

NB Private Equity Partners Limited

31 March 2017 Quarterly Report



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COMPANY OVERVIEW

For the Three Month Period Ended 31 March 2017
Quarterly Report

COMPANY OVERVIEW & KEY FINANCIAL STATISTICS

Company	NB Private Equity Partners Limited (“NBPE” or the “Company”)	
	<ul style="list-style-type: none"> Guernsey closed-ended investment company 48,790,564 Class A ordinary shares (“Class A Shares” or “Shares”) outstanding 10,000 Class B ordinary shares (“Class B Shares”; together with Class A Shares, “Ordinary Shares”) outstanding 7,109,599 2017 ZDP shares (“2017 ZDP Shares”) and 50,000,000 2022 ZDP shares (“2022 ZDP Shares”), together the (“ZDP Shares”) outstanding 	
Investment Manager	NB Alternatives Advisers LLC (“Investment Manager” or the “Manager”)	
	<ul style="list-style-type: none"> 30 years of private equity investing experience and approximately 115 investment professionals Investment Committee with over 265 years of combined professional experience Offices in New York, London, Boston, Dallas, Hong Kong, Milan and Bogotá 	
Key Statistics	At 31 March 2017	At 31 December 2016
Net Asset Value (“NAV”) of the Class A Shares	\$776.9m	\$776.6m
Direct Equity Investments	\$457.8m	\$474.9m
Income Investments	\$150.8m	\$139.0m
Fund Investments	\$146.6m	\$153.4m
Total Private Equity Fair Value	\$755.2m	\$767.3m
Private Equity Investment Level	97%	99%
Cash and Cash Equivalents	\$111.6m	\$93.7m
Credit Facility Borrowings Drawn	\$0.0	\$0.0
ZDP Share Liability (Dollar equivalent liability) ¹	(\$79.1m)	(\$76.9m)
Net Other Liabilities	(\$10.9m)	(\$7.5m)
NAV per Ordinary Share	\$15.92	\$15.91
NAV per Ordinary Share including dividends paid during financial period	\$16.09	-
ZDP Shares (2017 / 2022)	£11.9m / £51.1m	£11.7m / £50.6m
Net Asset Value per ZDP Share (2017 / 2022)	167.74p / 102.15p	164.85p / 101.17p
Dividends per Ordinary Share:		
Dividends paid during financial period	\$0.25	\$0.50
Cumulative dividends paid since inception	\$2.09	\$1.84

Note: Numbers may not sum due to rounding.

1. 2017 ZDPs were redeemed on 31 May 2017.

INVESTMENT MANAGER'S REPORT

Key Performance

For the Three Month Period Ended 31 March 2017

Quarterly Report

KEY PERFORMANCE HIGHLIGHTS DURING Q1 2017

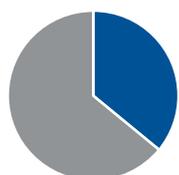
Performance



1.7% NAV per Share total return¹

10.0% Share price return¹

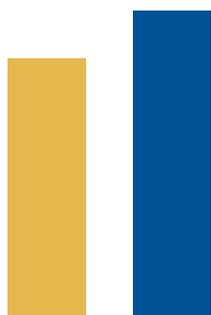
12.2% Share price total return¹



Portfolio at 31 March 2017

80% of fair value in equity investments²

20% of fair value in income investments



Cash Flows during Q1 2017

\$87.5 million of distributions to NBPE from investments

\$56.0 million funded by NBPE to investments

\$12.2 million of dividends paid

\$49.3
Million Invested

New Direct Investment Activity during Q1 2017

2 Direct equity investments

6 Income investments

1. Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date. Total return figures reflect cumulative returns over the period shown. Share price return data based on London Stock Exchange. All return figures in USD.
2. Includes fund investments, including some which have a credit orientation.

PORTFOLIO HIGHLIGHTS DURING Q1 2017

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

Strong liquidity from investments during Q1 2017

- 
- Distributions of \$45.7 million received by NBPE from direct equity investments and \$29.6 million from income investments, including:
 - \$45.7 million from direct equity investments as a result of company sales, returns of capital and dividends
 - \$39.7 million of proceeds received as a result of sales of Evans, Deltek and Gabriel Brothers
 - \$4.3 million of returns of capital from Lasko and Vertiv (fka Emerson Network Power)
 - \$1.7 million of dividends and additional proceeds from other partial realisations
 - \$26.2 million of proceeds from the realisation of income investments including principal and pre-payment premiums
 - \$3.4 million of interest received from income investments
 - Total distributions of \$12.1 million received from fund investments in Q1 2017

Direct investments in private equity backed companies

- 
- Direct investment exposure of 78% of NAV at 31 March 2017
 - During Q1 2017:
 - 8 direct investments completed
 - \$20.6 million of new and follow-on direct equity investments
 - \$35.2 million of new and follow-on income investments
 - \$0.2 million of capital calls from fund investments
 - 20% of NAV in income investments with a total estimated yield to maturity of 10.7% and a cash yield of 10.4%
 - Income investments producing run-rate cash income of \$14.2 million, covering 58% of run rate dividends

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Dividends

For the Three Month Period Ended 31 March 2017

Quarterly Report

DIVIDEND ACTIVITY

Semi-annual dividends

NBPE paid its first dividend for the year of \$0.25 per Share on 28 February 2017. Since inception, NBPE has paid cumulative dividends of \$2.09 per Share.

Income Investments

As of 31 March 2017, on a run rate basis, the income investment portfolio generated annual cash income of \$14.2 million or approximately \$0.29 per Share. This corresponds to approximately 58% dividend coverage from the cash yield on the Company's income portfolio, based on the annualised 2017 dividend.

