
2. *S&P Q4 2013 U.S. Leveraged Buyout Review.*
3. *S&P Q4 2013 European Leveraged Buyout Review.*

MARKET COMMENTARY

Debt Markets

The loan and high yield markets were robust in 2013 as investors seeking yield continued to allocate capital to income-oriented strategies. In particular, the leveraged loan market experienced record high new issue volume. Private equity managers were very active in the credit markets in 2013, though LBO and other M&A activity only accounted for 37% of activity with the majority of activity coming from opportunistic refinancings, including repricings and dividend transactions. While the number of LBO transactions has remained fairly consistent over the past three years, the number of total sponsor loan transactions was up 42% in 2013. The average leverage for buyout transactions in 2013 was 5.3x EBITDA, slightly higher than levels seen in 2011 and 2012. However the average cash interest coverage was 3.3x EBITDA, which was the highest level seen since 2004 as a result of the low interest rate environment. Despite yield pressure on more liquid credit products, the median yield in 2013 for second lien was 9.3%, as compared to 5.7% for high yield bonds, demonstrating the yield premium investors are compensated for with more illiquid investments.

Fundraising Environment

During the fourth quarter of 2013, approximately $39.2 billion was raised in the U.S. buyout market, of which approximately $17.9 billion was raised by funds with a fund size under $2.5 billion.[1] During 2013, approximately $133.5 billion was raised in the U.S. buyout market, with approximately $56.2 billion raised by funds with a fund size under $2.5 billion.[1] Fundraising activity during 2013 for managers attempting to raise funds greater than $2.5 billion surpassed 2012 levels by approximately $15 billion. The majority of this capital was limited to a small number of traditional buyout funds with strong prior fund track records. In Europe, during the fourth quarter of 2013, approximately $23.7 billion was raised in the buyout market, of which $13.5 billion was raised by managers with a fund size over $2.5 billion.[1]

1. *Thomson Reuters through 31 December 2013. Excludes venture, mezzanine, fund of funds, and secondary fundraising.*

COMPANY & BUSINESS REVIEW

Business Review

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

Principal Activity

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

Investment Adviser and Administrator

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

Investment Objective

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

Dividend Policy

In 2013, the Company instituted a long-term policy of paying sustainable dividends to Shareholders. The Company is building a portfolio of direct yielding investments to fully support the dividend payment from the cash income it receives from these investments. The Board believes it is in the best interest of the Company and the Shareholders to pay the dividend out of the cash income it generates from direct yielding investments, rather than from capital gains, as capital gains can fluctuate year to year. The Board believes paying the dividend from the contractual cash income leads to more sustainable dividends in the long run. As the portfolio of direct yielding investments increases over time, the Board believes this will offer the Company greater flexibility around future dividend payments.

Results and Dividends

The financial results for the year ended 31 December 2013 are included in the consolidated financial statements, beginning on page 57. As of 31 December 2013, the net asset value attributable to the Ordinary Shares was $625.1 million, which represents an increase of $48.5 million relative to the net asset value attributable to the Ordinary Shares of $576.6 million as of 31 December 2012. During 2013, the Company paid total dividends to Ordinary Shareholders of $0.41 per Ordinary Share. Including the dividend payments, the total return for the year was 11.9%. The Company did not pay dividends in 2012.

Major Shareholders

As at 31 December 2013, 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:	Asset Value Investors Limited
Number of Class A Shares:	4,427,478
Class A Shareholder:	Smith and Williamson Holdings Limited
Number of Class A Shares:	2,482,767

Sale of Class A Shares by Lehman Brothers

On 19 December 2013, Lehman Brothers Offshore Partners Limited ("Lehman") sold its remaining Class A Shares in NBPE and is no longer a Shareholder of the Company. At the initial public offering in 2007 and through open market transactions in 2008, Lehman acquired a total of approximately 15.3 million Class A Shares, representing approximately 31% of the current outstanding Class A Shares of the Company. Based on public filings, during 2013, Lehman sold its entire holding of Class A Shares through multiple sale transactions.

Going Concern

The Company's principal activities and the Company's financial position are described on page 36 and page 57 of the report, respectively, and the Company's investment objective is stated on page 36 of the report. Note 2 of the Company's Notes to Consolidated Financial Statements describes the Company's risks with respect to market, credit and liquidity risk. On page 57 of the report, the Company's financial position is shown and on page 33 detail is provided on the Company's liquidity and available borrowing facilities. The Company's cash flows are provided on page 61 of the report. Given the Company's cash flows and financial position, the Directors believe the Company is in a strong financial position and has the financial resources available to help mitigate and manage risks.

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

Investment and Company Performance Evaluation

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

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

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

Shareholder Communication

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. Directors and representatives from the Investment Manager are available to discuss updates on the Company's performance and the investment portfolio. The Investment Manager regularly conducts investor conference calls following the release of quarterly and annual reports and is available at other times, if required. In addition, the Chairman and other Directors are also available to meet with Shareholders at other times, if required. The Company maintains a website which contains comprehensive information including Company notifications, Share information, financial reports, investment objectives and policy, investor contacts and information about the Board and corporate governance. The Board also places significant emphasis on regular updates on the Company's performance. As such, the Company releases monthly NAV updates, which details performance, the financial position of the Company and the underlying diversification of the portfolio. The quarterly, interim and annual reports provide Shareholders with more detail on the portfolio and an update on the performance of the Company. In addition, the Investment Manager publishes investor presentations following the release of quarterly, interim and annual reports, as well as other times throughout the year.

CERTAIN INFORMATION & MATERIAL CONTRACTS

Certain Information

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

Investment Management and Services Agreement

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

Given the Company's investment objective and policy, described on page 36 of this report, and the responsibilities of the Investment Manager, described on page 39 of this report, the Directors are of the opinion that the continued appointment of the Investment Manager is in the best interest of Shareholders.

Administration Agreement & Limited Partnership Agreement

NBPE and Heritage International Fund Managers Limited entered into an Administration Agreement on 3 July 2007 (as amended by side letter on 22 September 2009), whereby NBPE appointed Heritage International Fund Managers Limited to act as administrator and company secretary to NBPE. NBPE, as general partner, and NB PEP Associates LP (Incorporated), as special limited partner, entered into the Limited Partnership Agreement of NB PEP Investments LP (Incorporated) on 25 July 2007, as amended and restated on 16 July 2008.

Share Buy-Back Agreement

NBPE is party to a Share Buy-Back Agreement with Jefferies International Limited ("JIL") in relation to the market repurchases of Class A Shares on behalf of NBPE. The Share Buy-Back Agreement was initially entered into between NBPE and The Royal Bank of Scotland N.V. (London Branch) ("RBS N.V.") on 22 October 2010 and was subsequently amended and extended on 30 August 2011, novated on 7 November 2011 from RBS N.V. to The Royal Bank of Scotland plc ("RBS plc") in respect of repurchases of Shares made on the Specialist Fund Market only, and extended on 29 November 2011. The Share Buy-Back Agreement was then novated by RBS NV and RBS plc to JIL on 1 March 2012 and the Board of Directors has approved an extension of the Share Buyback Program until 31 May 2014. The documentation for such extension is currently in process.

Change of Control

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

List of NBPE Subsidiaries

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

STATEMENT OF RESPONSIBILITY

Directors' Responsibility Statement

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

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

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

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

Disclosure of Information to Auditor

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

Delegation of Responsibilities

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

The Company is managed by NB Alternatives pursuant to an Investment Management and Services Agreement, described further on page 38 of this report. The Investment Manager is responsible for the day-to-day management of the Company, sourcing, evaluating and making investment decisions related to the Company and executing the Company's business plan. The Investment Manager makes the decisions regarding individual investments in line with investment strategy set by the Board. The Investment Manager's team of professionals is also responsible for monitoring the Company's investment portfolio and assigning valuations to the Company's investments based on the Company's valuation policy, which can be found on page 64 of this report. In addition, the Investment Manager is responsible for certain accounting and administrative services, including the preparation of the Company's investment reports, financial statements and accounts. The Company pays the Investment Manager a fee for these services which can be found on page 68 of this report.

