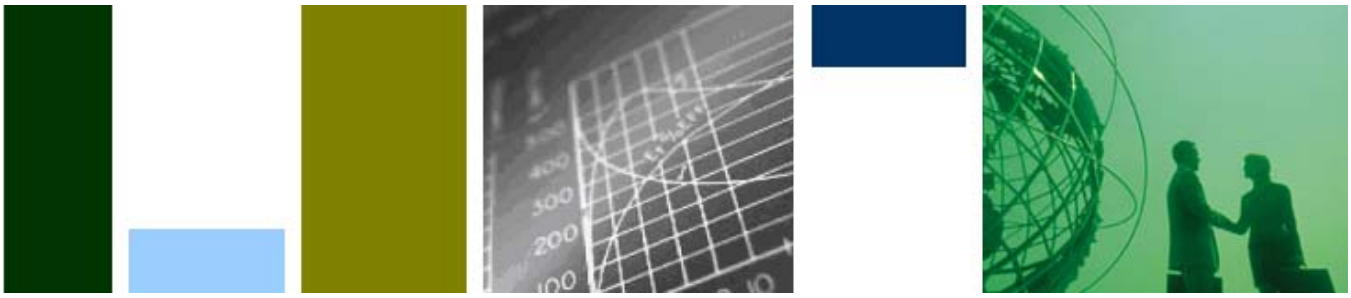
Lehman Brothers Private Equity Partners Limited

31 August 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 Lehman Brothers' 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 August. The Company invested an aggregate $10.7 million in private equity investments and received an aggregate $1.6 million of distributions during the month. As a result, LBPE's private equity investment level increased to 91% of total net asset value at 31 August 2008. Approximately 50% of the capital deployed in August was invested in special situations / distressed funds, while 38% was invested in buyout funds and the remaining 12% was invested in growth equity / venture funds. The distributions received were principally related to realizations from U.S. buyout funds and Lehman Crossroads Fund XVII as well as a distribution from Linn Energy.

During August, LBPE's portfolio benefited from unrealized appreciation in the value of a direct co-investment in the energy services sector and net increases in the value of certain fund investments, driven primarily by U.S. buyout and growth equity funds. The portfolio also experienced positive mark-to-market adjustments on publicly traded equity securities. However, these increases in value were offset by negative foreign exchange adjustments resulting from significant appreciation of the U.S. dollar during August and, less meaningfully, by net decreases in the value of credit-related fund investments. 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 $10.81 at 31 August 2008, representing a decrease of 0.3% compared to the unaudited 31 July 2008 net asset value per share of $10.84 and an increase of 4.2% compared to the audited 31 December 2007 net asset value per share of $10.37.

Net Asset Value Development

Private Equity Exposure *($ in millions)*	**31 August 2008**	**31 July 2008**
Estimated Net Asset Value of Private Equity Investments	$530.3	$521.6
Unfunded Private Equity Commitments	249.5	260.2
Total Private Equity Exposure	**$779.8**	**$781.8**
Number of Underlying Investments	59	59

As of 31 August 2008, the private equity investment portfolio included exposure to over 2,300 underlying portfolio companies.

Summary of Net Asset Value *($ in millions, except per share data)*	**31 August 2008**	**31 July 2008**
Direct Fund Investments and Fund of Funds Investments	$413.5	$406.2
Co-investments *	116.8	115.4
Total Private Equity Investments	$530.3	$521.6
Cash and Cash Equivalents	61.5	74.4
Net Other Assets (Liabilities), including Minority Interest	(8.2)	(8.6)
Net Asset Value	**$583.7**	**$587.4**
Net Asset Value per Share **	**$10.81**	**$10.84**
Closing Share Price	**$7.84**	**$7.87**
Premium (Discount)	**(27.5%)**	**(27.4%)**

* Includes both equity and mezzanine co-investments.

** As of 31 August 2008, there were 53,989,034 Class A ordinary shares and 10,000 Class B ordinary shares outstanding, with 220,966 Class A ordinary shares held in treasury. As of 31 July 2008, there were 54,153,651 Class A ordinary shares and 10,000 Class B ordinary shares outstanding, with 56,349 Class A ordinary shares held in treasury.