\$0.25

Dividend
paid in Q1 2017

\$2.09

Cumulative dividends
since inception

3.8%

Annualised
dividend yield on
share price¹

3.1%

Annualised
dividend yield on NAV at
31 March 2017

1. Based on the London Stock Exchange closing share price of \$13.25 on 31 March 2017.

INVESTMENT MANAGER'S REPORT

NAV Results

For the Three Month Period Ended 31 March 2017

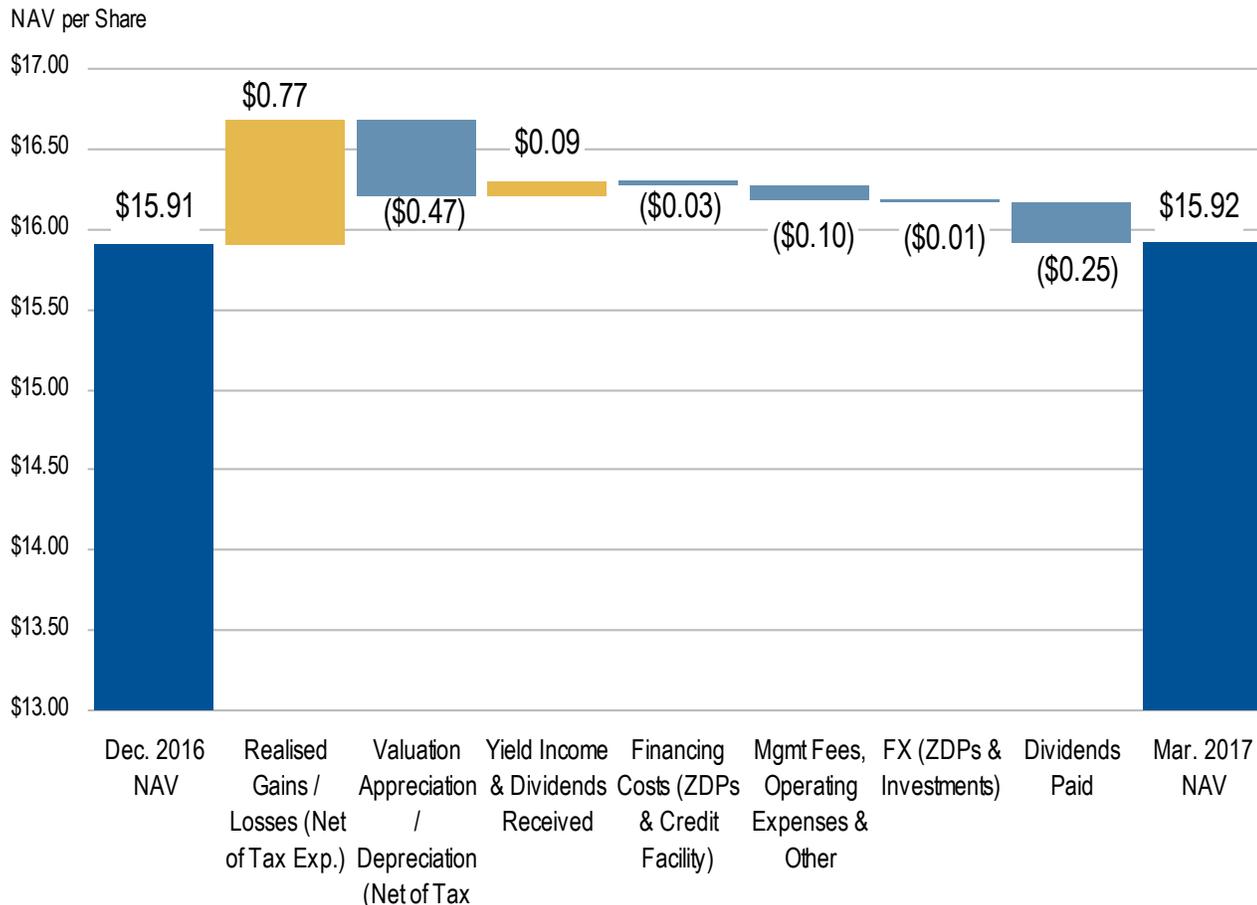
Quarterly Report

NAV RESULTS

During the first three months of 2017, including the Company's semi-annual dividends, the NAV per Share total return was 1.7%¹. NAV per Share was driven by realised investment gains and portfolio yield income, offset by dividends paid and expenses.

Key changes to NBPE's NAV per Share:

- \$37.7 million of realised gains, or \$0.77 per Share, net of tax expense
- \$22.8 million of unrealised losses, or (\$0.47) per Share, net of tax expense
- \$4.2 million of yield income and dividends, or \$0.09 per Share
- \$1.4 million of financing costs, or (\$0.03) per Share
- \$5.0 million of management fees, operating expenses, and other expenses, or (\$0.10) per Share
- \$0.3 million of FX losses related to ZDPs and investments, or (\$0.01) per Share
- \$12.2 million of dividends paid, or (\$0.25) per Share



Note: Numbers may not sum due to rounding.

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

INVESTMENT MANAGER'S REPORT

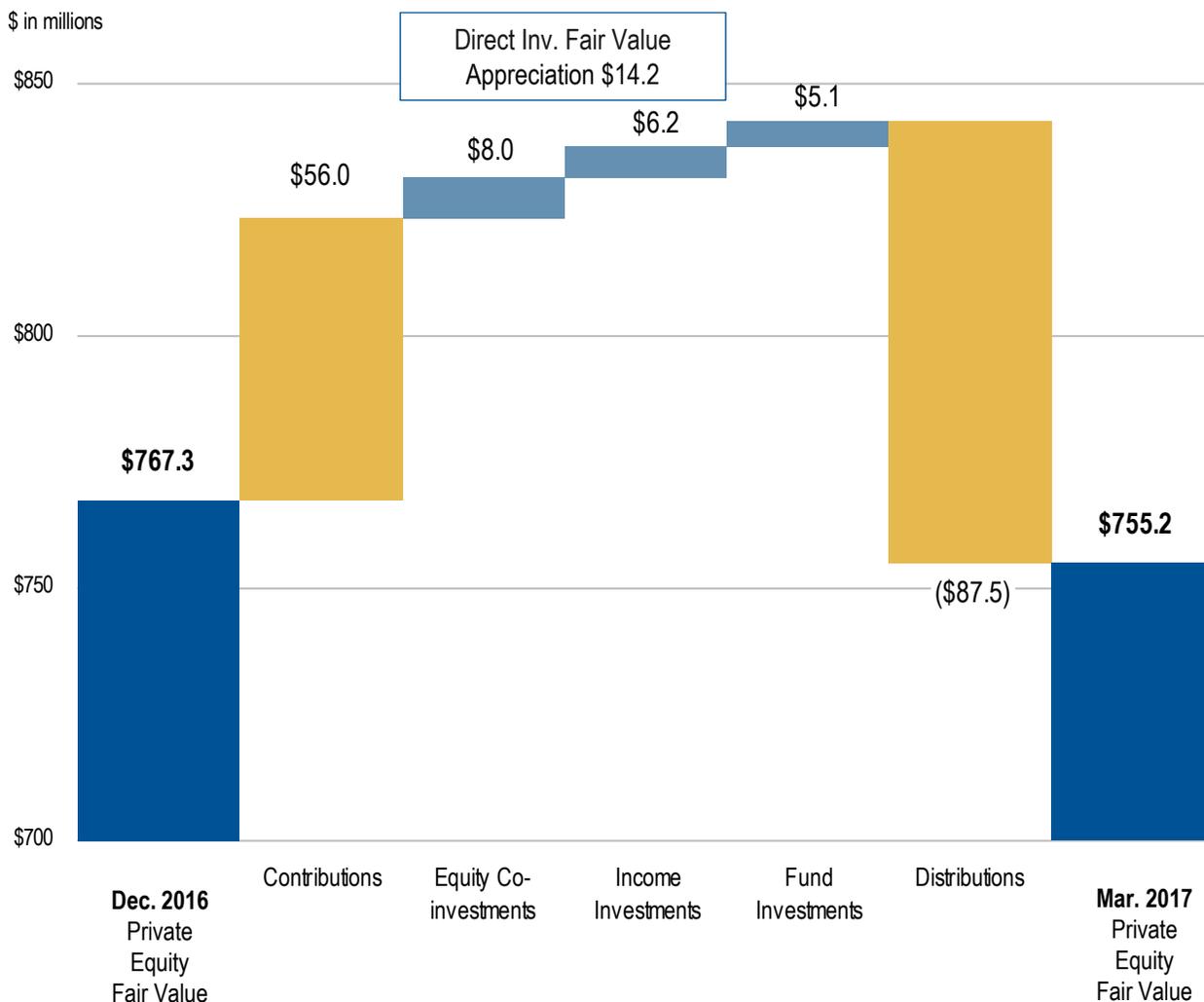
Performance Analysis

For the Three Month Period Ended 31 March 2017

Quarterly Report

PERFORMANCE OVERVIEW

During the first three months of 2017, excluding investment cash flows, private equity fair value appreciated by \$19.3 million, largely driven by direct investments. Cash distributions to NBPE were driven by equity investments, which distributed a total of \$45.7 million during the year, primarily as a result of three full exits. NBPE also received \$29.6 million of distributions from income investments consisting primarily of principal and interest payments. Legacy fund investments continue to run off and generate liquidity, distributing \$12.1 million to NBPE during the first three months of 2017.



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

INVESTMENT MANAGER'S REPORT

Portfolio Overview

For the Three Month Period Ended 31 March 2017

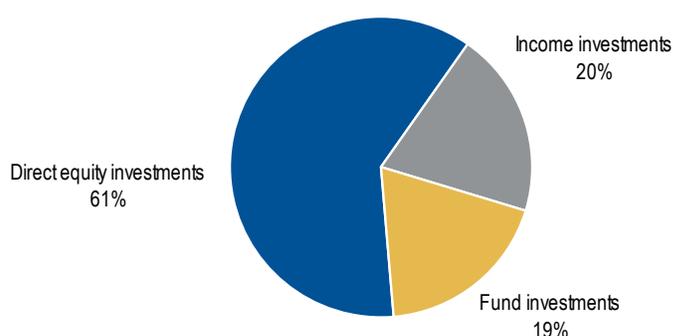
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PORTFOLIO OVERVIEW

NBPE's portfolio is comprised of direct equity investments, income investments and fund investments. Direct investments represent approximately 81% of private equity fair value. NBPE's fund portfolio consists of 34 fund investments, all but one of which are past their investment periods. These fund investments are expected to continue to liquidate in the coming years and will be replaced with new direct investment exposure over time.

	Investments	Private Equity Fair Value	Adjusted Unfunded Commitments ¹	Adjusted Total Exposure ¹
Direct equity investments	73	\$457.8m	\$25.4m	\$483.2m
Income investments	34	\$150.8m	-	\$150.8m
Fund investments	34	\$146.6m	\$1.2m	\$147.8m
Total Private Equity Investments	141	\$755.2m	\$26.6m	\$781.8m

Portfolio Diversification by Fair Value



Note: Numbers may not sum due to rounding.

