NB Private Equity Partners Limited

NEUBERGER | BERMAN

31 December 2016[1]

FUND OBJECTIVE

NB Private Equity Partners Limited ("NBPE" or the "Company") is a closed-end investment company registered under the laws of Guernsey managed by NB Alternatives Advisers LLC (the "Investment Manager"), an indirect wholly owned subsidiary of Neuberger Berman Group LLC.

Our investment objective is to produce attractive returns on capital by investing directly into Private Equity backed companies with a focus on capital efficient strategies while managing risk through portfolio diversification. NBPE pursues diversification across capital structure, asset class, vintage year, geography, industry and sponsor.

FUND MANAGER: NB ALTERNATIVES

- 30 years private equity investing experience
- Over $40 billion of commitments managed
- Stable team with over 110 investment professionals with global presence
- Investments with over 200 private equity firms

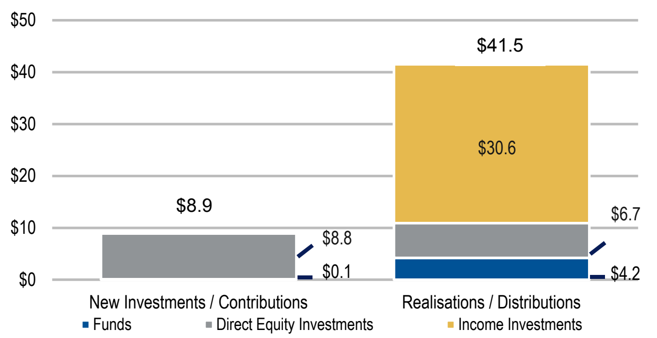
MANAGER COMMENTARY

During December, NBPE completed one new investment in Velocidi, a marketing intelligence company, and one follow-on investment in a financial services company.

Distribution activity was strong during the month, with NBPE receiving total distributions of $41.5 million. This was driven by $30.6 million in distributions from income investments, of which $27.4 million was received as a result of five exits. The remaining distributions consisted of interest and principal payments. NBPE received $6.7 million from direct equity investments during the month, consisting primarily of proceeds received from the sale of Revspring. NBPE also received final exit proceeds from secondary sales of public shares of Commscope and partial exit proceeds from the sale of public shares of Fairmount Minerals and Univar. Fund investments distributed $4.2 million to NBPE during December. Two notable portfolio events that are not included in December's distribution activity are the equity proceeds from the previously announced sale of Deltek, and the announced sale of Capsugel to Lonza, which is expected to close in the coming months. As a result, NBPE increased its carrying value of the investment during the month.

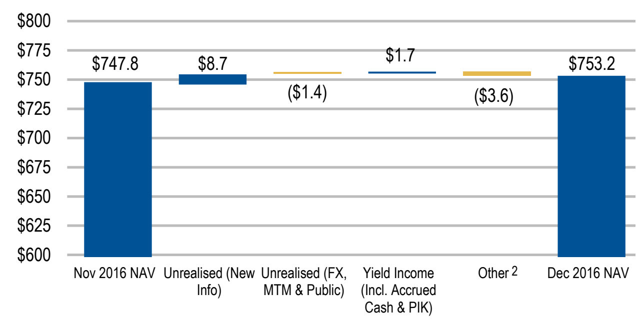
PORTFOLIO ACTIVITY [5]

$ in millions



BALANCE SHEET DEVELOPMENT

$ in millions



NET ASSET VALUE DEVELOPMENT

($ in millions, except per share data)