The Company utilizes Heritage for certain administrative functions relating to corporate services as well as Guernsey regulatory matters which could affect the Company. Heritage is responsible for the day-to-day administration of the Company and acts as the Company Secretary and Administrator. The Company pays Heritage a fee for these services as invoiced by Heritage. The fees paid to Heritage can be found on page 67 of this report.

Statement of Responsibility

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole as required by the EU Transparency Directive, Disclosure and Transparency Rules ("DTR") 4.1 12R and by the Wft Decree; and
- The annual report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face as required by the EU Transparency Directive, DTR 4.1 12R and by the Wft Decree.
- The annual report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Talmai Morgan
Director

John Hallam
Director

Date: 11 March 2014

THE BOARD

Introduction

As a Guernsey company and under the Specialist Fund Market ("SFM") rules for companies, the Company is not required to comply with the UK Corporate Governance Code ("UK Code") published by the Financial Reporting Council. The Directors however recognize the importance of maintaining sound corporate governance and so seek to ensure that the Company adopts policies and procedures which reflect those principles of good corporate governance as are appropriate to the Company's size. The Guernsey Financial Services Commission has published a code ("GFSC Code") which outlines a set of principles and guidance relating to the components of good corporate practice so that Boards can have a framework for best practices. The Company's Administrator reviews the level of compliance by the Company against the GFSC Code and provides a summary of the findings to the Board for evaluation and review.

The Board composition and independence

The Board is comprised of five Directors and has elected Talmai Morgan to be its Chairman. Three of the Directors, Messrs. Hallam, Morgan and Sherwell are considered to be independent while the other two, Messrs. Buser and Von Lehe are not as they are employed by NB Alternatives.

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

The biographical details of the Directors are presented on page 53 and 54 of the report and demonstrate the range of financial, legal, investment and accounting professional experience. The Directors believe the wide range of experience and expertise in different professional areas allows for each to contribute and lead on certain issues and topics which affect the Company, and each Director contributes meaningfully to the ongoing activities of the Company. The biographical information also includes a list of other public company directorships for each of the Directors.

The Board has established an Audit Committee and the responsibilities of the Audit Committee are described below and on the following pages. The work of service providers, to whom all operational functions have been delegated, was historically overseen by the full Board at its regular scheduled meetings; however, the Board recognizes that a separate Management Engagement Committee would enhance the Company's corporate governance. Accordingly the Chairman proposed at a board meeting held on 7 March 2014 that such a committee, comprised of independent Directors, be established. This proposal was accepted.

Audit Committee Responsibilities

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

Internal control and risk assessment:

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

THE BOARD

Audit Committee Responsibilities (Cont.)

External Audit

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

Internal Audit

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

Financial Statements

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

Investment Manager and other service providers

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

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

THE BOARD (CONT.)

Board Meetings and Meeting Attendance

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

During the year ended 31 December 2013, the Board and Audit Committees conducted four and three meetings, respectively. The attendance of the individual Directors at those meetings is shown as follows. In addition to the scheduled Board Meetings below, the Board met twice during the year to discuss the Company's dividend policy and approve the payment of a dividend.

	Scheduled Board Meetings		Audit Committee Meetings	
	Held:	*Attended:*	*Held:*	*Attended:*
Talmai Morgan:	4	4	3	3
John Buser:	4	3	N/A	N/A
John Hallam:	4	4	3	3
Christopher Sherwell:	4	4	3	3
Peter Von Lehe:	4	4	N/A	N/A

Directors' Remuneration

The Company pays a fee to the independent Directors for their work related to the Company's business. During the year ended 31 December 2013, the Directors fees were paid as follows: the Chairman, $75,000; the Chairman of the Audit Committee, $60,000; and the third independent Director, $60,000. The same fees were paid during the year ended 31 December 2012. The Company does not pay any Directors fees to the non-independent Directors. The Board has not established a Remuneration Committee as this is determined by the Board as a whole and the Board considers this sufficient.

Shareholdings of the Directors

The Shareholdings of the Directors as of 31 December 2013 and 31 December 2012 are as follows:

	2013	2012
Talmai Morgan:	10,000 Class A Shares	10,000 Class A Shares
John Buser:	10,000 Class A Shares	10,000 Class A Shares
John Hallam:	10,000 Class A Shares	10,000 Class A Shares
Christopher Sherwell:	9,150 Class A Shares	9,150 Class A Shares
Peter Von Lehe:	7,500 Class A Shares	7,500 Class A Shares

Performance Evaluation and Training

The Directors complete evaluations of the Board and Chairman on a yearly basis. The Board adopted this evaluation in 2012. The goal of the evaluation of the Board is for each Director to assess the effectiveness of the Board's performance. The Directors also complete a Chairman evaluation on a yearly basis. The evaluations are completed through the form of questionnaires and discussion. Following the last evaluation in 2013, it was concluded by the Board that the performance of both the Board and the Chairman was satisfactory. In addition, during 2013, all Board members completed formal training on anti-money laundering and anti-bribery, facilitated by the Company Secretary.

THE BOARD (CONT.)

Director Indemnity

To the extent permitted by the Companies (Guernsey) Law, 2008 (as amended), the Company's Articles of Incorporation indemnify the Directors out of the Company's assets from and against all liabilities in respect of which they may be lawfully indemnified, except for any liability (if any) as they shall incur or sustain by or through their own willful act, negligence or default. During the year, the Company has maintained insurance cover for its Directors and officers under a directors and officers liability insurance policy.

Appointment of the External Auditors

KPMG Channel Islands Limited has been the Company's external auditor since 2009, the time of the last audit tender. The Company's audit engagement partner, Robert A. Hutchinson, will step down in 2014, in line with the requirement to rotate audit engagement partners every five years, and after the Company publishes its 2013 Annual Financial Report. Dermot Dempsey will be appointed as the new audit engagement partner to the Company in 2014.

The external auditor is appointed to perform audit and non-audit services; however, the non-audit services may not conflict with the statutory audit responsibilities. The non-audit services performed and the fee for these services during 2013 are described on page 51 of this report. In addition, the external auditor may not perform any work for the Company with respect to the following: the preparation of financial statements, preparation of valuations used in the financial statements, taking management decisions or the provision of investment advice.

Corporate Social Responsibility

The Company does not have a formal Corporate Social Responsibility policy but instead relies on Neuberger Berman's policy related to Corporate Social Responsibility for new investments. Neuberger Berman, the parent company of the Investment Manager, is a signatory to the Principles for Responsible Investment ("PRI") and diligently addresses Environmental, Social and Corporate Governance ("ESG") issues with regard to investing. The Investment Manager follows the policies of Neuberger Berman and conducts due diligence with respect to these policies for new investments. More information on Neuberger Berman's Corporate Social Responsibility and PRI and be found under the About section of Neuberger Berman's website at www.nb.com. Underlying fund investments within the portfolio may also have their own set of internal procedures or policies relating to PRI and ESG issues for investment activities. The Investment Manager was unaware of any circumstances during 2013 that arose in the portfolio which would impact the PRI and ESG investment policies.

Value Creation and Preservation

The Directors seek to generate value for the Company over the long-term, in accordance with the Company's investment objectives as described under the Company and Business Review on page 36 of this report. In addition, the Directors seek to manage investment risk and key risks to the Company in order to preserve value for the Company. Information on the identification, assessment and management of risks can be found in the Risk Report on the following pages.

Risk Report

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

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

RISK MANAGEMENT (CONT.)

External Risks

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

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

Strategic Risks

Strategic risks are largely risks associated with the execution and achievement of planned objectives as well as meeting key business targets. To mitigate these risks, the Investment Manager closely tracks the investments within the portfolio and monitors the portfolio relative to the planned objectives. In addition, the Directors receive updates from the Investment Manager on the performance of the portfolio at each quarterly board meeting. The board meetings also serve as a time to review and discuss the business plan and investment objectives. The current key strategic risk for the Company is meeting the required investment level within its direct yielding investment portfolio so that the Company's dividend can be fully supported from the cash income this portfolio generates. In addition, the current Share price discount to NAV is a measure that is also monitored and steps are being taken by the Company to address the discount. The Directors believe the Company's dividend policy is a meaningful step toward narrowing the discount over time.

