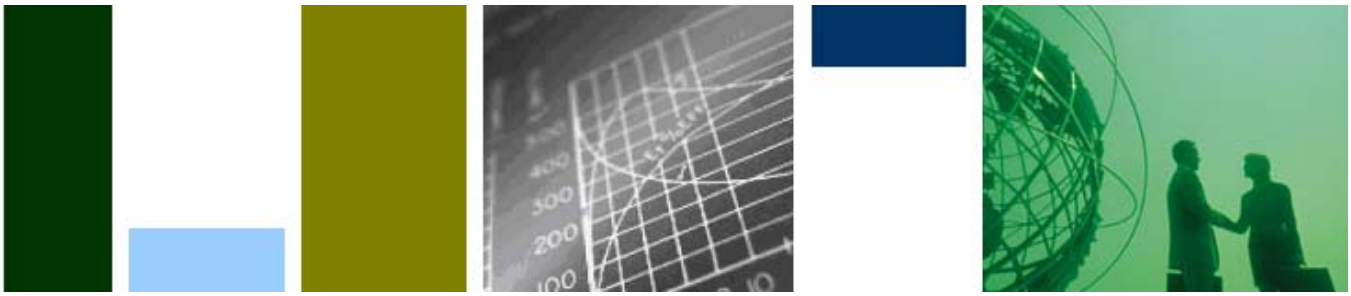
Lehman Brothers Private Equity Partners Limited

30 November 2008 [1]



Company Overview

Lehman Brothers Private Equity Partners Limited ("LBPE" or "the Company") is a closed-end investment company registered under the laws of Guernsey managed by the Private Fund Investments Group and its affiliates (together, the "Investment Manager"). We invest in private equity funds managed by leading sponsors, including funds of funds managed by the Investment Manager, and make direct private equity investments alongside leading sponsors ("co-investments"). Our investment objective is to produce attractive returns on our capital from our private equity investments while managing investment risk through portfolio diversification across asset class, vintage year, geography, industry and sponsor.

Investment Manager Commentary

LBPE did not commit to any new private equity funds or invest in any direct co-investments in November. The Company invested an aggregate $7.8 million in private equity investments and received an aggregate $0.3 million of distributions during the month. As a result, LBPE's private equity investment level increased to 102% of total net asset value at 30 November 2008. Approximately 76% of the capital deployed in November was invested in distressed funds, while 22% was invested in buyout funds and the remaining 2% was invested in growth equity / venture funds. The distributions received in November were mainly attributed to certain buyout fund investments and Lehman Crossroads Fund XVII.

During November, LBPE's portfolio value decreased due to net write-downs in the value of certain fund investments and direct co-investments. In addition, the continued selling pressure in the public equity and credit markets led to net unrealized depreciation in the mark-to-market value of credit related fund investments and publicly traded securities. These decreases in value were offset by net unrealized appreciation related to positive foreign exchange adjustments. Including the revaluation of public securities, all other valuation adjustments and the effect of share repurchases through the Liquidity Enhancement Agreement, LBPE's unaudited net asset value per share was $9.27 at 30 November 2008, representing a decrease of 4.2% compared to the unaudited 31 October 2008 net asset value per share of $9.68 and a decrease of 10.6% compared to the audited 31 December 2007 net asset value per share of $10.37.

Net Asset Value Development

Summary of Net Asset Value *($ in millions, except per share data)*	**30 November 2008**	**31 October 2008**
Direct Fund Investments and Fund of Funds Investments	$402.8	$409.2
Co-investments *	100.1	109.5
Total Private Equity Investments	$502.8	$518.7
Cash and Cash Equivalents	147.4	155.5
Credit Facility	(152.3)	(151.6)
Net Other Assets (Liabilities), including Minority Interest	(3.1)	(3.9)
Net Asset Value	**$494.9**	**$518.7**
Net Asset Value per Share **	**$9.27**	**$9.68**
Closing Share Price	**$2.00**	**$3.50**
Premium (Discount)	**(78.4%)**	**(63.8%)**

Summary of Private Equity Exposure	**30 November 2008**	**31 October 2008**
Estimated Net Asset Value of Private Equity Investments	$502.8	$518.7
Unfunded Private Equity Commitments	188.0	195.4
Total Private Equity Exposure	**$690.8**	**$714.0**
Private Equity Investment Level	102%	100%
Commitment Level	140%	138%
Cash + Undrawn Committed Credit Facility	$247.4	$255.5

As of 30 November 2008, the investment portfolio included exposure to 58 underlying investments and over 2,300 underlying portfolio companies.