Summary of NAV of Ordinary Shares	31 December 2016 (Unaudited)	30 November 2016 (Unaudited)
Direct Investments		
Direct Equity Investments	$451.4	$445.0
Income Investments	$139.1	$167.8
Total Direct Investments	$590.5	$612.8
Fund Investments	$156.0	$157.4
Total Private Equity Investments	**$746.5**	**$770.2**
Cash and Cash Equivalents	$92.5	$62.6
Credit Facility Outstanding	-	-
2017 ZDP Share Liability	($14.5)	($14.6)
2022 ZDP Share Liability, incl. Forward Currency Contract	($65.7)	($65.5)
Net Other Assets (Liabilities), incl. Minority Interest	($5.6)	($5.0)
Net Asset Value	**$753.2**	**$747.8**
Net Asset Value per Share *	**$15.43**	**$15.32**
Net Asset Value per Share Including 2016 Dividends *	**$15.93**	**$15.82**
Closing Share Price (London Stock Exchange)	**$11.81**	**$11.93**
Premium (Discount)	**(23.5%)**	**(22.1%)**
Summary of Private Equity Exposure		
Estimated Fair Value of Private Equity Investments	$746.5	$770.2
Adjusted Unfunded Private Equity Commitments**	$43.7	$44.4
Adjusted Total Private Equity Exposure	**$790.2**	**$814.5**
Private Equity Investment Level	99%	103%
Cash + Undrawn Committed Credit Facility	$242.51	$212.62
Adjusted Commitment Cover Ratio**	555%	479%
(In £)		
Summary of the ZDP Shares		
2017 ZDP Net Asset Value per Share ***	**164.85p**	**163.87p**
Closing Share Price (LSE) for 2017 ZDP shares	**169.75p**	**169.63p**
Premium (Discount)	**3.0%**	**3.5%**
2022 ZDP Net Asset Value per Share ***	**101.17p**	**100.83p**
Closing Share Price (LSE) for 2022 ZDP shares	**107.25p**	**106.25p**
Premium (Discount)	**6.0%**	**5.4%**

ORDINARY SHARE INFORMATION

Trading Symbol:	NBPE
Exchanges:	Euronext & LSE
Euronext Admission Date:	25 July 2007
LSE Admission Date:	30 June 2009
Base Currency:	USD
Bloomberg Ticker:	NBPE NA, NBPE LN
Reuters Ticker:	NBPE.AS, NBPE.L
ISIN:	GG00B1ZBD492
Common:	030991001
Semi-annual Dividends:[3]	$0.25 per share
Annualised Dividend Yield:[3]	4.2% on share price, 3.2% on NAV

ZDP SHARE INFORMATION

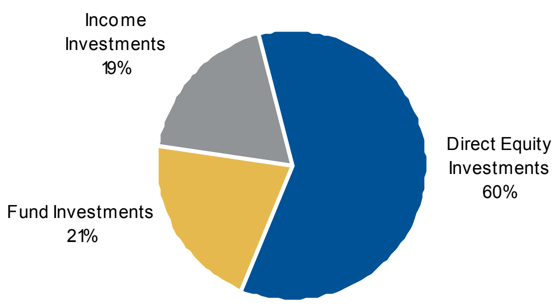
Trading Symbol:	NBPZ (2017) / NBPP (2022)
Exchanges:	LSE & CISE / LSE
Admission Date:	1 December 2009 / 16 September 2016
Base Currency:	GBP
Bloomberg Ticker:	NBPEGBP LN / NBPP:LN
Reuters:	NBPEO.L
ISIN:	GG00B4ZXGJ22 / GG00BD0FRW63
SEDOL:	B4ZXGJ2 / BD0FRW6
GRY at Issuance:	7.3% / 4.0%
Share Life:	31 May 2017 / 30 September 2022
Capital Entitlement:	169.73p / 126.74p

**As of 31 December and 30 November 2016, there were 48,790,564 class A ordinary shares and 10,000 class B ordinary shares outstanding, with 3,150,408 class A ordinary shares held in treasury.*

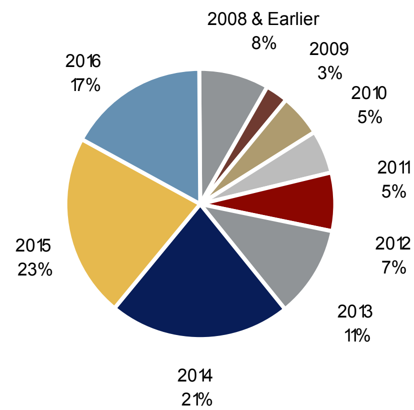
*** Unfunded commitments are adjusted for amounts the Manager believes are unlikely to be called. As of 31 December (30 November) 2016, unadjusted unfunded commitments are $321.21 million ($316.8 million), total private equity exposure is $1.1 billion ($1.1 billion) and the unadjusted commitment coverage ratio is 75.5% (79.8%).*