Investment Risks

Investment risks are risks that pertain to the investments within the Company's portfolio and include investment and exit decisions, underwriting of investments, investment performance and the valuation of investments. The Investment Manager's team of investment professionals seek to manage investment risk through thorough due diligence and through diversification across asset class, vintage year, geography, industry and sponsor. Investment decisions are made by the Private Investment Portfolio Investment Committee of the Investment Manager; however, each underlying fund investment has its own set of investment professionals and committees to make investment decisions into underlying portfolio companies, outcomes of which could be positive or negative. The Private Investment Portfolios Investment Committee is comprised of eight senior investment professionals with over 210 years of combined professional experience and include a range of diverse backgrounds including as fund managers, CEOs, directors of corporate boards, direct private equity investors, bankers, lawyers and accountants. As noted on page 85 of this report, effective 1 January 2014, Joana Rocha Scaff, Managing Director, was approved and added to the NB Alternatives Private Investment Portfolio Investment Committee as a voting member. Post-investment, the Investment Manager's team of investment professionals closely monitor the investment portfolio for events or changes in performance that could justify a change in the valuation of an investment. A description of the Investment Manager's valuation policy for equity and debt investments can be found on page 64 of this report.

Financial Risks

Financial risks are risks that could impact the financing and ongoing operations of the business and include liquidity and credit facility management, meeting the final capital entitlement of the ZDP Shares in 2017 and foreign exchange risk. The Investment Manager performs analysis on the underlying portfolio by making reasonable exit assumptions on the underlying investments and forecasts the expected future cash flows from investment exits. This analysis helps the Investment Manager make a reasonable projection of the future cash and borrowing needs as well as better manage the pace of new investments in the portfolio. This analysis only provides a reasonable forecast and is relied upon only as such and actual performance could differ materially. To the extent there are any current outstanding borrowings under the credit facility, the Investment Manager closely monitors the financial ratios and covenant headroom available. The Investment Manager has entered into a forward currency contract to hedge, in part, the currency risk associated with the ZDP Shares, which can be found on page 78 of this report.

RISK MANAGEMENT (CONT.) & RISK FACTORS

Operational Risks

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

Internal Controls

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

Risk Factors

The Company is subject to, and an investment in the Company's Shares involves, substantial risks, which may adversely impact the Company's financial condition, results of operations and/or the value of your investment. Investors in the Company's Class A Ordinary Shares and ZDP Shares should carefully consider such risks, which include, without limitation, those set out below and on the following page. If any such risks occur, the Company's business, financial condition, results of operations and the value of your investment would likely suffer.

The Company may experience fluctuations in its monthly NAV

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

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

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

The Shares could continue to trade at a discount to NAV

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

RISK FACTORS

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

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

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

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

The price attributed to the Class A Shares on Euronext Amsterdam and the SFM may vary significantly and the price attributed to the ZDP Shares on the SFM and the CISE may vary significantly

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

The holders of ZDP Shares may not receive the final capital entitlement

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

Payment of the final capital entitlement to the holders of ZDP Shares may be dilutive to the NAV per Class A Share

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

AUDIT COMMITTEE REPORT

REPORT FROM THE AUDIT COMMITTEE CHAIRMAN

Dear Shareholder,

Following developments in the UK Corporate Governance Code during 2013 and consequential amendments to the AIC Code, annual reports should now include a separate section to disclose audit committee activities and how the Audit Committee discharged its responsibilities during the course of the relevant financial year. As Chairman of the Audit Committee, during 2013, I brought this development to the Board's attention and noted that, though not required, but in accordance with best practices, these disclosures should be added to the Annual Financial Report. The Directors concluded that this new section of the report would not only be in-line with best practices but would also provide greater transparency to Shareholders. During 2013, I was present for all Audit Committee meetings and was responsible for matters that fall within the scope of the Audit Committee's responsibilities, as described on page 41 and 42 of this report.

I am pleased to present this section, the Audit Committee Report, which details key issues that impacted the Audit Committee during 2013 and how the issues were resolved by the Committee.

John Hallam

Audit Committee Chairman

Guernsey, 11 March 2014

AUDIT COMMITTEE REPORT

Audit Committee Activities

During 2013, the Chairman of the Audit Committee, Mr. Hallam, directed the Board's attention to developments in the UK Corporate Governance Code and consequential amendments to the AIC Code which required enhanced description of the activities of audit committees and more detailed audit reports. He noted that as the Company's Class A Shares are listed on the Specialist Fund Market ("SFM") of the London Stock Exchange, these disclosures were not mandatory but should be considered if the Company wished to comply with best practice. The following paragraphs in this report describe the key issues affecting the Company and how these were addressed by the Audit Committee.

Financial Statements

During the year the Audit Committee focused on the structure of the Annual Report recognizing that while it provided a high level of detailed information that should be beneficial to Shareholders, it was in a form that might not be familiar to many of them. A discussion ensued with the Audit Committee members and the non-independent Directors, who advised that the Investment Manager had previously looked into this matter and suggested that the Company sought the opinion of its brokers. It was reported to the Audit Committee that the Company had previously received positive feedback from brokers around disclosures. In addition, it was noted that investors had requested additional disclosure on the underlying investments of the Company, but this had created issues around confidentiality. The Audit Committee has reviewed the enhanced disclosure in this report and considers that it should be beneficial to Shareholders and other readers.

The Audit Committee received a report from the external auditors on new accounting standards from the Financial Accounting Standards Board ("FASB"). The new standard, Fair Value Measurement and Disclosure Guidance: ASU 2013-08 (Financial Investment Companies ASC 946) ("Topic 946"), changes the approach to the investment company assessment, clarifies the characteristics of an investment company and provides comprehensive guidance for assessing whether an entity is an investment company by developing a two-tiered approach. The Audit Committee was informed Topic 946 would impact the Company in future reporting periods and this was noted by the Committee.

During 2013, the Audit Committee reviewed the interim and annual financial reports as well as the consolidated financial statements of the Company. To assist in their reviews, the Audit Committee also received detailed analysis of the underlying performance and valuations of investments and discussed the contents of these reports in detail. The Audit Committee reviewed the annual financial report and the consolidated financial statements and the Directors advised the Board that it was satisfied that the annual report and the consolidated financial statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Internal Audit

The Company itself does not have an internal audit function, but instead relies on the internal audit functions and departments of the Investment Manager and the Company's Administrator. The Board is comfortable this function provides sufficient control to help mitigate risks to the Company and the Audit Committee considers the need for an internal auditor as part of the responsibility, as described on page 42 of this report.

External Audit

The Company's external auditors, KPMG Channel Islands Limited, have been appointed to the Company since 2009, which was the time of the last audit tender. The Company's external auditors performed an external audit on the Company's financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Prior to beginning the audit, the Audit Committee received a report from the external auditors and reviewed the scope of the audit, significant audit risks and areas of audit focus as well as the terms of the audit work. The audit approach remained unchanged relative to prior years and the Audit Committee was informed that a majority of the audit work would be performed by KPMG in Dallas, Texas, under the direction, supervision and review of KPMG Channel Islands Limited.

Terms of Engagement

The Audit Committee reviewed the audit scope and fee proposal through an engagement letter issued by the external auditors to the Directors on 13 November 2013. The Audit Committee considered the proposed fee of $115,100 for audit services related to the 31 December 2013 annual accounts. Having been satisfied by the scope of the engagement letter and fee proposal, the Committee recommended to the Board to approve the fee proposal and letter of engagement.

AUDIT COMMITTEE REPORT

Auditor Effectiveness

The Audit Committee accessed the effectiveness of the external auditors by focusing on deviations from the audit plan and a report by the auditors which highlighted the significant risks during the audit. The Audit Committee noted that there were no deviations from the audit plan and reviewed the report by the auditors on the 2013 year end audit. Significant risks which arose during the year end audit are outlined in the section below titled, Financial Statements and Significant Reporting Matters. The Audit Committee was satisfied with the performance of the audit team and concluded that the auditor was conducting the audit in an effective manner.