1. Please refer to page 23 for more information on unfunded commitments to funds past their investment period. Actual unfunded commitments and total exposure is \$261.6 million and \$1.0 billion, respectively. Actual unfunded commitments is comprised of \$174.1 million, \$47.9, and \$39.7 million to direct equity investments, income investments, and fund investments, respectively. Actual total exposure is \$631.9 million, \$198.7 million, and \$186.3 million to direct equity investments, income investments, and fund investments, respectively.

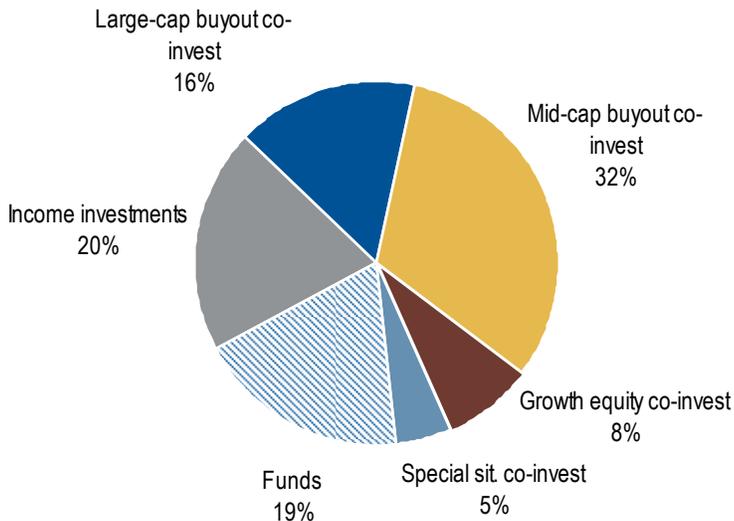
INVESTMENT MANAGER'S REPORT

Portfolio Diversification

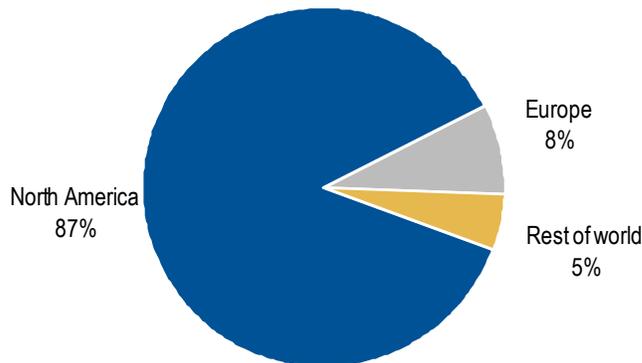
For the Three Month Period Ended 31 March 2017

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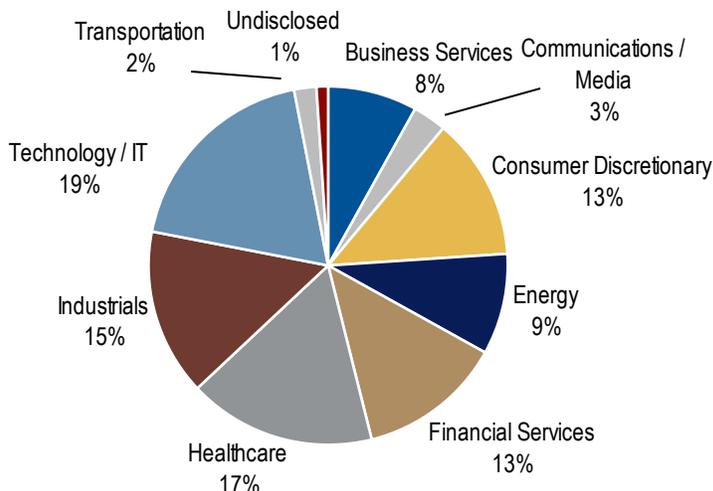
DIVERSIFICATION ANALYSIS



NBPE invests directly into private equity backed companies, pursuing the securities that the Manager believes present the most attractive risk / return opportunity. Currently the portfolio is weighted to equity investments, and 20% of the portfolio is in income investments. Fund investments represent 19% of private equity fair value but the fund portfolio will continue to become a smaller portion of NBPE's private equity fair value as capital is re-deployed into direct investments over time.



NBPE's portfolio is weighted to North American investments. This is the largest private equity market globally and the Manager believes the overall dynamics in this market relative to other geographies have offered the most attractive investment opportunities. The Manager is constantly monitoring and evaluating markets globally and may adjust this strategy over time. Approximately 8% of NBPE's portfolio is invested in European companies and 5% in other parts of the world, primarily Asia and Latin America.



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

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Largest Company Exposures

For the Three Month Period Ended 31 March 2017

Quarterly Report

TOP TEN LARGEST COMPANY EXPOSURES

Investment / Description	Status	Year of Investment	Investment Type / Asset Class	Equity Sponsor	NBPE Fair Value
Extraction Oil & Gas (NASDAQ: XOG) U.S. oil & gas exploration and production	Public	2014	Direct equity investment Mid-cap buyout	Yorktown Partners	\$30.3 million
ProAmpac Global packaging company	Private	2016	Direct equity investment & Income investment	Pritzker Group	\$22.9 million
Patheon (NYSE: PTHN) Manufacturing services for prescription drugs	Public	2014	Direct equity investment Mid-cap buyout	JLL Partners	\$17.3 million
The Warranty Group Underwriter & administrator of extended warranties	Private	2014	Direct equity investment Large-cap buyout	TPG	\$16.0 million
Saguaro Resources E&P company in Alberta / British Columbia	Private	2013	Direct equity investment Mid-cap Buyout	PineBrook	\$14.2 million
Capsugel Drug capsules / delivery	Private	2011	Direct equity investment Large-cap buyout	KKR	\$13.7 million
Vertiv Provider of data center infrastructure	Private	2016	Direct equity investment	Platinum Equity	\$13.1 million
Financial Services Co.* Global financial advisory firm	Private	2016	Direct equity investment	NA	\$12.9 million
Engineering Ingegneria Informatica Italian IT firm	Private	2016	Direct equity investment	NB Renaissance	\$12.8 million
Final Site Learning management platform for schools	Private	2016	Direct equity investment Growth Equity	Bridge Growth Partners	\$12.5 million
Total Top Ten Largest Exposures					\$165.7 million

*Note: Numbers may not sum due to rounding. Excludes credit opportunities investments.
Undisclosed position.

INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Three Month Period Ended 31 March 2017

Quarterly Report

DIRECT EQUITY INVESTMENTS: KEY PORTFOLIO STATS

Portfolio Overview



73 Investments & **\$457.8** million of fair value

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

Unique investment angles & multiple value creation levers:

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

Key Stats



3.2 Years average age of portfolio

1.4x Current multiple of invested capital

74% of portfolio value invested in small / mid-cap companies

45+ equity co-investment sponsors

Strong Performance



\$46 million of distributions from direct equity investments in Q1 2017

3 investments were fully exited which have generated **\$40** million of distributions in Q1

2017 and a **5.0x** multiple of capital and **44%** IRR in aggregate¹

¹ Returns are inclusive of prior distributions.

INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Three Month Period Ended 31 March 2017

Quarterly Report

NEW INVESTMENTS DURING Q1 2017

\$14.1 million invested in **2** new direct equity investments during Q1 2017



\$9.3m invested alongside
AEA Small Business Fund

- Distributor of aftermarket climate control components for vehicles



\$4.8m invested alongside
Harvest Partners

- Provider of repair, maintenance and fleet management services to multiple industries

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Three Month Period Ended 31 March 2017
Quarterly Report

DIRECT EQUITY INVESTMENT PERFORMANCE



During the first three months of 2017, NBPE participated in two new direct equity investments in the industrial and business services sectors.

