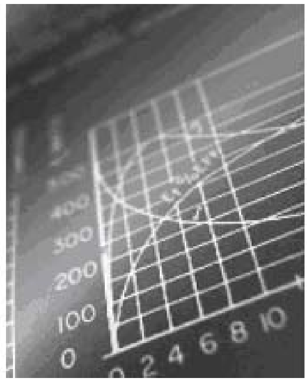
Lehman Brothers Private Equity Partners Limited



INTERIM FINANCIAL REPORT

(UNAUDITED)

AS OF 30 JUNE 2008, AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

TABLE OF CONTENTS

COMPANY OVERVIEW

Our investment objective is to produce attractive returns on our capital from our private equity investments while managing investment risk through portfolio diversification. We intend to pursue diversification for our private equity investments across asset class, vintage year, geography, industry and sponsor.

Our Company	**Lehman Brothers Private Equity Partners Limited** ▪ **Guernsey closed-end investment company** ▪ **54,210,000 Class A ordinary Shares outstanding** ▪ **10,000 Class B ordinary Shares outstanding**
Investment Manager	Lehman Brothers Private Fund Advisers, LP ▪ Over 20 years of private equity investing experience ▪ Twelve-member Investment Committee with an aggregate of more than 200 years of experience with private equity investing ▪ Over 55 investment professionals ▪ Over 135 administrative and finance professionals ▪ Offices in New York, Dallas, London and Hong Kong

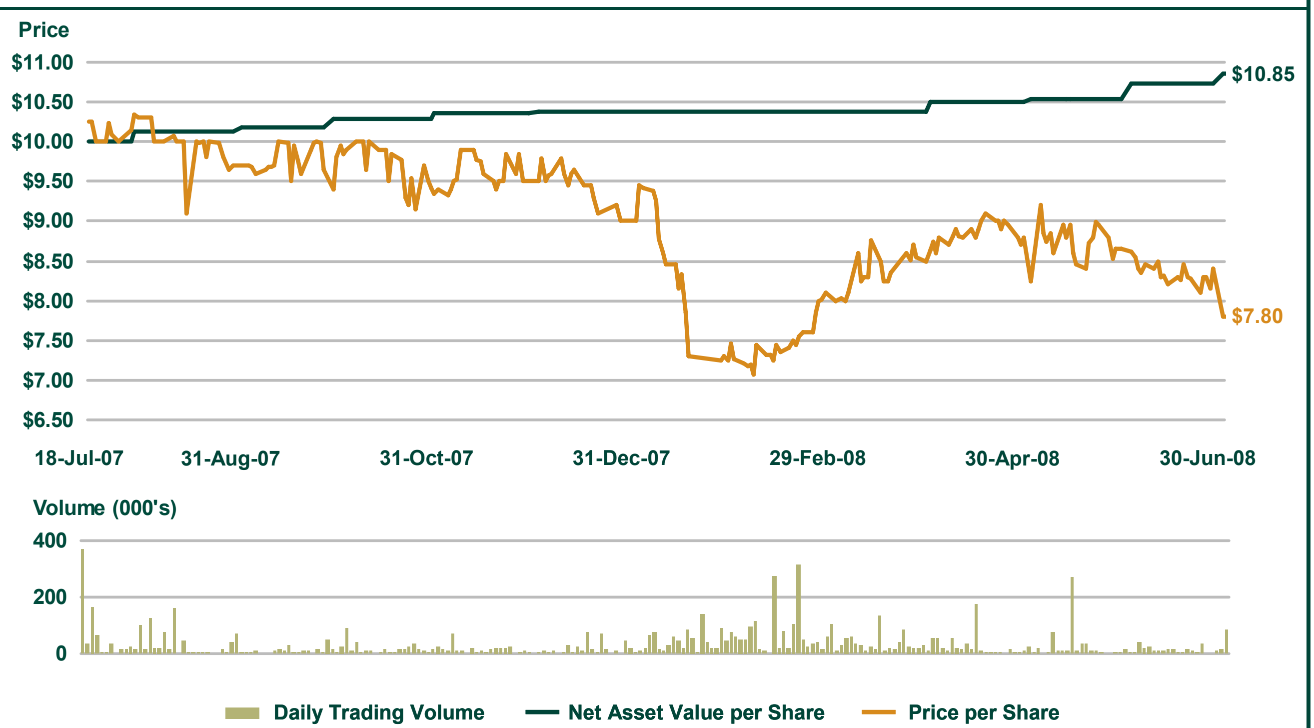
($ in millions, except per share data)	**At 30 June 2008**	**At 31 December 2007**
Net Asset Value	$588.5	$562.5
Net Asset Value per Share	$10.85	$10.37
Fund Investments	$393.3	$326.4
Direct Co-investments	$117.9	$94.2
Total Private Equity Investments	$511.3	$420.6
Private Equity Investment Level	87%	75%
Cash and Cash Equivalents	$88.1	$145.3