Financial Statements and Significant Reporting Matters

As part of the 2013 year end audit, the Audit Committee reviewed and discussed the most relevant issues for the Company and received a report from the external auditors. There was a greater emphasis on direct investments in the audit approach as a result of the Company's change in strategy to a higher percentage of direct investments, including equity co-investments and direct yielding investments, which consists of loan securities and healthcare credit investments. The significant risk was the valuation of these investments. Particular attention was paid by the Audit Committee to the valuation work that was performed, as a result of this shift in strategy. The Audit Committee noted the engagement of the Economic Valuation Services team of the Company's auditors to review certain loan securities and healthcare credit investments. The Audit Committee was informed that the audit team had maintained significant levels of contact with the team at the Investment Manager throughout the audit process and were familiar with the procedures adopted for the valuation of investments.

In addition, with respect to the valuation of investments, the Audit Committee noted specific analysis that was reviewed by the Company's auditors. To evaluate direct investments, the auditors reviewed the Investment Manager's direct investment valuation models and underlying assumptions, public and private comparables used to support the valuation and if the chosen multiple was appropriate. The auditors also made an evaluation of the Investment Manager's ability to obtain quality financial information from the underlying companies or sponsor, and reported to the Audit Committee that they were satisfied with the financial information used for valuations. The Audit Committee noted the analysis performed by the auditors with respect to direct yielding investments, including hindsight analysis, a review of the Investment Manager's valuation models and testing of the underlying assumptions and model inputs used to support the valuation. In order to evaluate fund investments, the auditors reviewed fund investments' balance sheet, income statement and changes from prior periods and hindsight analysis work of valuations. The auditors also reported to the Audit Committee that they had made specific inquiries to the Investment Manager throughout the audit. The Audit Committee was satisfied with the level of analysis and the work performed to mitigate the risk of material misstatements to the valuation of investments.

The Audit Committee was informed by the Company's auditors that, as the management and performance fees were based on the net asset value of private equity investments, this created a theoretical fraud risk, as the Investment Manager may be incentivized to overstate net asset value of private equity investments. KPMG Channel Islands Limited recognized this risk and was comfortable that sufficient controls were in place to adequately mitigate against it. The Chairman of the Audit Committee further noted his comfort surrounding this risk on the basis that sufficient levels of review were in place to adequately mitigate the risk.

Auditor Independence

The Audit Committee understands the importance of auditor independence and during 2013, the Audit Committee reviewed the independence and objectivity of the Company's external auditor, KPMG Channel Islands Limited. The Audit Committee received a report from the external auditor describing its independence, controls and current practices to safeguard and maintain auditor independence. The Audit Committee also focused on the level of non-audit services that were performed during the year. Non-audit services performed during the year consisted of the review of the interim financial statements for which the Company paid a fee of $22,000. The Audit Committee discussed the fee with the auditor and were satisfied.

Any additional non-audit services requires the consent of the Audit Committee. There was no other non-audit work performed by the external auditors during the year other than those services described above. The Audit Committee was satisfied that the level of non-audit services did not conflict with their statutory audit responsibilities.

Auditor Independence (Continued)

As an additional safeguard for independence, the Audit Committee was advised by the external auditors that the audit engagement partner to the Company, Robert A. Hutchinson, would step down in 2014 in line with the requirement to rotate audit engagement partners every five years. The Company's new audit engagement partner, Dermot Dempsey, will be appointed in 2014 following Robert A. Hutchinson's departure. The Audit Committee was satisfied that KPMG Channel Islands Limited was independent in conducting the audit.

Audit Tender

The Audit Committee follows FRC guidance which provides for an audit tendering to be carried out every ten years, and that audit engagement partner rotation should be seen as an ideal time to go to an audit tender. The Company's external auditors, KPMG Channel Islands Limited, have been appointed to the Company since 2009, which was the time of the last audit tender. The Audit Committee expects to evaluate an audit tendering process to coincide with the rotation of the Company's new audit engagement partner, who will be appointed in 2014. Unless the Audit Committee has cause to do so earlier, upon the rotation of the Company's new audit engagement partner, the Audit Committee expects to evaluate an audit tendering process, in line with the guidance provided by the FRC to evaluate an audit tender during audit engagement partner rotation.

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

Other Matters

During the 7 March 2014 Audit Committee meeting, the Chairman of the Audit Committee, John Hallam, noted he and the Company's Chairman, Talmai Morgan, had visited the Investment Manager's offices in Dallas, Texas and New York, New York to meet with various teams and to see processes related to the Company performed. Both Directors regarded the visits to the Investment Manager's offices as positive.

BIOGRAPHICAL INFORMATION, APPOINTMENT DATES & LIST OF DIRECTORSHIPS

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

Talmai Morgan (aged 61) qualified as a barrister in the United Kingdom in 1976. He moved to Guernsey in 1988 where he worked for Barings as general counsel and then for the Bank of Bermuda as managing director of Bermuda Trust (Guernsey) Limited. From January 1999 to June 2004, Mr. Morgan was director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. Mr. Morgan was also involved in working groups of the Financial Action Task Force and the Offshore Group of Banking Supervisors. From July 2004 to May 2005, Mr. Morgan served as chief executive of Guernsey Finance, which is the official body for the promotion of the Guernsey finance industry. Mr. Morgan is now the Chairman or a non-executive director of a number of investment-companies including companies listed on the LSE. He holds an M.A. in economics and law from University of Cambridge.

Other public company directorships:
- BH Global Limited
- BH Macro Limited
- DCG IRIS Limited
- Global Fixed Income Realisation Limited
- John Laing Infrastructure Fund Limited
- NB Distressed Debt Investment Fund Limited
- Real Estate Credit Investments PCC Limited
- Sherborne Investors (Guernsey) B Limited

John Buser (Director) / 22 June 2007

John P. Buser (aged 56) is Global Head of Private Investment Portfolios for Neuberger Berman and a Managing Director of Neuberger Berman. He is also a member of the Investment Committee, Co-investment Investment Committee and Secondary Investment Committee. Before joining Neuberger Berman in 1999, Mr. Buser was a partner at the law firm of Akin, Gump, Strauss, Hauer & Feld, L.L.P., where he had extensive experience in the practice of domestic and international income taxation during his 17 year tenure. Mr. Buser was admitted to the State Bar of Texas in 1982 after receiving his J.D. from Harvard Law School. Prior to attending law school, Mr. Buser graduated summa cum laude with a B.S. in accounting from Kansas State University.

John Buser has no other public company directorships.

John Hallam (Chairman of the Audit Committee, Independent Director) / 22 June 2007

John Hallam, aged 64 and resident in Guernsey, is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. He is a former partner of PricewaterhouseCoopers having retired in 1999 after 27 years with the firm both in Guernsey and in other countries. He is currently chairman of Dexion Absolute Ltd and Partners Group Global Opportunities Ltd as well as being a director of a number of other financial services companies, some of which are listed on the London Stock Exchange. He served for many years as a member of the Guernsey Financial Services Commission from which he retired in 2006 having been its Chairman for the previous three years.

Other public company directorships:
- BH Global Ltd
- Dexion Absolute Ltd
- HICL Infrastructure Co Ltd
- NB Distressed Debt Investment Fund Ltd

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

BIOGRAPHICAL INFORMATION, APPOINTMENT DATES & LIST OF DIRECTORSHIPS

Chris Sherwell (Independent Director) / 22 June 2007

Chris Sherwell (aged 66) is a Guernsey resident and former managing director of Schroders in the Channel Islands. Before joining Schroders in 1993, he was Far East Regional strategist in London and Hong Kong for Smith New Court Securities and, prior to that, spent 15 years as a journalist, much of them as a foreign correspondent for the Financial Times. He has considerable public company experience and acts as a non-executive director on a number of publicly-listed funds.