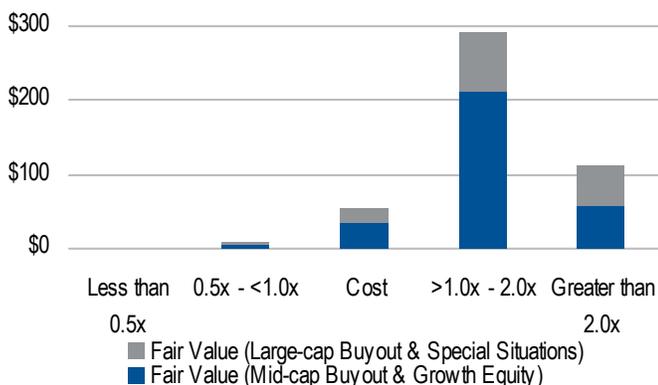
The portfolio appreciated in value by \$8.0 million during the first three months of 2017. The top five investments, measured by dollar gains, appreciated by \$11.7 million.

NBPE received approximately \$45.7 million in distributions from the direct equity portfolio during 2017. This was driven by total proceeds of \$39.7 million from the full exits of Deltek, Gabriel Brothers and Evans. NBPE also received an additional \$6.0 million of other distributions from equity co-investments during the first three months of 2017.

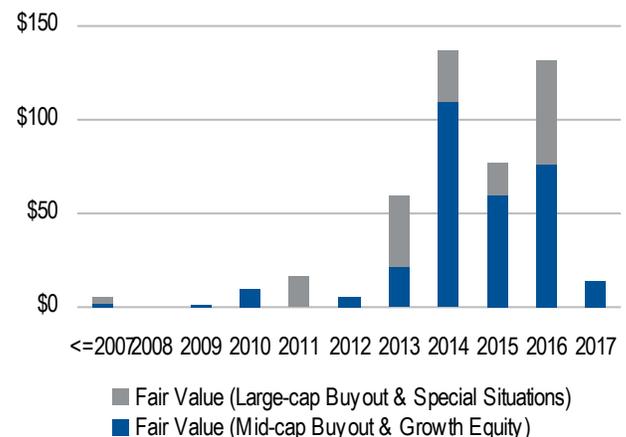
The investment multiple range by fair value shows the dispersion of value within the direct equity investment portfolio. The large majority of the private equity fair value is currently held above cost and only approximately 2.0% of private equity fair value is held below cost.

The average age of the direct equity investments is 3.2 years and approximately 99% of the fair value is due to investments made in 2010 or after.

Investment Multiple Range by Fair Value



Vintage Year by Fair Value



Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Direct Equity Investments

For the Three Month Period Ended 31 March 2017

Quarterly Report

SCHEDULE OF INVESTMENTS

Direct Equity Investments (\$ in millions)	Principal Geography	Investment Date	Description	Fair Value
Extraction Oil & Gas	U.S.	May-14	E&P company in the U.S.	\$30.3
Patheon	U.S.	Mar-14	Manufacturing services for prescription drugs	17.3
ProAmpac	U.S.	Nov-16	Leading global flexible packaging company	17.0
The Warranty Group	Global	Jul-14	Underwriter & administrator of extended warranties	16.0
Saguaro	Canada	Jul-13	E&P company pursuing unconventional light oil/liquids-rich gas properties	14.2
Capsugel	Global	Jul-11	Hard capsules and drug delivery systems	13.7
Vertiv	U.S.	Nov-16	Provider of data center infrastructure	13.1
Financial Services Company*	Global	Sep-16	Global financial advisory and investment banking firm	12.9
Engineering Ingegneria Informatica	Italy	May-16	Italian IT firm	12.8
Final Site	U.S.	Nov-16	Learning management platform for schools	12.5
Black Knight Financial Services	U.S.	Dec-13	Mortgage servicing technology and appraisal / origination services	12.2
Consilio	U.S.	Jul-15	eDiscovery company providing end-to-end services globally	11.0
Ortholite (Equity)	U.S.	Apr-14	Provider of high-performance insoles and related shoe components	10.9
LGC	Europe	Mar-16	Life sciences measurement and testing company	10.8
RiverBed	U.S.	Feb-15	Provider of application performance infrastructure	10.8
Marquee Brands	Global	Dec-14	Portfolio of consumer branded IP assets, licensed to third parties	10.7
Gardner Denver, Inc.	U.S.	Jul-13	Maker of industrial equipment	10.5
Petsmart	U.S.	Jun-15	Pet supplies retailer	10.1
Leaseplan	Europe	Apr-16	Fleet management company	9.3
Omega Environmental Technologies	U.S.	Feb-17	Leading distributor and assembler of climate control components	9.3
Digital River (Equity)	U.S.	Feb-15	Digital eCommerce, payments and marketing solutions	9.1
ARUHI Corporation	Japan	Oct-14	Mortgage company in Japan offering primarily fixed rate mortgages	8.6
Genetic Testing Company - Equity*	U.S.	Jun-13	Genetic testing company	8.3
Solace Systems	U.S.	Apr-16	Enterprise messaging solutions	8.0
Vencore	U.S.	Nov-10	High-end systems engineering to US Intelligence Industry	7.8
SolarWinds	U.S.	Feb-16	Provider of enterprise-class IT and infrastructure management software	7.4
Looking Glass	U.S.	Feb-15	Cyber security technology company	7.1
Ellucian	Global	Sep-15	Developer of higher education ERP software	7.1
Brightview	U.S.	Dec-13	Commercial landscape and turf maintenance	7.0
Evoqua Equity	U.S.	Jan-14	Water treatment technology, equipment and services	6.9
Berlin Packaging	U.S.	Oct-14	Supplier of rigid packaging materials and value-added services	6.7
Lasko Products	U.S.	Nov-16	Manufacturer of portable fans and ceramic heaters	6.5
Standard Aero	U.S.	Jun-15	Provider of aircraft maintenance, repair and overhaul services	6.5
CSC Service Works	U.S.	Mar-15	Provider of outsourced services to laundry & air vending markets	6.4
Aster / DM Healthcare	Middle East / India	Jun-14	Operator of hospitals, clinics and pharmacies	6.3
GC Services	U.S.	Jan-16	Provider of call center management and collection agency services	5.6
Counsyl	U.S.	Jul-14	Genetic testing and services using innovative software	5.5
Hilsinger	U.S. / U.K. / Australia	May-14	Supplier of eye wear and eye care accessories	4.9
MHS	U.S.	Mar-17	Provider of repair, maintenance and fleet management services	4.8
ProMach	U.S.	Nov-14	Packaging machinery for consumer goods	4.6
Mills Fleet Farms	U.S.	Feb-16	Value-based retailer with 35 stores in the Midwest US	4.4
Infection Energy	U.S.	Oct-14	Dry gas exploration company in the Marcellus Shale	4.3
Connector Company*	U.S.	Oct-15	Producer of embedded solid-state connectors	4.0
Alex & Ani	U.S.	May-15	Designer jewelry company	3.9
American Dental Partners, Inc.	U.S.	Feb-12	Dental practice management services	3.8
Concord Bio	India	Jun-16	Active pharmaceutical ingredients manufacturer	3.5
Oticas Carol	Brazil	Apr-13	2nd largest eyewear retailer in Brazil	3.5
Snagajob	U.S.	Jun-16	Job search and human capital management provider	3.5
Centro	U.S.	Jun-15	Provider of digital advertising management solutions	3.4
First Data	Global	Sep-07	Electronic commerce and payments	3.2
Syniverse Technologies	Global	Feb-11	Global telecommunications technology solutions	3.0
Stratus Technologies	U.S.	Apr-14	Technology solutions that prevent downtime of critical applications	2.9
Velocidi	U.S.	Dec-16	Marketing intelligence company	2.0
20 Other Direct Equity Investments (<\$2m Individually) & Net Other Assets / (Liabilities)				12.2
Total Direct Equity Investments				\$457.8

*Due to confidentiality agreements, company names cannot be disclosed.