INVESTMENT RESULTS

Since year end 2007, our net asset value increased from $562.5 million to $588.5 million, or $10.85 per Share, at 30 June 2008. This represents an increase of $0.48 per Share, or 4.6%, compared to the net asset value per Share of $10.37 on 31 December 2007. Despite turbulent financial markets and overall weakness in the global economy, our investment portfolio held up well during the first half of 2008. We had net realized gains of $8.9 million during the six month period, driven primarily by meaningful realizations in the portfolios of Apollo Investment Fund V and Doughty Hanson & Co. IV as well as the successful exits of our two vintage 2007 reinsurance sidecar co-investments (Mont Fort Re and MaRI Holdings). In addition, we experienced net unrealized appreciation of $28.5 million on our privately held investments, principally related to the appreciation of certain co-investments in the power and energy services sectors. These increases in value were offset by a $9.7 million net decrease in the value of credit related investments and publicly traded securities. Interest and dividend income, foreign exchange adjustments, operating expenses and other items resulted in a net decrease of $1.7 million.

Through the first half of 2008, we funded approximately $90.4 million of capital calls, including co-investments, and received approximately $34.7 million of distributions from our underlying private equity portfolio. Subsequent to the end of the second quarter through 6 August 2008, we also funded an additional $16.1 million of capital calls and received $2.0 million of distributions. Approximately 36% of the capital invested during the first half of the year was in our portfolio of special situations funds and co-investments, while 59% was deployed in buyout funds and co-investments and the remaining 5% went to growth equity and venture capital investments. Distributions received during the first half of 2008 included an aggregate $32.9 million from direct fund investments and co-investments and an aggregate $1.8 million from Lehman Crossroads Fund XVII and Lehman Crossroads Fund XVIII.

SHARE PRICE PERFORMANCE AND NET ASSET VALUE PER SHARE



INVESTMENT PORTFOLIO SUMMARY

During the second quarter of 2008, we committed $7.0 million to Summit Partners Europe Private Equity Fund and increased our commitment to OCM Opportunities Fund VIIb by $10 million. In addition, we committed an aggregate $20.1 million to five new private equity co-investments: a mezzanine investment in Firth Rixson plc alongside Lehman Brothers Mezzanine Partners; an equity investment in Firth Rixson plc alongside Oak Hill Capital Partners; an equity investment in GazTransport & Technigaz S.A.S. alongside Hellman & Friedman LLC; an equity investment in Seventh Generation, Inc. alongside Catamount Ventures; and an equity investment in Unión Radio alongside 3i Group plc.