Other public company directorships:
- Schroder Oriental Income Fund Limited
- F&C UK Real Estate Investments Limited
- The Prospect Japan Fund Limited
- NB Distressed Debt Investment Fund Limited
- Raven Russia Limited
- Baker Steel Resources Trust Limited

Peter Von Lehe (Director) / 22 June 2007

Peter J. Von Lehe (aged 45) is a Managing Director of Neuberger Berman and a member of the Investment Committee. Previously, Mr. Von Lehe was a Managing Director and Deputy Head of the Private Equity Fund of Funds unit of Swiss Reinsurance Company. At Swiss Re, Mr. Von Lehe was responsible for investment analysis and product structuring and worked in both New York and Zurich. Before that, he was an attorney with the law firm of Willkie Farr & Gallagher LLP in New York focusing on corporate finance and private equity transactions. He began his career as a financial analyst for a utility company, where he was responsible for econometric modeling. Mr. Von Lehe has served on the advisory committees of a number of private equity funds in the United States and Europe. Mr. Von Lehe received a B.S. with Honors in Economics from the University of Iowa and a J.D. with High Distinction, from the University of Iowa College of Law. He is a member of the New York Bar.

Peter Von Lehe has no other public company directorships.

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

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

We have audited the consolidated financial statements (the "financial statements") of NB Private Equity Partners Limited (the "Company" or "Group") for the year ended 31 December 2013 which comprise the consolidated balance sheets, consolidated condensed schedules of private equity investments, consolidated statements of operations and changes in net assets, consolidated statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and U.S. generally accepted accounting principles.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Responsibility set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of its results for the year then ended;
- are in conformity with U.S. generally accepted accounting principles; and
- comply with the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

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

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

Robert A Hutchinson

For and on behalf of
KPMG Channel Islands Limited
20 New Street
St. Peter Port
Guernsey
GY1 4AN
Chartered Accountants and Recognised Auditors

Date: 11 March 2014

The maintenance and integrity of the NB Private Equity Partners Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website.

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

CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2013 AND 2012

Assets		**2013**		**2012**
Private equity investments				
Cost of $544,256,506 at 31 December 2013 and $504,669,883 at 31 December 2012	$	637,732,849	$	564,013,476
Cash and cash equivalents		63,692,359		64,042,937
Restricted cash		-		3,364,018
Distributions receivable from Investments		10,257,555		24,249,375
Other assets		3,117,312		3,665,585
Total assets	**$**	**714,800,075**	**$**	**659,335,391**

Liabilities				
Liabilities:				
Zero dividend preference share liability	$	72,996,481	$	66,783,351
Payables to Investment Manager and affiliates		2,157,376		1,900,667
Carried interest payable		5,277,976		3,105,876
Accrued expenses and other liabilities		4,133,796		8,674,541
Net deferred tax liability		4,481,710		1,725,897
Total liabilities	**$**	**89,047,339**	**$**	**82,190,332**
Net assets				
Class A shares, $0.01 par value, 500,000,000 shares authorized, 51,940,972 shares issued, and 48,790,564 shares outstanding	$	519,410	$	519,410
Class B shares, $0.01 par value, 100,000 shares authorized, 10,000 shares issued and outstanding		100		100
Additional paid-in capital		525,157,490		525,157,490
Retained earnings (deficit)		108,664,493		60,130,710
Less cost of treasury stock purchased (3,150,408 shares)		(9,248,460)		(9,248,460)
Total net assets of the controlling interest		**625,093,033**		**576,559,250**
Net assets of the non-controlling interest		659,703		585,809
Total net assets	**$**	**625,752,736**	**$**	**577,145,059**
Total liabilities and net assets	**$**	**714,800,075**	**$**	**659,335,391**
Net asset value per share for Class A and Class B shares	**$**	**12.81**	**$**	**11.81**
Net asset value per zero dividend preference share (Pence)		**133.40**		**124.32**

The accounts were approved by the board of directors on 11 March 2014 and signed on its behalf by

Talmai Morgan **John Hallam**

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

CONSOLIDATED CONDENSED SCHEDULES OF PRIVATE EQUITY INVESTMENTS
31 DECEMBER 2013 AND 2012

Private equity investments		Cost		Fair Value		Unfunded Commitment		Private Equity [(3)] Exposure
2013								
Fund investments	$	236,857,972	$	291,720,458	$	64,647,636	$	356,368,094
Direct co-investments-equity [(1)]		125,096,119		160,826,269		98,685,266		259,511,535
Direct co-investments-direct yielding [(2)]		182,302,415		185,186,122		34,494,209		219,680,331
	$	**544,256,506**	**$**	**637,732,849**	**$**	**197,827,111**	**$**	**835,559,960**
2012								
Fund investments	$	302,173,001	$	350,579,296	$	88,282,702	$	438,861,998
Direct co-investments-equity [(1)]		120,406,752		130,480,173		104,867,320		235,347,493
Direct co-investments-direct yielding [(2)]		82,090,130		82,954,007		42,576,232		125,530,239
	$	**504,669,883**	**$**	**564,013,476**	**$**	**235,726,254**	**$**	**799,739,730**

Private equity investments in excess of 5% of net asset value		Fair Value
2013		
NB Crossroads Fund XVIII		
Large-cap Buyout	$	11,491,012
Mid-cap Buyout		29,830,277
Special Situations		6,724,932
Venture		11,427,834
		59,474,055
2012		
NB Crossroads Fund XVII	$	30,739,835
NB Crossroads Fund XVIII		
Large-cap Buyout		11,849,427
Mid-cap Buyout		29,624,057
Special Situations		8,669,801
Venture		9,262,452
		59,405,737

(1) Including investments made through NB Alternatives Direct Co-investment Program.
(2) Including investments made through NB Healthcare Credit Investment Program.
(3) Private Equity Exposure is the sum of Fair Value and Unfunded Commitment.

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

CONSOLIDATED CONDENSED SCHEDULES OF PRIVATE EQUITY INVESTMENTS (CONTINUED)
31 DECEMBER 2013 AND 2012

Geographic diversity of private equity investments (1)	Fair Value 2013	Fair Value 2012
North America	$ 520,355,361	$ 457,368,682
Europe	79,314,880	80,459,054
Asia / Rest of World	28,126,569	12,083,769
Not classified	9,936,039	14,101,971
	$ 637,732,849	**$ 564,013,476**

Industry diversity of private equity investments (2)	Fair Value 2013	Fair Value 2012
Financial Services	13.9%	11.7%
Industrials	12.6%	13.7%
Consumer / Retail	12.4%	9.9%
Technology / IT	12.0%	8.8%
Healthcare	11.7%	10.9%
Energy / Utilities	11.1%	10.4%
Business Services	10.0%	9.0%
Diversified / Undisclosed / Other	9.0%	16.3%
Communications / Media	5.6%	6.6%
Transportation	1.7%	2.7%
	100.0%	**100.0%**

Asset class diversification of private equity investments (3)	Fair Value 2013 (Unaudited)	Fair Value 2012 (Audited)
Large-Cap Buyout	6.6%	8.8%
Large-Cap Buyout Co-Invest	10.2%	8.4%
Mid-cap Buyout	14.9%	17.9%
Mid-cap Buyout Co-Invest	14.5%	13.1%
Special Situation	13.5%	22.3%
Special Situation Co-Invest	0.3%	0.3%
Direct Yielding Co-Invest	29.0%	17.5%
Growth/Venture	8.0%	7.9%
Secondary Purchases	3.0%	3.8%
	100.0%	**100.0%**

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

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

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

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

	2013	2012
Interest and dividend income	$ 15,847,009	$ 8,448,771
Expenses		
Carried interest	5,277,976	3,105,876
Investment management and services	8,249,973	7,689,087
Administration and professional	2,132,932	2,130,660
Finance costs		
Zero dividend preference shares	5,050,181	4,672,793
Credit facility	2,208,716	1,503,373
	22,919,778	19,101,789
Net investment income (loss)	**$ (7,072,769)**	**$ (10,653,018)**
Realized and unrealized gains (losses)		
Net realized gain (loss) on investments, net of tax expense of $3,854,891 for 2013 and $1,438,454 for 2012	$ 45,259,597	$ 32,353,151
Net change in unrealized gain (loss) on investments, net of tax expense of $2,689,686 for 2013 and benefit of $57,306 for 2012	30,429,080	14,455,088
Net realized and unrealized gain (loss)	75,688,677	46,808,239
Net increase (decrease) in net assets resulting from operations	$ 68,615,908	$ 36,155,221
Less net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest	73,894	39,261
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	**$ 68,542,014**	**$ 36,115,960**
Net assets at beginning of period attributable to the controlling interest	576,559,250	544,370,547
Less dividend payment	(20,008,231)	-
Less cost of stock repurchased and cancelled (554,605 shares for 2012)	-	(3,927,257)
Net assets at end of period attributable to the controlling interest	**$ 625,093,033**	**$ 576,559,250**
Earnings (loss) per share for Class A and Class B shares of the controlling interest	***$ 1.40***	***$ 0.74***