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Income Investments

For the Three Month Period Ended 31 March 2017

Quarterly Report

INCOME INVESTMENTS: KEY PORTFOLIO STATS

Portfolio Overview

34 Investments & **\$150.8** million of fair value

Primarily junior debt investments, broadly diversified across sectors

2 year average holding period of companies active in the portfolio

Investment focus:

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

Portfolio Metrics¹

10.4% cash yield

10.7% estimated yield to maturity

\$14.2 million of run-rate cash income

58% dividend coverage from portfolio income

Strong Performance

\$30 million of distributions to NBPE from income investments in Q1 2017

3 exited investments generated **\$19** million of distributions in Q1 2017

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

INVESTMENT MANAGER'S REPORT

Income Investments

For the Three Month Period Ended 31 March 2017

Quarterly Report

NEW INVESTMENTS DURING Q1 2017

\$35.2 million invested in **6** new income investments



\$9.0m invested. Equity Sponsor: Jordan Group

- Producer of chemicals for the manufacturing industry



\$6.0m invested. Equity Sponsor: KKR

- Cyber security solutions provider



Public Sector

\$4.9m invested. Equity Sponsor: Vista Equity Partners

- Provider of local government and public safety software solutions



\$3.6m invested. Equity Sponsor: Bain Capital

- Online jewelry retailer

Note: An additional \$11.7m was invested in two new credit opportunity investments (secondary positions), which are undisclosed positions.

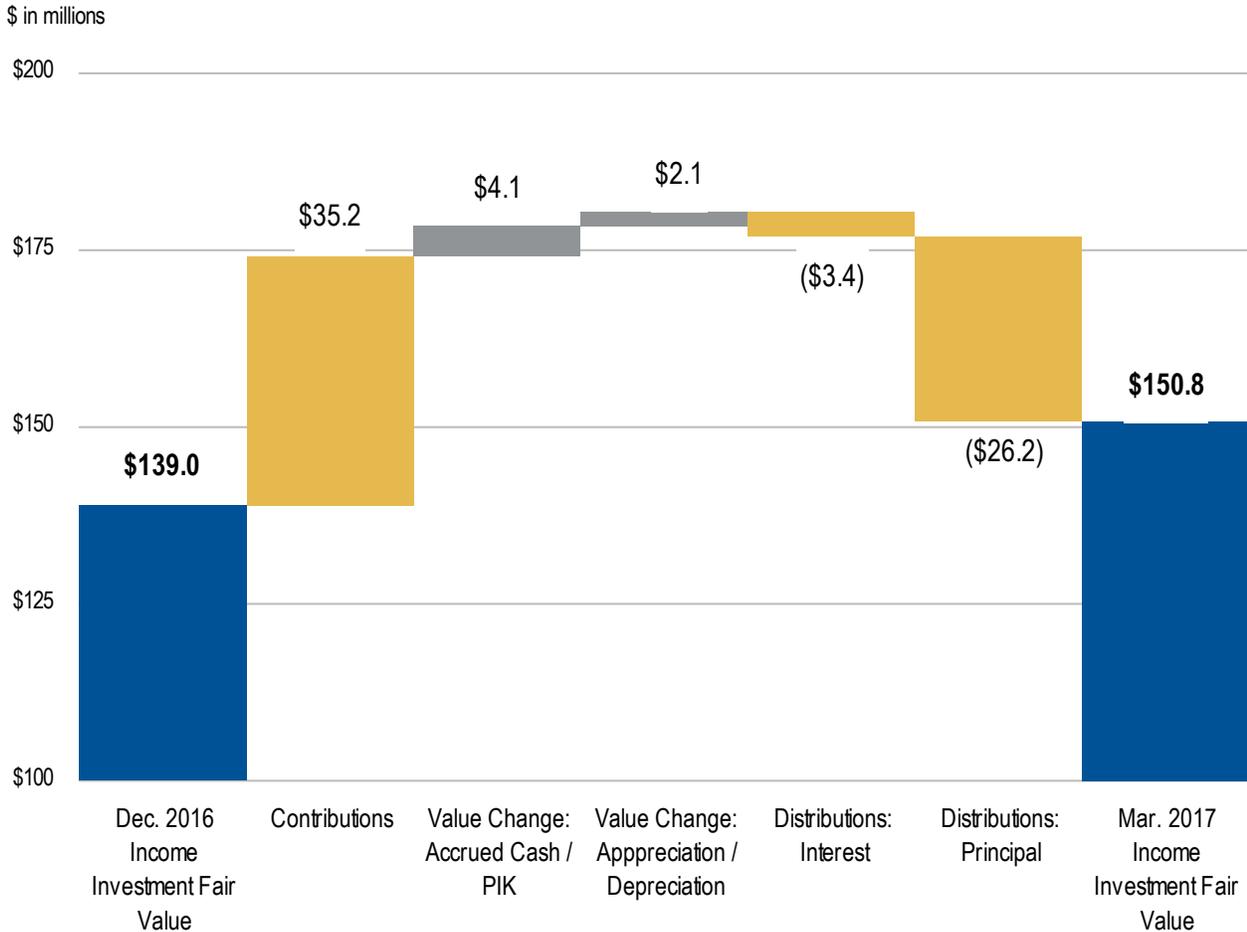
INVESTMENT MANAGER'S REPORT

Income Investments

For the Three Month Period Ended 31 March 2017
Quarterly Report

INCOME INVESTMENT PERFORMANCE

\$3.4 million of interest income and **\$26.2** million of principal repayments during Q1 2017. Run rate cash income was **\$14.2** million as of 31 March 2017



Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Income Investments

For the Three Month Period Ended 31 March 2017

Quarterly Report

SCHEDULE OF INVESTMENTS

INVESTMENT NAME	SECURITY DETAILS	INVESTMENT DATE	MATURITY DATE	FAIR VALUE ¹	CASH + PIK COUPON	CASH YIELD	TOTAL EST. YTM
<i>Income Investments</i>							
Linxens	Second lien (L+8.25% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	\$10.0	9.4%	9.5%	9.9%
Schumacher Group	Second lien (L+8.5% Cash, 1.0% L Floor, 1% OID)	Oct-15	Oct-23	9.7	9.7%	9.8%	10.1%
Dubois Chemical	Second lien (L+8.00% Cash, 1% L Floor, 1% OID)	Mar-17	Mar-25	9.0	9.2%	9.2%	9.6%
GCA Services	Second lien (L+9.0% Cash, 1% L Floor, 2.5% OID)	Mar-16	Mar-24	8.9	10.2%	10.3%	10.7%
Funding Circle	Portfolio of small business loans	Jan-15	N/A	8.1	N/A	N/A	N/A
Optiv	Second Lien (L+7.25%, 1% Floor, 0.5% OID)	Feb-17	Feb-25	6.1	8.4%	8.4%	8.8%
ProAmpac	Second Lien (L+8.50%, 1% L Floor)	Nov-16	Oct-24	6.0	9.7%	9.7%	10.1%
Flexera	Second lien (L+7.0%, 1% L Floor, 0.5% OID)	Apr-14	Apr-21	6.0	8.2%	8.2%	8.5%
Central Security Group	Second lien (L+9.0% Cash, 1% L Floor, 5% OID)	Nov-14	Oct-21	5.9	10.2%	10.5%	10.7%
Taylor Precision Products	Sr. sub notes (13% Cash, 1.5% OID)	Nov-13	May-19	5.7	13.0%	13.1%	13.8%
Galco Industrial Electronics	Sr. sub notes (10.75% Cash, 1.25% PIK, 1.5% OID)	May-14	May-21	5.1	12.0%	10.7%	12.4%
Sungard	Second Lien (L+8.50%, 1% Floor, 1.0% OID)	Feb-17	Jan-25	4.9	9.7%	9.7%	10.1%
P2 Energy Solutions	Second lien (L+8.00% Cash, 1.0% L Floor, 1% OID)	Nov-13	May-21	4.1	9.2%	11.3%	9.9%
Blue Nile	First Lien (L+6.50% Cash, 1% L Floor, 3% OID)	Mar-17	Feb-23	3.6	7.7%	7.9%	8.0%
Generic Pharmaceutical Company	Senior secured term loan (L + 5.375%, 1% Floor)	Jan-16	Jan-23	2.4	6.5%	7.1%	6.8%
Term Loan (Medical Implants)	Second lien (L+8.50%, 1% L Floor, 6% OID)	Mar-15	Dec-22	2.2	9.7%	10.3%	10.1%
Royalty Notes (Biotechnology)	Royalty backed note (9.375% Cash)	Mar-15	Mar-26	2.0	9.4%	9.1%	9.8%
17 Other Income Investments, Incl. Credit Opportunities & Net Other Assets / (Liabilities)				51.2	-	-	-
Total Income Investments				\$150.8	8.8%	10.4%	10.7%

Note: Credit opportunities investments are excluded from the schedule above.