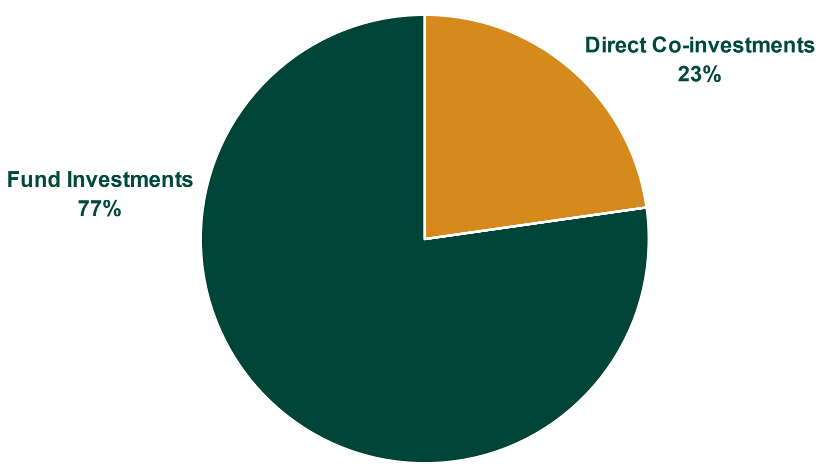
As of 30 June 2008, our private equity investment portfolio consisted of 57 fund investments and direct co-investments, and the net asset value and total exposure of our private equity investments was $511.3 million and $764.1 million, respectively.

Subsequent to the end of the quarter, we committed $20.0 million to Centerbridge Credit Partners, a special situations fund that focuses on distressed securities and undervalued credit investments. We also purchased a $1.3 million secondary interest in Sun Capital Partners V. The investments made after 30 June 2008 are not included in the summary below or in the portfolio overviews throughout this Interim Financial Report.

PRIVATE EQUITY INVESTMENT PORTFOLIO – 30 JUNE 2008

($ in millions)	Number of Investments	Net Asset Value	Unfunded Commitments	Total Exposure
Fund Investments	38	$393.3	$246.6	$639.9
Direct Co-investments	19	117.9	6.3	124.3
Total Private Equity Investments	**57**	**$511.3**	**$252.9**	**$764.1**

PORTFOLIO ALLOCATION BASED ON NET ASSET VALUE



INVESTMENT STRATEGY AND CAPITAL DEPLOYMENT

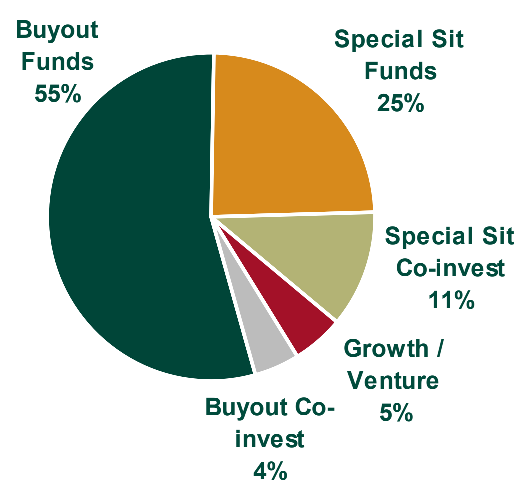
When managing our private equity investment portfolio, we seek to generate attractive returns on our capital by increasing our net asset value over the long term. We seek to implement our strategy by making investments into high quality private equity funds and direct co-investments, while also maintaining a well-diversified portfolio. In doing so, we will continue to embrace strategic points of view on certain asset classes and sectors within private equity.

Consistent with our previously stated investment strategy, we have over-weighted our allocation to special situations, including distressed funds. At quarter end, special situations funds and co-investments represented 21% of our investment portfolio based on total private equity exposure. During the first half of 2008, approximately 36% of the capital deployed was invested in special situations funds or co-investments, increasing our special situations exposure on a private equity net asset value basis to 19%. With the global economy and the credit markets continuing to suffer from difficult market conditions, we continue to believe that our special situations managers are well-positioned to capitalize on attractive investment opportunities.

In the near- to medium-term, our investment strategy remains consistent with the first half of 2008. We will continue to target special situations funds as well as top-tier buyout and growth equity funds that have a proven track record of investing across multiple market cycles. We will continue to make strategic co-investments that offer an attractive risk/return profile and are otherwise within our target asset allocations. We will seek to capitalize on attractive secondary investments that offer the potential for enhanced returns. Finally, we may continue to seek out other private equity asset classes, such as mezzanine investments, which offer an attractive current yield component. Over time, we expect to increase our exposure to Europe and Asia, while continuing to have a majority of the portfolio in North America.

At 30 June 2008, our private equity investment level was 87% of total net asset value compared to 75% at 31 December 2007. Based on our projections for future capital deployment, we expect to be fully invested in private equity by the third or fourth quarter of 2008.