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 68,542,014	$ 36,115,960
Net increase (decrease) in net assets resulting from operations attributable to the non-controlling interest	73,894	39,261
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	(45,259,597)	(32,353,151)
Net change in unrealized (gain) loss on investments	(30,429,080)	(14,455,088)
In-kind payment of interest income	(1,935,895)	(873,297)
Amortization of finance costs	812,775	(1,058,797)
Amortization of purchase premium (OID)	(550,289)	(116,806)
Change in restricted cash	3,364,018	-
Change in other assets	(1,196,888)	(433,243)
Change in payables to Investment Manager and affiliates	2,428,809	3,216,343
Change in accrued expenses and other liabilities	2,945,171	5,968,661
Net cash provided by (used in) operating activities	(1,205,068)	(3,950,157)
Cash flows from investing activities:		
Distributions from private equity investments	148,863,848	150,217,362
Proceeds from sale of private equity investments	45,284,274	11,021,430
Contributions to private equity investments	(23,521,927)	(26,503,770)
Purchases of private equity investments	(149,763,474)	(137,393,142)
Net cash provided by (used in) investing activities	20,862,721	(2,658,120)
Cash flows from financing activities:		
Dividend payment	(20,008,231)	-
Borrowing from credit facility	10,000,000	-
Payment to credit facility	(10,000,000)	-
Stock repurchased and cancelled	-	(3,927,257)
Net cash provided by (used in) financing activities	(20,008,231)	(3,927,257)
Net increase (decrease) in cash and cash equivalents	**(350,578)**	**(10,535,534)**
Cash and cash equivalents at beginning of year	64,042,937	74,578,471
Cash and cash equivalents at end of year	**$ 63,692,359**	**$ 64,042,937**
Supplemental cash flow information		
Interest paid	**$ 28,925**	**$ -**
Net taxes paid	**$ 2,942,471**	**$ 2,925,482**
Supplemental non-cash flow investing activities		
Payable for investment purchased	**$ -**	**$ 3,364,018**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

Note 1 – Organization

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

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

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

Note 2 – Summary of Significant Accounting Policies and Risks

Basis of Presentation

These consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss and are prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), as allowed by rules published in the Netherlands to effect implementation of the EU Transparency Directive, and are in compliance with the Companies (Guernsey) Law, 2008. These consolidated financial statements are presented in United States dollars.

Market Risk

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

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

Credit Risk

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

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

Liquidity Risk

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

Use of Estimates

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

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 balances represent amounts held with financial institutions that are readily accessible to pay expenses or fund investments. As of 31 December 2013 and 2012, $63,692,359 and $67,406,955 (including restricted cash) are held with JPMorgan Chase, respectively.

Restricted Cash

As of 31 December 2012, we were required to maintain a cash balance of at least $3,364,018 by an investment purchase agreement with a deferred payment provision. The payment was made in 2013.

Valuation of Investments

The Company carries private equity investments on its books at fair value in accordance with U.S. GAAP. We use the best information we have reasonably available to determine or estimate fair value. Valuations of the investments are reviewed and approved quarterly by the Investment Manager. 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.

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

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

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

Investment Income

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

Operating Expenses

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

Realized Gains and Losses on Investments

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

Net Change in Unrealized Gains and Losses of Investments

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

Carried Interest

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

Currency Translation

Investments denominated in a currency other than U.S. dollars are translated into U.S. dollar equivalents using spot rates as of the valuation date. The Company does not separate the changes relating to currency exchange rates from those relating to changes in the fair value of the investments held. These fluctuations are combined and included in the net change in unrealized gain (loss) on investments in the Consolidated Statements of Operations and Changes in Net Assets. For the years ended 31 December 2013 and 2012, the effect of translation to U.S. dollars increased valuations of foreign investments by approximately $441,558 and $278,685, respectively.

The Company has unfunded commitments denominated in currencies other than U.S. dollars. At 31 December 2013, the unfunded commitments are in Euro and Canadian dollars and amounted to €7,276,000 and CAD 2,650,371. At 31 December 2012, the unfunded commitments are in Euro and amounted to €7,791,662. They have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rate in effect at 31 December 2013 and 2012. The effect on the unfunded commitment of the change in the exchange rate between Euros and U.S. dollars was an increase in the U.S. dollar obligation of $410,558 and a decrease of $161,947 for 31 December 2013 and 2012, respectively.

Income Taxes

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

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

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

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

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

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

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

Forward Foreign Exchange Contracts

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

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

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Recent Accounting Pronouncements

In June 2013, the FASB issued ASU 2013-08, Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements ("ASU 2013-08") which amends the scope, measurement, and disclosure requirements for investment companies. ASU 2013-08 (i) amends the criteria for an entity to qualify as an investment company, (ii) requires an investment company to measure noncontrolling ownership interests in other investment companies at fair value rather than using the equity method of accounting, and (iii) introduces new disclosures. This guidance is effective for NBPE's fiscal year beginning January 1, 2014. Earlier application is prohibited. The adoption of this guidance is not expected to have a material impact on NBPE's financial results and consolidated financial statements.

Note 3 – Agreements, including related party transactions

Management and Administration

We pay the Investment Manager a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the net asset value of our private equity and opportunistic investments. For purposes of this computation, the net asset value is reduced by the net asset value of any investment for which the Investment Manager is separately compensated as investment manager. For the years ended 31 December 2013 and 2012, the management fee expenses were $7,637,004 and $7,116,000, respectively.

We also pay the Investment Manager for certain accounting and administrative services at the rate of 2.5 basis points per quarter (10 basis points per annum) applied to the net asset value of our private equity and opportunistic investments at the end of each calendar quarter, computed as described above. The amounts incurred by the Company for the years ended 31 December 2013 and 2012 for these services were $612,969 and $573,087, 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 $171,889 and $112,924 for the years ended 31 December 2013 and 2012, respectively, for such services.

For the years ended 31 December 2013 and 2012, we paid our independent directors a total of $195,000 and $195,000 respectively.

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

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 31 December 2013 and 2012, the noncontrolling interest of $659,703 and $585,809 represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

The following table reconciles the carrying amount of net assets, net assets attributable to the controlling interest and net assets attributable to the noncontrolling interest at 31 December 2013 and 2012.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2011	$ 544,370,547	$ 546,548	$ 544,917,095
Net increase (decrease) in net assets resulting from operations	36,115,960	39,261	36,155,221
Stock repurchased and cancelled	(3,927,257)	-	(3,927,257)
Net assets balance, 31 December 2012	**$ 576,559,250**	**$ 585,809**	**$ 577,145,059**
Net increase (decrease) in net assets resulting from operations	68,542,014	73,894	68,615,908
Dividend Payment	(20,008,231)	-	(20,008,231)
Net assets balance, 31 December 2013	**$ 625,093,033**	**$ 659,703**	**$ 625,752,736**

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5 percent of our consolidated net increase in net assets resulting from operations, adjusted by withdrawals, distributions, and capital contributions, for a fiscal year in the event that our internal rate of return for such period, based on our net asset value, exceeds 7.5 percent. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the calculations for future periods. Such loss amounts are reduced proportionately to give effect to the distributions to the general partner of the partnership subsidiary during the performance period. Carried interest is reduced by the amount of carried interest that we paid during the period on any investment for which the Investment Manager serves as investment manager. Carried interest is also accrued and paid on any economic gain that we realize on treasury stock transactions. (See note 10). Carried interest is accrued periodically and paid at the conclusion of the fiscal year. As of 31 December 2013 and 2012, $5,277,976 and $3,105,876 carried interest was accrued, respectively.

Shares Owned by Lehman Brothers

Lehman Brothers Holdings Inc. and/or one or more related entities (Lehman) owned 15,302,319 shares of our Class A ordinary shares as of 31 December 2012, most of which were acquired at the initial public offering. During 2013, based on public filings, Lehman sold its entire holding of shares and is no longer a shareholder of the Company.