**** As of 31 December and 30 November 2016, there were 7,109,599 2017 ZDP shares and 50,000,000 2022 ZDP shares outstanding. Note: Numbers may not sum due to rounding.*

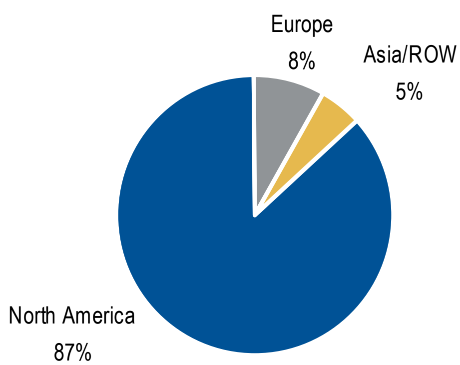
ASSET CLASS AND INVESTMENT TYPE BY FAIR VALUE



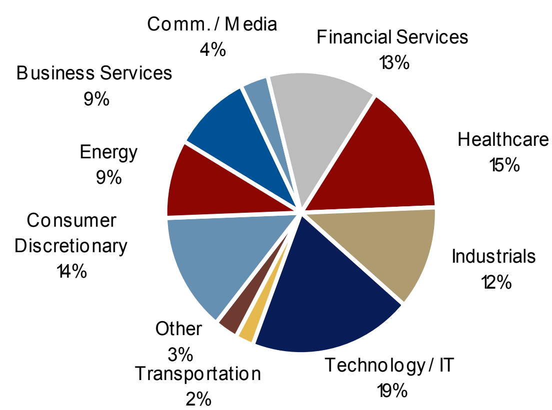
YEAR OF INVESTMENT BY FAIR VALUE



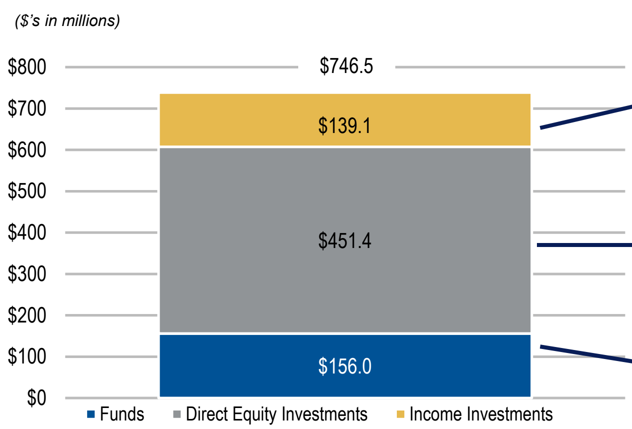
GEOGRAPHY BY FAIR VALUE



INDUSTRY BY FAIR VALUE



DIVERSIFICATION BY INVESTMENT TYPE



Top 3 Income Investments by NBPE NAV

- Business services company: $15.8 million
- Total Fleet Solutions: $10.2 million
- Linxens: $10.1 million

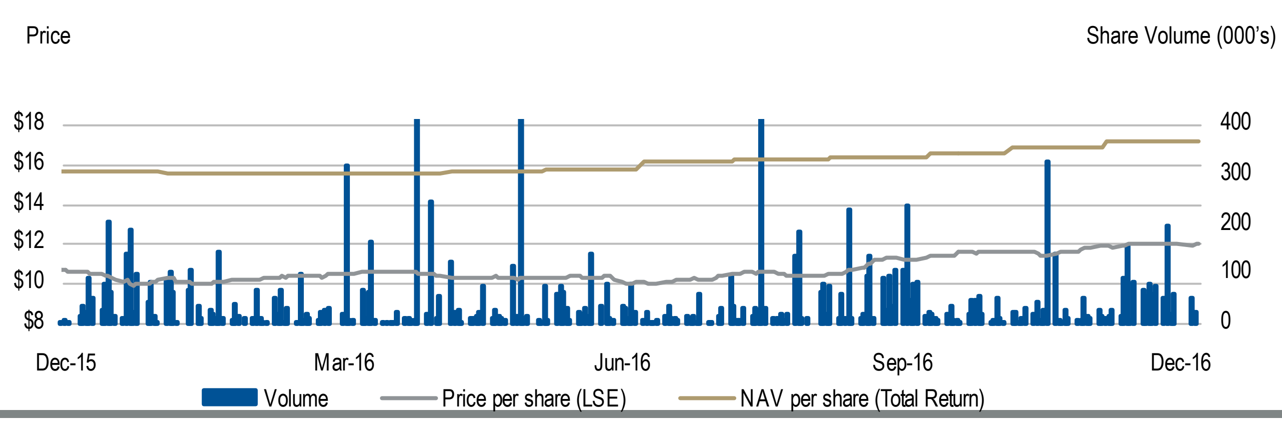
Top 3 Direct Equity Investments by NBPE NAV