FUNDED CAPITAL CALLS AND CO-INVESTMENTS DURING 1H 2008



PORTFOLIO AND INVESTMENT ACTIVITY

Portfolio and investment activity for the six month period ended 30 June 2008 was as follows:

($ in millions)

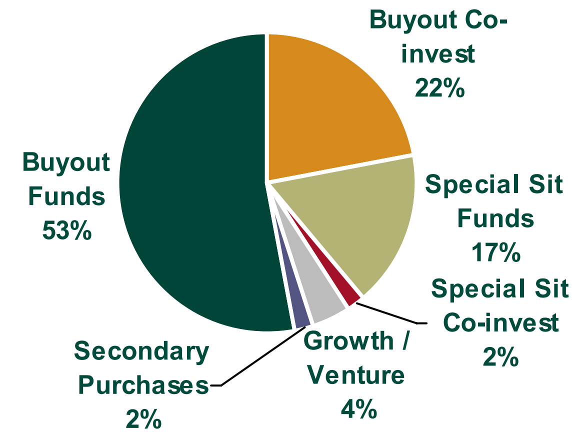
	Fund Investments	Direct Co-investments
Capital Calls / Co-investments Funded	$75.7	$14.7
Distributions Received	$23.6	$11.1
Realized Gains	$7.4	$1.5
Unrealized Appreciation (Depreciation)	$3.7	$18.5
Commitments / Investments	2	6
Amount Committed / Invested	$17.0	$21.1

PORTFOLIO DIVERSIFICATION

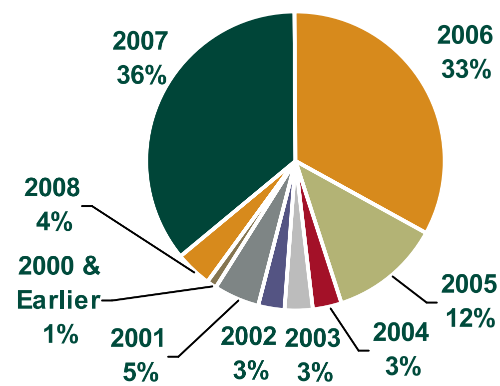
Consistent with our investment objective, we strive to manage investment risk through appropriate diversification within our private equity portfolio. The graphs below illustrate the breakdown of our private equity investment portfolio based on private equity net asset value as of 30 June 2008.

DIVERSIFICATION BASED ON PRIVATE EQUITY NET ASSET VALUE [1]

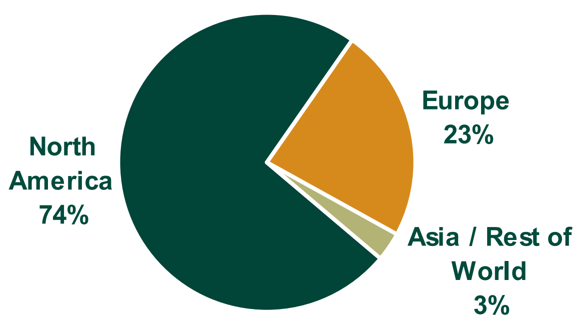
Asset Class and Investment Type



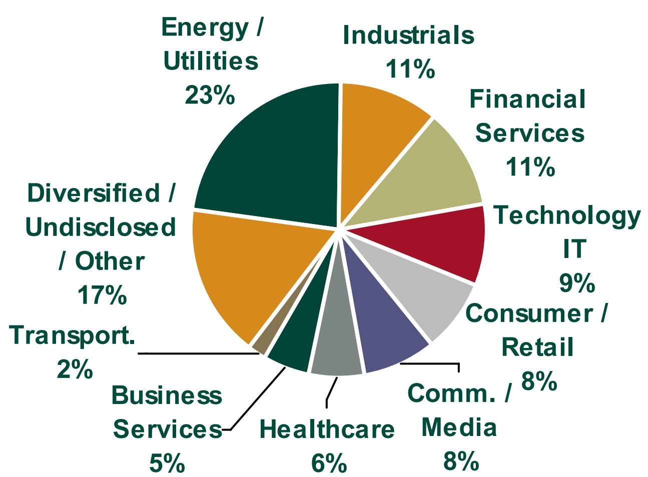
Vintage Year of Fund or Co-investment [2]