* Includes both equity and mezzanine co-investments.

** As of 30 November 2008, there were 53,379,127 Class A ordinary shares and 10,000 Class B ordinary shares outstanding, with 830,873 Class A ordinary shares held in treasury. As of 31 October 2008, there were 53,598,083 Class A ordinary shares and 10,000 Class B ordinary shares outstanding, with 611,917 Class A ordinary shares held in treasury.

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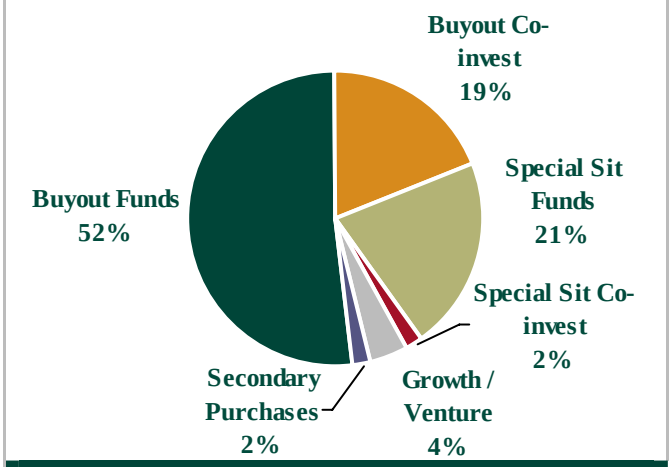
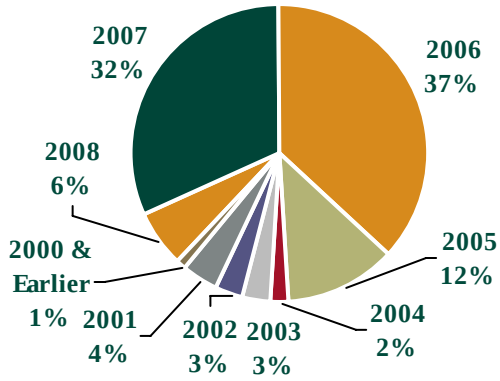
Private Equity Portfolio Diversification

Key information about LBPE's portfolio of private equity investments based upon fair value at 30 November 2008 was as follows: [2]

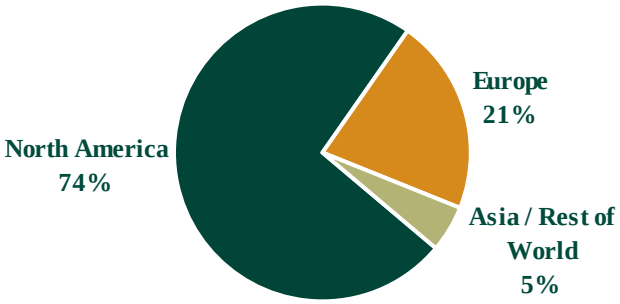
Asset Class and Investment Type



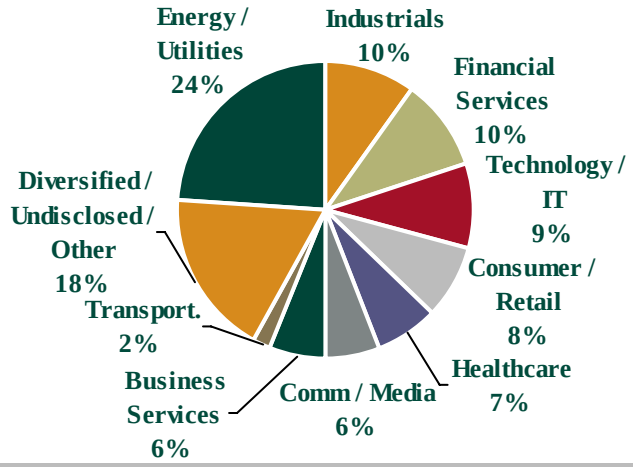
Vintage Year of Underlying Investments



Geography



Industry



Based on total private equity exposure, which includes unfunded commitments, the diversification of LBPE's portfolio of private equity investments at 30 November 2008 was as follows: [2]