Investments with the Investment Manager's Platform

The Company holds limited partner interests in private equity funds and funds of funds managed and sponsored by the Investment Manager. These investments will not result in any duplicative Neuberger Berman investment management fees and carry charged to NBPE. As of 31 December 2013 and 2012, the aggregate net asset value of these funds was approximately $147.2 million and $122.4 million, respectively, and associated unfunded commitments were $143.5 million and $160.5 million, respectively.

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

As of 31 December 2013, we have committed $125 million and funded $30.2 million to the NB Alternatives Direct Co-investment Program and committed $50 million and funded $20.0 million to the NB Healthcare Credit Investment Program.

Note 4 – Fair Value of Financial Instruments

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

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

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

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

The following tables detail the Company's financial assets and liabilities that were accounted for at fair value as of 31 December 2013 and 2012 by level. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets (Liabilities) Accounted for at Fair Value			
As of 31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Private equity investments	$ 9,438,834	$ -	$ 628,294,015	$ 637,732,849
Forward foreign exchange contract	-	-	264,502	264,502
Totals	**$ 9,438,834**	**$ -**	**$ 628,558,517**	**$ 637,997,351**
As of 31 December 2012				
Private equity investments	$ 3,054,372	$ -	$ 560,959,104	$ 564,013,476
Forward foreign exchange contract	-	-	(156,114)	(156,114)
Totals	**$ 3,054,372**	**$ -**	**$ 560,802,990**	**$ 563,857,362**

The Company has assessed its positions and concluded that all of its private equity investments are classified as level 3 with the exception of two publicly traded co-investments classified as level 1 as of 31 December 2013 and one publicly traded co-investment classified as level 1 as of 31 December 2012.

Two co-investments were transferred from Level 3 to Level 1 during 2013 as a result of the completion of an initial public offering in 2013 and the resulting availability of quoted prices in active markets for those securities. There were no transfers between the levels during the year ended 31 December 2012. The Company accounts for transfers at the end of the reporting period in which such transfers occur.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

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

(dollars in thousands)

For the Year Ended 31 December 2013

	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Diversified	Secondary Purchases	Direct Yielding	Private Equity Investments
Balance, 31 December 2012	$ 91,154	$ 177,771	$ 131,936	$ 32,093	$ 30,740	$ 14,311	$ 82,954	$ 560,959
Purchases of investments and/or contributions to investments	10,546	19,352	3,032	7,870	1,103	545	121,535	163,983
Realized gain (loss) on investments	4,698	13,097	20,089	(134)	3,752	2,617	17,696	61,815
Changes in unrealized appreciation (depreciation) of investments still held at the reporting date	5,434	15,894	(1,076)	1,243	1,436	343	2,817	26,091
Changes in unrealized appreciation (depreciation) of investments sold during the period	-	1,930	-	-	-	-	203	2,133
Distributions from investments	(16,024)	(39,594)	(65,758)	(2,843)	(9,728)	(5,246)	(40,019)	(179,212)
Transfers in and/or (out) of level 3	(3,445)	(4,030)	-	-	-	-	-	(7,475)
Balance, 31 December 2013	**$ 92,363**	**$ 184,420**	**$ 88,223**	**$ 38,229**	**$ 27,303**	**$ 12,570**	**$ 185,186**	**$ 628,294**
Balance, 31 December 2013 through fund investments	$ 37,589	$ 92,641	$ 86,686	$ 34,932	$ 27,302	$ 12,570	$ -	$ 291,720

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

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 2012.

(dollars in thousands)

For the Year Ended 31 December 2012

	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Diversified	Secondary Purchases	Direct Yielding	Private Equity Investments
Balance, 31 December 2011	$ 79,072	$ 171,988	$ 170,526	$ 28,265	$ 35,952	$ 15,648	$ 33,433	$ 534,884
Purchases of investments and/or contributions to investments	6,495	25,686	5,684	6,993	1,401	568	60,228	107,055
Realized gain (loss) on investments	4,350	11,176	10,260	3,551	3,420	1,738	1,212	35,707
Changes in unrealized appreciation (depreciation) of investments still held at the reporting date	9,615	(9,533)	14,850	803	(682)	(290)	504	15,267
Changes in unrealized appreciation (depreciation) of investments sold during the year	-	-	-	-	-	-	-	-
Distributions from investments	(8,378)	(21,546)	(69,384)	(7,519)	(9,351)	(3,353)	(12,423)	(131,954)
Balance, 31 December 2012	**$ 91,154**	**$ 177,771**	**$ 131,936**	**$ 32,093**	**$ 30,740**	**$ 14,311**	**$ 82,954**	**$ 560,959**
Balance, 31 December 2012 through fund investments	$ 45,613	$ 98,768	$ 130,155	$ 30,992	$ 30,740	$ 14,311	$ -	$ 350,579

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

(dollars in thousands)

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

The following table summarizes the valuation methodologies and inputs used for private equity investments categorized in level 3 as of 31 December 2012.

(dollars in thousands) Private Equity Investments	Fair Value 31 Dec. 2012	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average) [2]	Impact to Valuation from an Increase in Input [3]
Fund investments	$ 350,579	See note 2	Net Asset Value	N/A	N/A
Direct co-investments - equity					
Large-cap Buyout	45,541	Market Comparable Companies	LTM EBITDA	7.0x-11.7x (8.3x)	Increase
Mid-cap Buyout	79,004	Market Comparable Companies	LTM EBITDA	4.9x-12.7x (8.7x)	Increase
		Market Comparable Companies	Book Value	1.0x-1.5x (1.5x)	Increase
		Market Comparable Companies	$/kW	$465	Increase
		Residual Value	Escrow	70%	Increase
		Market Approach	Liquidity Discount	10%	Decrease
		Other	Book Value	1.0x	Increase
Special Situations	1,781	Market Comparable Companies	LTM EBITDA	4.2x	Increase
Growth/ Venture	1,100	Market Comparable Companies	LTM Revenue	1.6x	Increase
Direct co-investments - direct yielding	82,954	Market Comparable Companies	LTM EBITDA	6.6x-10.2x (8.6x)	Increase
		Market Comparable Companies	YTM IRR	10%	Increase
		Market Yield Analysis	Discount Rate	13%	Decrease
		Market Yield Analysis	YTM IRR	10%-14% (11.5%)	Increase
		Discounted Cash Flow	Discount Rate	10.9%-13.0% (12.4%)	Decrease
		Black Scholes Model	Risk Free Rate	1.8%-2.0% (1.9%)	Increase
		Black Scholes Model	Average Volatility	62.1%-66.9% (64.6%)	Increase
		Black Scholes Model	Liquidity Discount	25%-51.2% (38.6%)	Decrease
		Other	Book Value	1.0x	Increase
Total	$ 560,959				

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

Since 31 December 2012, there have been no changes in valuation methodologies within level 2 and level 3 that have had a material impact on the valuation of financial instruments.

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

Our special situations investments include hedge funds valued at approximately $2.4 million and $20.5 million at 31 December 2013 and 2012 respectively. As of 31 December 2013, these hedge funds are fully redeemed except for the illiquid assets in the funds.

Note 5 – Credit Facility

On 12 December 2012, a subsidiary of the Company amended an agreement with Lloyds Banking Group (Bank of Scotland) regarding a senior secured revolving credit facility (the "Original Facility") of up to $250 million due to expire in August 2014 to provide for a revised senior secured revolving credit facility (the "2012 Facility") of up to $200 million that expires in April 2017. At 31 December 2013 and 2012, there were no amounts outstanding. Substantially all assets are pledged pursuant to the following:

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

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

Under the 2012 Facility, all borrowings bear interest tiered based on loan value. For a loan value less than or equal to $65 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 2.80% per annum. For a loan value in excess of $65 million and less than or equal to $150 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 3.30% per annum. For a loan value greater than $150 million, the interest rate is calculated as LIBOR or Euribor, as appropriate, plus 3.65% per annum. Under the Original Facility, all borrowings bear interest at a floating rate, calculated as LIBOR or Euribor, as appropriate, plus 1.35% per annum.