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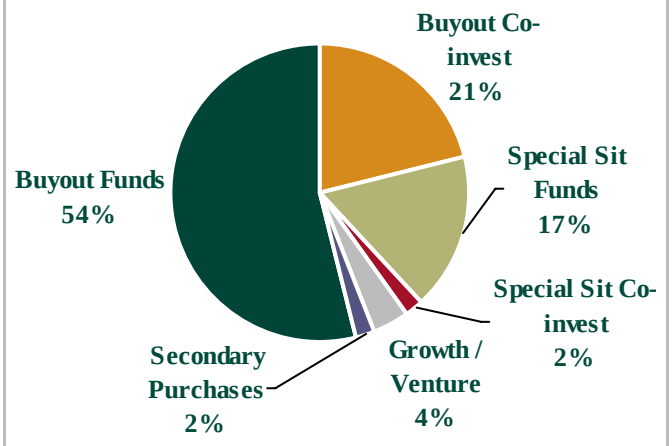
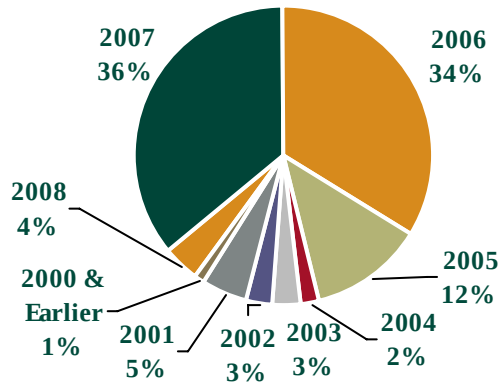
Private Equity Portfolio Diversification

Key information about LBPE's portfolio of private equity investments based upon fair value at 31 August 2008 was as follows: [2]

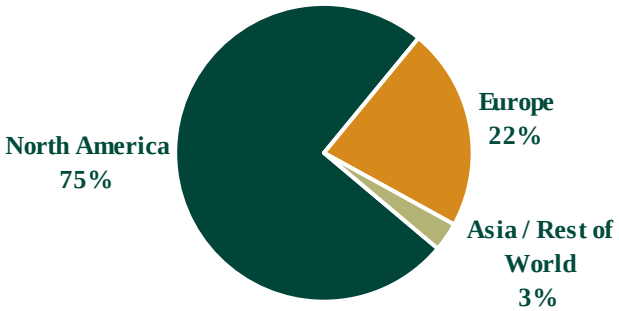
Asset Class and Investment Type



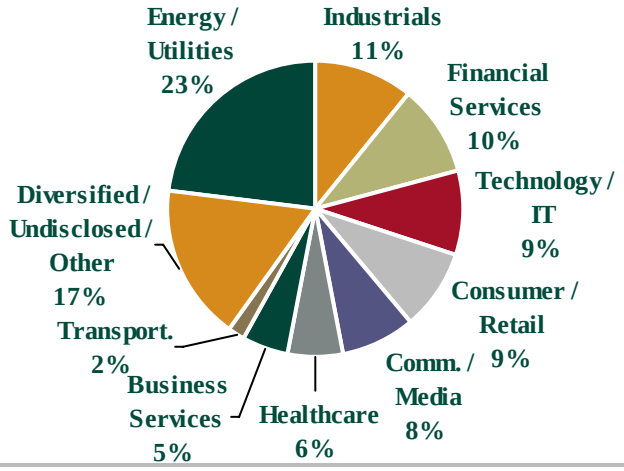
Vintage Year of Fund or Co-investment



Geography



Industry



Based on total private equity exposure, which includes unfunded commitments, the diversification of LBPE's portfolio of private equity investments at 31 August 2008 was as follows: [2]

- Asset class and investment type – buyout funds: 53%; buyout co-investments: 15%; special situations funds: 22%; 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: 31%; 2007: 36%; 2008: 11%
- Geography – North America: 72%; Europe: 24%; Asia / rest of world: 4%
- Industry – energy / utilities: 20%; industrials: 13%; financial services: 11%; communications / media: 9%; consumer / retail: 9%; technology / IT: 9%; healthcare: 7%; business services: 6%; transportation: 4%; diversified / undisclosed / other: 12%

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Valuation Methodology

The Company carries its investments on its books at fair value in accordance with accounting principles generally accepted in the United States. The Company uses 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 funds or funds of funds, 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.

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 August, a total of 164,617 shares were repurchased pursuant to the Agreement at a total purchase price of approximately $1,288,785, or an average price per share of approximately $7.83. There were 13 days in which transactions were conducted, with an average daily repurchase volume of 12,663 shares. The net effect of share repurchases during August contributed approximately $0.009 to LBPE's net asset value per share. The repurchased shares are held as treasury shares. As of 31 August 2008, there were 53,989,034 Class A ordinary shares and 10,000 Class B ordinary shares outstanding, with 220,966 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.