- Asset class and investment type – buyout funds: 54%; buyout co-investments: 15%; special situations funds: 21%; special situations co-investments: 1%; growth / venture: 7%; secondary purchases: 2%
- Vintage year of fund or co-investment – 2000 & earlier: 1%; 2001: 4%; 2002: 2%; 2003: 2%; 2004: 2%; 2005: 11%; 2006: 34%; 2007: 35%; 2008: 9%
- Geography – North America: 71%; Europe: 24%; Asia / rest of world: 5%
- Industry – energy / utilities: 21%; industrials: 13%; financial services: 10%; consumer / retail: 9%; communications / media: 8%; technology / IT: 8%; healthcare: 7%; business services: 6%; transportation: 4%; diversified / undisclosed / other: 14%

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Valuation Methodology

The Company carries its private 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 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 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 Company proactively re-values its investments before it has received updated information from the fund manager or lead sponsor if it becomes aware of material events that justify a change in valuation.

Liquidity Enhancement Agreement

In July 2008, LBPE announced the adoption of a Liquidity Enhancement Agreement (the "Agreement") that is intended to further strengthen the liquidity in the trading of LBPE's Class A ordinary shares ("shares") on Euronext Amsterdam by NYSE Euronext. LBPE entered into the Agreement with ABN AMRO Bank N.V. London Branch ("ABN"), giving ABN sole discretion to effect share repurchases and sales of shares held in treasury on Euronext Amsterdam. During November, a total of 218,956 shares were repurchased pursuant to the Agreement at a total net purchase price of approximately $527,548, or an average price per share of approximately $2.41. There were 15 days in which transactions were conducted, with an average daily repurchase volume of 14,597 shares. The net effect of share repurchases during November contributed approximately $0.03 to LBPE's net asset value per share. The repurchased shares are held as treasury shares. As of 30 November 2008, there were 53,379,127 Class A ordinary shares and 10,000 Class B ordinary shares outstanding, with 830,873 Class A ordinary shares held in treasury.

Contact Information

For questions about LBPE, please contact the Investor Relations department of the Investment Manager at the phone number or email address listed below:

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Key Information

Trading Symbol: LBPE
Exchange: Euronext Amsterdam
Listing Date: 25 July 2007
Base Currency: USD
Bloomberg: LBPE NA
Reuters: LBPE.AS
ISIN: GG00B1ZBD492
COMMON: 030991001
Euronext Code: GG00B1ZBD492

1. Figures provided are unaudited and subject to change. Certain numbers may not total due to rounding.

2. The diversification analysis by asset class and investment type is based on the net asset value of underlying fund investments and co-investments (including unfunded commitments on a total private equity exposure basis). The diversification analysis by vintage year, geography and industry is based on the diversification of underlying portfolio company investments at fair value as estimated by the Investment Manager. The vintage year diversification also includes an allocation of net cash flows and valuation adjustments made since financial statements were last received from the investment sponsor. Determinations regarding asset class, investment type, geography and industry, as well as the allocation of unfunded commitments on a total private equity exposure basis, also represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information.

This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the securities described herein. This report was prepared using financial information contained in LBPE's books and records as of the reporting date. This information is believed to be accurate but has not been audited by a third party. This report describes past performance, which may not be indicative of future results. LBPE does not accept any liability for actions taken on the basis of the information provided.

LBPE is registered with the Dutch Authority for the Financial Markets as a collective investment scheme which may offer participations in The Netherlands pursuant to article 2:66 of the Financial Markets Supervision Act (*Wet op het financieel toezicht*). All investments are subject to risk. Past performance is no guarantee of future returns. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. The value of investments may fluctuate. Results achieved in the past are no guarantee of future results.