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

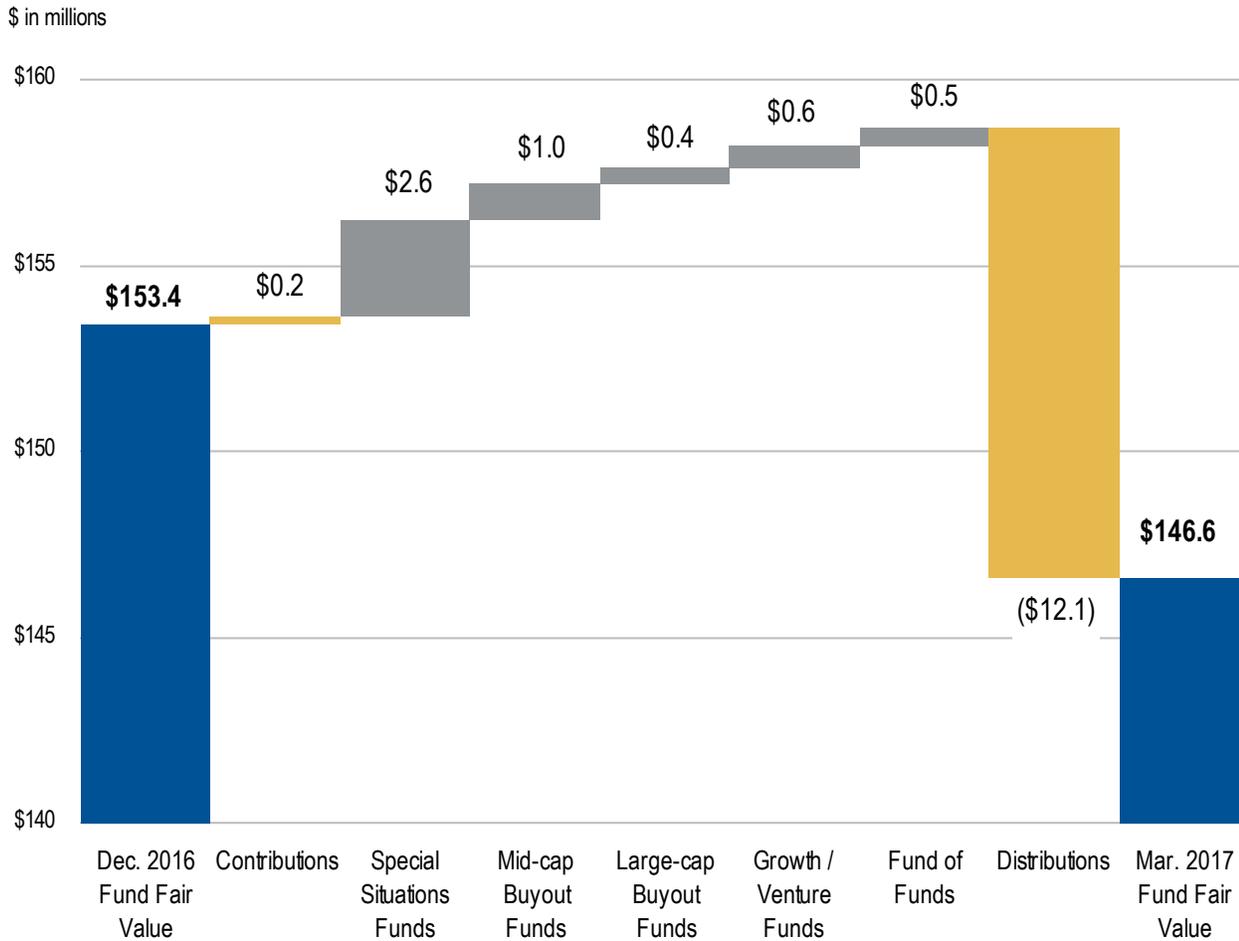
INVESTMENT MANAGER'S REPORT

Fund Investments

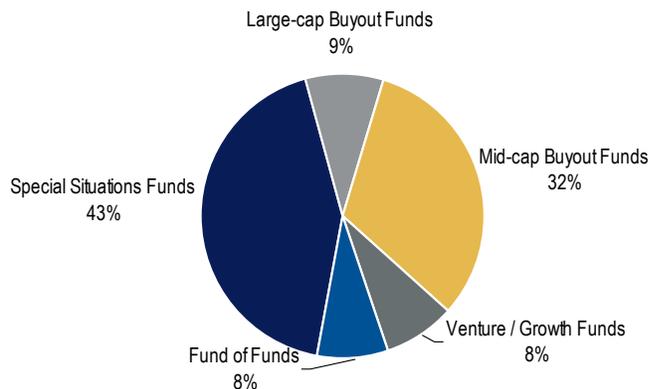
For the Three Month Period Ended 31 March 2017
Quarterly Report

FUND INVESTMENT PERFORMANCE

\$12.1 million of distributions during 2017



Fund Investment Distribution Activity by Asset Class



The largest distributions during 2017 were received from special situations and mid-cap buyout funds. During the first three months of 2017, the largest fund distributions were received from OCM Principal Opportunities IV, Sankaty Credit Opportunities III and NB Crossroads Fund XVII.

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

Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Fund Investments

For the Three Month Period Ended 31 March 2017

Quarterly Report

SCHEDULE OF INVESTMENTS

(\$ in millions)	Asset Class	Vintage Year	Fair Value	Unfunded Commitment ¹
Fund Investments				
Catalyst Fund III	Special Situations Funds	2011	\$15.5	\$0.7
NB Crossroads Fund XVIII Mid-cap Buyout	Mid-cap Buyout Funds	Fund XVIII	13.3	7.1
Platinum Equity Capital Partners II	Special Situations Funds	2007	9.8	3.3
Bertram Growth Capital II	Growth / Venture Funds	2010	9.2	1.8
NB Crossroads Fund XVII	Fund XVII (Diversified)	Fund XVII	8.8	1.7
OCM Principal Opportunities Fund IV	Mid-cap Buyout Funds	2007	7.4	2.0
Avista Capital Partners	Mid-cap Buyout Funds	2006	6.7	0.2
NG Capital Partners	Growth / Venture Funds	2010	6.6	0.5
NB Crossroads Fund XVIII Venture Capital	Growth / Venture Funds	Fund XVIII	6.6	1.7
Bertram Growth Capital I	Growth / Venture Funds	2007	6.2	1.1
Sun Capital Partners V	Special Situations Funds	2007	6.0	1.1
Corsair III Financial Services Capital Partners	Mid-cap Buyout Funds	2007	5.7	0.9
NB Crossroads Fund XVIII Large-cap Buyout	Large-cap Buyout Funds	Fund XVIII	4.1	2.2
Sankaty Credit Opportunities III	Special Situations Funds	2007	3.9	-
NB Crossroads Fund XVIII Special Situations	Special Situations Funds	Fund XVIII	3.5	0.9
Oaktree Opportunities Fund VIII	Special Situations Funds	2009	3.1	-
NB Fund of Funds Secondary 2009	Mid-cap Buyout Funds	2009	3.0	0.6
17 Other Fund Investments (< \$3m Individually)			\$27.0	\$13.9
Total Fund Investments			\$146.6	\$39.7

Note: Numbers may not sum due to rounding. The underlying NB Crossroads vintage year diversification is as follows (as a percentage of fair value): 2002 (<1%), 2003 (<1%), 2004 (3%), 2005 (12%), 2006 (35%), 2007 (43%), 2008 (6%), 2009 (<1%) and 2010 (<1%).

1. \$39.7 million of unfunded commitments are to funds past their investment period. Please refer to page 23 for more information on unfunded commitments to funds past their investment period.