In addition, under the 2012 Facility, we are required to pay a commitment fee calculated as 80 basis points per annum on the daily balance of the unused facility amount. Under the Original Facility we were required to pay a commitment fee calculated as 40 basis points per annum on the daily balance of the unused facility amount.

For the year ended 31 December 2013, we incurred and expensed $28,925 interest and $1,574,444 for commitment fees related to the 2012 Facility. For the year ended 31 December 2012, we incurred and expensed no interest and $1,047,806 for commitment fees related to both the 2012 Facility and the Original Facility. As of 31 December 2013 and 2012, unamortized capitalized debt issuance costs (included in other assets) were $1,800,168 and $2,340,514 respectively. For the years ended 31 December 2013 and 2012, capitalized amounts are being amortized on a straight-line basis over the term of the 2012 Facility. Such amortization amounted to $540,346 and $405,568 for the years ended 31 December 2013 and 2012, respectively.

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

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 years ended 31 December 2013 and 2012.

Zero dividend preference shares	Pounds Sterling		U.S. Dollars	
Liability, 31 December 2011	£	38,316,627	$	59,551,702
Accrued interest		2,800,061		4,420,882
Unamortized premium		(11,652)		(19,027)
Currency conversion		-		2,829,794
Liability, 31 December 2012	£	41,105,036	$	66,783,351
Accrued interest		2,996,667		4,802,409
Premium amortization		(13,715)		(23,879)
Currency conversion		-		1,434,600
Liability, 31 December 2013	£	44,087,988	$	72,996,481

Capitalized offering costs are being amortized using the effective interest rate method. The unamortized balance at 31 December 2013 and 2012 is $938,380 and $1,210,031, respectively.

Note 7 – Forward Foreign Exchange Contract

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

The contract provides that we will purchase £40,000,000 on 17 May 2017 for $64,820,000 from the Lloyds Banking Group (Bank of Scotland). The contract further provides that the security interests granted to the bank under the credit facility as described in note 5 also apply to any amounts we may owe the bank pursuant to this contract. As of 31 December 2013, the fair value of the forward foreign exchange contract was an asset of $264,502 included in other assets in the Consolidated Balance Sheets. As of 31 December 2012, the fair value of the forward foreign exchange contract was a liability of $156,114 included in accrued expenses and other liabilities in the Consolidated Balance Sheets. The change in unrealized gain/(loss) on the Forward Foreign Exchange Contract for the years ended 31 December 2013 and 2012 is $420,616 and $2,412,963, respectively. Actual trade prices or firm bids may vary significantly from the valuation because of factors including hedging and transaction costs, credit considerations, bid-ask spreads, position size and market liquidity.

Note 8 – Income Taxes

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

	31 December 2013		31 December 2012	
Current tax expense	$	3,854,891	$	1,438,454
Deferred tax expense (benefit)		2,689,686		(57,306)
Total tax expense (benefit)	$	6,544,577	$	1,381,148

	31 December 2013		31 December 2012	
Gross deferred tax assets	$	731,727	$	3,397,066
Valuation allowance		(564,010)		(3,036,897)
Net deferred tax assets		167,717		360,169
Gross deferred tax liabilities		4,649,427		2,086,066
Net deferred tax liabilities	**$**	**4,481,710**	**$**	**1,725,897**

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 years ended 31 December 2013 and 2012 are as follows:

	For the Years Ended 31 December			
	2013		2012	
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$	68,542,014	$	36,115,960
Divided by weighted average shares outstanding for Class A and Class B shares of the controlling interest		48,800,465		49,004,162
Earnings (loss) per share for Class A and Class B shares of the controlling interest	**$**	**1.40**	**$**	**0.74**

Note 10 – Treasury Stock

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

On 22 October 2010, we launched a new Share Buy-Back Programme in order to begin implementing the Capital Return Policy. The Share Buy-Back Programme, which commenced in October 2010, is the subject of periodic review by the Board. The Board of Directors has approved an extension of the Share Buyback Program from 31 March 2014 to 30 June 2014. The documentation for such extension is currently in progress. Under the terms of the Share Buy-back Programme, Jefferies International Limited has been appointed to effect on-market repurchases of Shares on behalf of NBPE on Euronext Amsterdam and/or the Specialist Fund Market of the London Stock Exchange. Shares bought back under the Share Buy-Back Programme will be cancelled.

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

The following table summarizes the Company's shares at 31 December 2013 and 2012.

		31 December 2013		31 December 2012
Class A shares outstanding		48,790,564		48,790,564
Class B shares outstanding		10,000		10,000
		48,800,564		48,800,564
Class A shares held in treasury - number of shares		3,150,408		3,150,408
Class A shares held in treasury - cost	$	9,248,460	$	9,248,460
Class A shares repurchased and cancelled - number of shares		2,269,028		2,269,028
Class A shares repurchased and cancelled - cost	$	16,523,000	$	16,523,000

Note 11 – Financial Highlights

The following ratios with respect to the Class A shares have been computed for the years ended 31 December 2013 and 2012:

Per share operating performance (based on average shares outstanding during the year)	2013	2012
Beginning net asset value	$ 11.81	$ 11.03
Stock repurchased and cancelled	-	0.05
Net increase in net assets resulting from operations:		
Net investment income (loss)	(0.14)	(0.22)
Net realized and unrealized gain (loss)	1.55	0.95
Dividend payment	(0.41)	-
Ending net asset value	**$ 12.81**	**$ 11.81**

Total return (based on change in net asset value per share)	2013	2012
Total return before carried interest	12.87%	7.71%
Carried interest	(0.93%)	(0.64%)
Total return after carried interest	**11.94%**	**7.07%**

Net investment income (loss) and expense ratios (based on weighted average net assets)	2013	2012
Net investment income (loss)	(1.23%)	(1.96%)
Expense ratios:		
Expenses before interest and carried interest	2.22%	2.93%
Interest expense	0.83%	-
Carried interest	0.92%	0.57%
Total	**3.97%**	**3.50%**

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

Note 12 – Commitments and Contingencies

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

Note 13 – Subsequent Events

On 21 January 2014, the Board of Directors of the Company declared a dividend payment of $0.22 on each ordinary share which was paid on 28 February 2014 with a dividend record date of 31 January 2014.

There have been no other subsequent events through 11 March 2014, the date the consolidated financial statements were issued, that requires recognition or disclosure in the consolidated financial statements.

FORWARD LOOKING STATEMENTS

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

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

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

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

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

About NB Alternatives

The NB Alternatives group of Neuberger Berman (the “Investment Manager”) has 27 years of investing experience specializing in co-investments, direct-yielding investments, private equity funds and secondary investments and has built relationships with leading private equity fund managers over that time.

The Investment Manager makes all of 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 Investment Committee (the “Investment Committee”), which currently consists of eight members with over 210 years of professional experience. The sourcing and evaluation of our investments is conducted by the Investment Manager’s team of over 70 investment professionals who specialize in co-investments, direct-yielding investments and fund investments. In addition, the Investment Manager’s staff of approximately 130 administrative and finance professionals are responsible for our administrative, financial management and reporting needs. The Investment Manager currently maintains offices in New York, London, Dallas and Hong Kong.

Effective 1 January 2014, Joana Rocha Scaff, Managing Director, was approved and added to the NB Alternatives Private Investment Portfolio Investment Committee as a voting member.

About Neuberger Berman

Neuberger Berman is a private, independent, employee-controlled investment manager. It partners with institutions, advisors and individuals throughout the world to customize solutions that address their needs for income, growth and capital preservation. With more than 1,900 professionals focused exclusively on asset management, it offers an investment culture of independent thinking. Founded in 1939, the company provides solutions across equities, fixed income, hedge funds and private equity, and had $242 billion in assets under management as of 31 December 2013. For more information, please visit our website at www.nb.com.

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 September 2009
Base Currency: USD
Bloomberg: NBPE NA, NBPE LN
Reuters: NBPE.AS, NBPE.L
ISIN: GG00B1ZBD492
COMMON: 030991001
Amsterdam Security Code: 600737

ZDP Share Information

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

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John Buser
John Hallam
Christopher Sherwell
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