- Extraction Oil & Gas (NASDAQ: XOG): $32.7 million
- Patheon (NYSE: PTHN): $18.8 million
- The Warranty Group: $16.0 million

Top 3 Fund Investments by NBPE NAV

- Catalyst Fund III: $16.1 million
- NB Crossroads Fund XVIII Mid-cap Buyout: $13.1 million
- NB Crossroads Fund XVII: $10.9 million

LTM ORDINARY SHARE PRICE AND NAV PERFORMANCE (TOTAL RETURN) AND TRADING VOLUME



VALUATION METHODOLOGY

The Company carries its private direct equity investments on its books at fair value using the best information it 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, if any, that affect marketability. The Company determines such values for publicly traded securities held directly as well as known public positions held in the underlying private direct equity investments on a look-through basis. The Company 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 equity 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 Company proactively re-values its investments before it has received updated information from the fund manager or lead investor if it becomes aware of material events that justify a change in valuation. If the Company concludes that it is probable an investment will be sold, the Company will adjust the fair value to the amount the Company expects to realize from the sale, net of transaction costs.

For debt investments, the Company estimates the enterprise value of each portfolio company and compares such amount to the total amount of such portfolio company's debt, as well as the level of debt senior to our interest in such portfolio company. 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 portfolio 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 Company will further consider the portfolio 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 in which the Company is invested and securities senior to NBPE's position.

If the principal repayment of debt and any accrued interest is supported by the enterprise value analysis described above, the Company 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 Company 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 Company believes market yields for similar investments have changed substantially since the pricing of our security, the Company will perform a discounted cash flow analysis, based on the expected future cash flows of the debt securities and current market rates. The Company will 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.

TRADING VOLUME AND SHARE REPURCHASE ACTIVITY

During the month of December, NBPE's aggregate trading volume on the London Stock Exchange, Euronext Amsterdam, and over-the-counter trading platforms was 1,500,309 Class A ordinary shares, which represents an average daily trading volume of approximately 75,015 Class A ordinary shares.

The Share Buy-Back Programme expired on 31 May 2016; however, the programme remains an option to the Company in future periods, if deemed suitable by the Directors at a later time. As of 31 December 2016, there were 48,790,564 class A ordinary shares and 10,000 class B ordinary shares outstanding, with 3,150,408 class A ordinary shares held in treasury.

INVESTMENT MANAGER

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1. Figures provided are unaudited and subject to change. Certain numbers may not total due to rounding.
2. Other includes realised gains, investment income not classified as yield income, expenses, the ZDP liability and value changes to other assets and liabilities.
3. NBPE declared a $0.25 per Share dividend on 12 July 2016, paid on 31 August 2016. On an annualised basis, this dividend payment represents a dividend yield of 3.2% based on the estimated December 2016 NAV and 4.2% based on the London Stock Exchange closing price of $11.81 on 31 December 2016.
4. The diversification analysis by asset class and investment type is based on the fair value of underlying direct/co-investments and fund investments. The diversification analysis by year of investment, geography and industry is based on the diversification of underlying portfolio company investments at fair value as estimated by the Investment Manager. The year of investment is calculated at the portfolio company level and is defined as the date of capital deployment into a particular underlying investment. The diversification by year of investment also includes an allocation of net cash flows and valuation adjustments made since financial statements were last received from the investment sponsor. Accordingly, the actual diversification of the Company's investment portfolio and the diversification of the Company's investment portfolio on an ongoing basis may vary from the foregoing information.
5. Direct equity investment diversification includes all equity, including associated equity from income investments.