INVESTMENT MANAGER'S REPORT

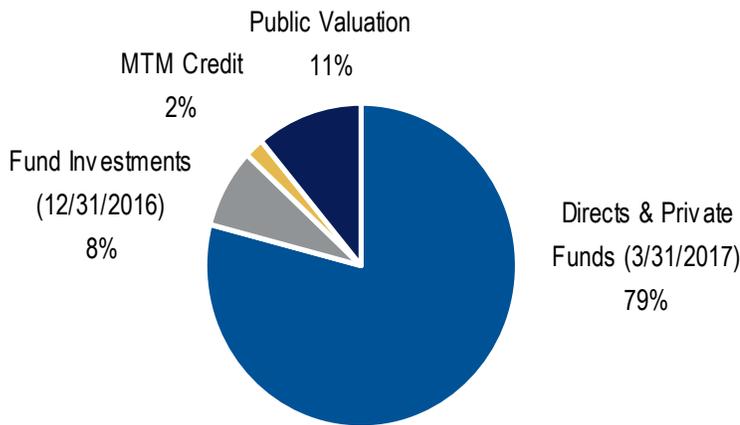
Valuation of Investments

For the Three Month Period Ended 31 March 2017
Quarterly Report

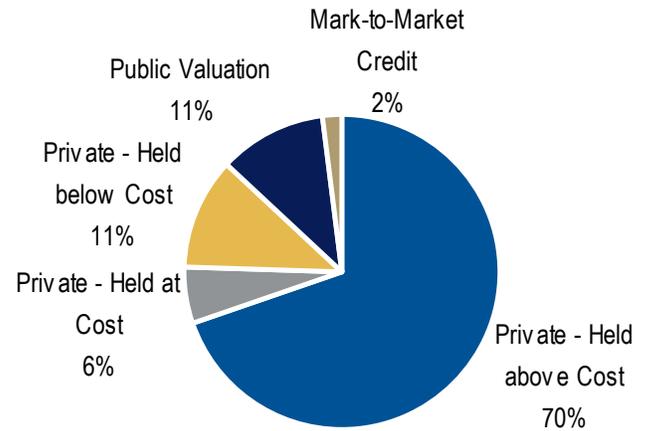
PORTFOLIO VALUATION

Following the receipt of additional valuation information after 21 April 2017, the publication date of the March monthly NAV estimate, the NAV per Share per the consolidated balance sheet of \$15.84 was \$0.14 higher than previously reported.¹ As of 31 March 2017, approximately 11% of fair value was held in public securities.

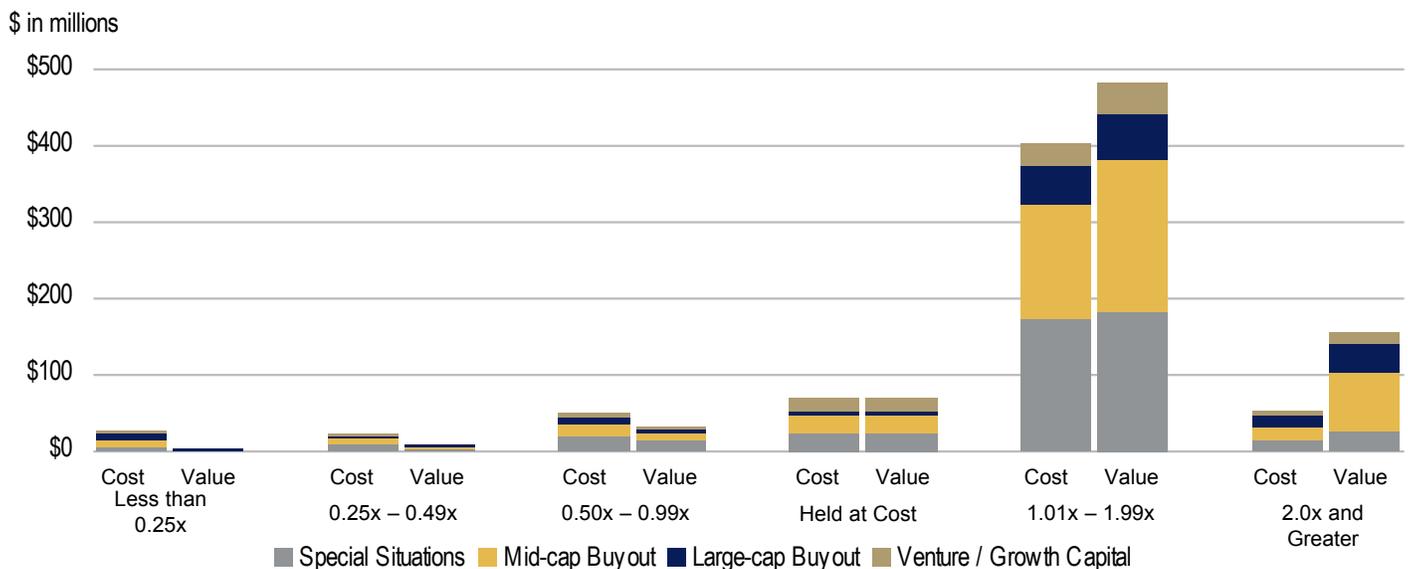
By Date of Information & Valuation Type (% of Fair Value)²



Valuation Method (% of Fair Value)



NBPE Portfolio Valuation by Asset Class



Note: Numbers may not sum due to rounding.

1. As reported in the monthly NAV estimate the percent of private equity fair value was held: 26% in direct investments, 11% in public securities and 1% in credit-related funds as of 31 March 2017 and 46% in direct investments and 16% in fund investments as of 31 December 2016.

2. Please refer to page 25 for a detailed description of the valuation policy. While some information is as of 31 December 2016, the Manager's analysis and historical experience lead the Manager to believe that this approximates fair value at 31 March 2017.

INVESTMENT MANAGER'S REPORT

Public Stock Exposures

For the Three Month Period Ended 31 March 2017
Quarterly Report

2017 IPO ACTIVITY & PUBLIC STOCK EXPOSURE

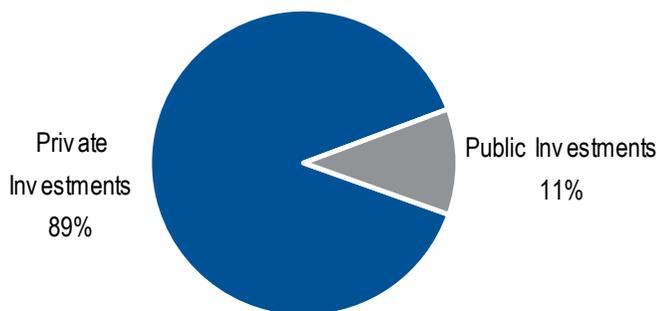
One company in NBPE's portfolio completed an initial public offering during the first three months of 2017, which may lead to future distributions to NBPE:

- Keane Group (NYSE: FRAC) – NB Crossroads Fund XVIII

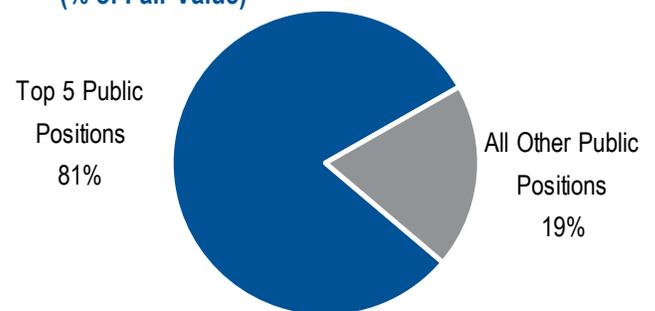
The top five public stock exposures are listed below:

- Extraction Oil & Gas (NASDAQ: XOG): \$30.3 million
- Patheon (NYSE: PTHN): \$17.3 million
- Black Knight Financial Services (NYSE: BKFS): \$12.2 million¹
- Advance Pierre Foods Holding Corp (NYSE: APFH): \$4.1 million²
- First Data (NYSE: FDC): \$3.4 million

Public vs. Private Investments (% of Fair Value)



Concentration of Public Investments (% of Fair Value)



Note: Numbers may not sum due to rounding

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

2. Held through OCM Principal Opportunities IV.

INVESTMENT MANAGER'S REPORT

Unfunded Commitments & Capital Resources

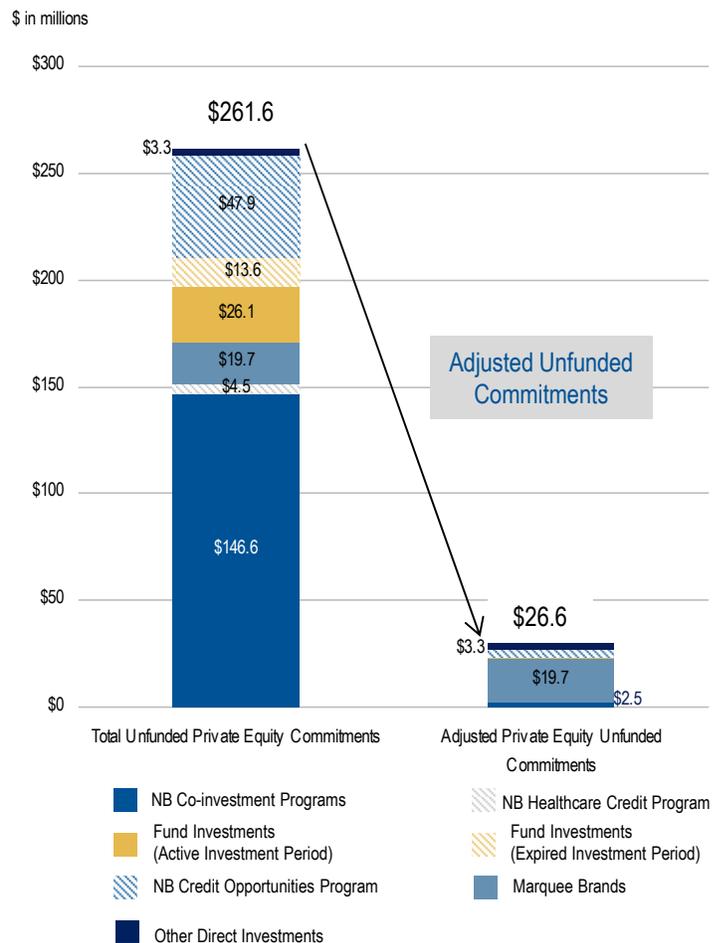
For the Three Month Period Ended 31 March 2017
Quarterly Report

UNFUNDED COMMITMENTS & CAPITAL RESOURCES

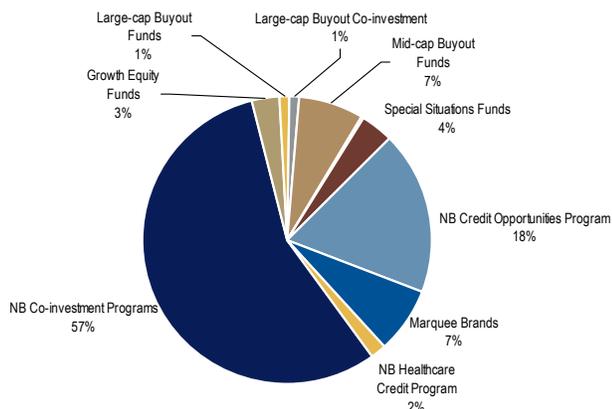
As of 31 March 2017, NBPE's unfunded commitments were approximately \$261.6 million. Approximately \$146.6 million, \$4.5 million, \$47.9 million, and \$19.7 million were unfunded commitments to the NB Alternatives Co-investment and Healthcare Credit Programs, NB Credit Opportunities Program and Marquee Brands, respectively. Approximately \$13.6 million of unfunded commitments were to funds of funds managed by the Manager and \$26.1 million of unfunded commitments were to third party direct funds. Within the fund portfolio, \$39.7 million of the unfunded commitments are to funds past their investment period. The Manager believes a large portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

The Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted by removing unfunded commitments past their investment period, amounts which NBPE has the ability to terminate if it so chooses, and unfunded commitments to funds managed by the Manager. Following these adjustments, the unfunded commitments were \$26.6 million.

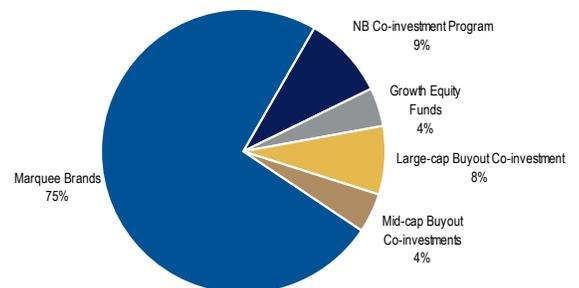
As of 31 March 2017, NBPE had \$111.6 million of cash and available borrowings under the 2016 Credit Facility (as defined on the following page), totaling \$261.6 million of total capital resources. On an adjusted basis this corresponds to excess capital resources of \$235.0 million and a commitment coverage ratio of 983%.



Total Actual Unfunded Private Equity Commitments (\$261.6m)



Adjusted Unfunded Private Equity Commitments (\$26.6m)



Note: Numbers may not sum due to rounding.

INVESTMENT MANAGER'S REPORT

Credit Facility Overview

For the Three Month Period Ended 31 March 2017

Quarterly Report

CREDIT FACILITY OVERVIEW

On 7 June 2016, the Company entered into an agreement with JP Morgan Chase Bank, N.A. (the "2016 Credit Facility") to refinance the 2012 Credit Facility. The 2016 Credit Facility's availability is up to \$150.0 million (including a \$25.0 million accordion whereby the Company is able to increase available borrowings) that expires in June 2021. Beginning in year four, the 2016 Credit Facility carries mandatory amortisation of outstanding balances of 25% per calendar quarter. The 2016 Credit Facility is guaranteed by the Company (the "Parent Guarantor") as well as all of the Company's subsidiaries (except for NB PEP Investments LP (Incorporated), being the borrower under the 2016 Credit Facility) and secured by substantially all of the assets of the Parent Guarantor and its subsidiaries. At 31 March 2017 there were no amounts borrowed under the 2016 Credit Facility.

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

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

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

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

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

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

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

At 31 March 2017, the Company met all requirements under the 2016 Credit Facility.

Note: Numbers may not sum due to rounding.

VALUATION METHODOLOGY

Equity

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

Debt

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

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

FORWARD LOOKING STATEMENTS

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

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

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

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

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

OVERVIEW OF THE INVESTMENT MANAGER

About NB Alternatives

The NB Alternatives group of Neuberger Berman has 30 years of investing experience specializing in direct equity investments, income investments, private equity funds and secondary investments and has built relationships with leading private equity fund managers over that time.

The Investment Manager makes all of the Company's investment decisions, and the board of directors of the Company has delegated to the Investment Manager the day-to-day management and operations of the Company's business. The Investment Manager's investment decisions are made by its Investment Committee (the "Investment Committee"), which currently consists of nine members with over 265 years of combined professional experience and average 17 years with the firm. The sourcing and evaluation of the Company's investments are conducted by the Investment Manager's team of approximately 115 investment professionals who specialize in direct equity investments, income investments and fund investments. The Investment Manager currently maintains offices in New York, London, Boston, Dallas, Hong Kong, Milan and Bogotá.

About Neuberger Berman

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages equities, fixed income, private equity and hedge fund portfolios for institutions and advisors worldwide. With offices in 19 countries, Neuberger Berman's team is more than approximately 1,900 professionals, as of May 1, 2017. The company was named the #1 firm in Pensions & Investments 2016 Best Places to Work in Money Management survey (among those with 1,000 employees or more). Tenured, stable and long-term in focus, the firm fosters an investment culture of fundamental research and independent thinking. It manages \$267 billion in client assets as of March 31, 2017. For more information, please visit our website at www.nb.com.

DIRECTORS, ADVISORS & CONTACT INFORMATION

Ordinary Share Information

Trading Symbol: NBPE
 Exchanges: The regulated market of Euronext Amsterdam N.V. and the Premium Segment of the Main Market of the London Stock Exchange
 Euronext Amsterdam Listing Date: 25 July 2007
 Premium Segment Trading Admission: 2 May 2017
 Traded Currency: GBP (LSE); USD (Euronext)
 Bloomberg: NBPE NA, NBPE LN
 Reuters: NBPE.AS, NBPE.L
 ISIN: GG00B1ZBD492
 COMMON: 030991001
 Amsterdam Security Code: 600737

ZDP Share Information (2017 / 2022)¹

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

Board of Directors

Talmay Morgan (Chairman)
 John Buser
 Trudi Clark
 John Falla
 Peter Von Lehe

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 Fax: +1-214-647-9501
 Email: IR_NBPE@nb.com

¹ 2017 ZDPs were redeemed on 31 May 2017.

Guernsey Administrator

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 Fax: +44 (0) 1481 730617

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 United States of America

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 Fax: +1-212-571-3050

Paying Agent

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 68 Upper Thames Street
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Joint Corporate Brokers

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