Geography



Industry



1. *The diversification analysis by asset class and investment type is based on the net asset value of underlying fund investments and co-investments. 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, geography and industry 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.*

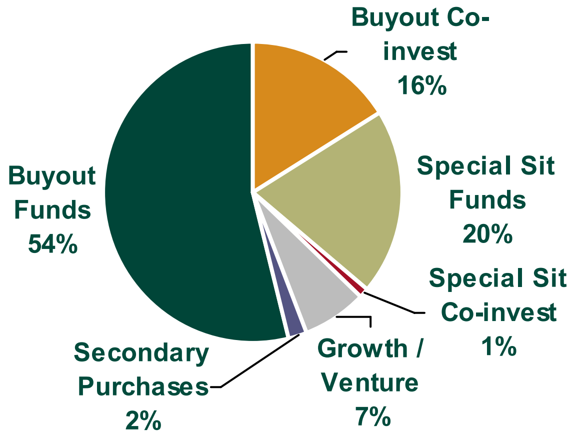
2. *Vintage year is the date of the first portfolio investment made by a private equity fund or the date of the co-investment.*

PORTFOLIO DIVERSIFICATION

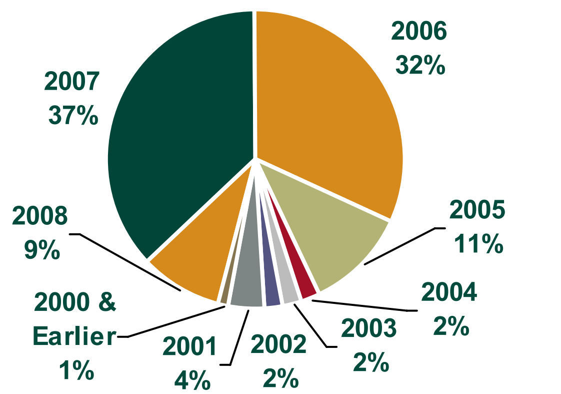
The graphs below depict the diversification of our private equity investment portfolio as of 30 June 2008 based on total private equity exposure, defined as the value of private equity investments plus related unfunded commitments.

DIVERSIFICATION BASED ON PRIVATE EQUITY TOTAL EXPOSURE [1]

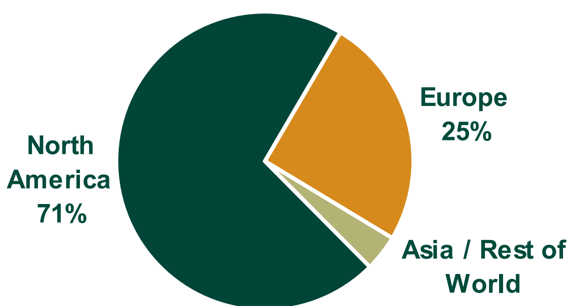
Asset Class and Investment Type



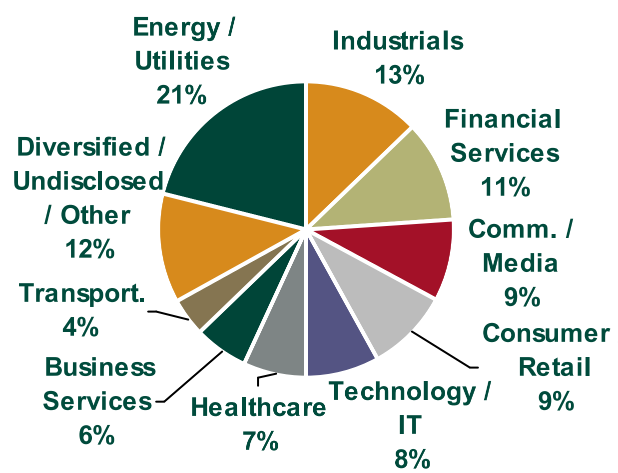
Vintage Year of Fund or Co-investment [2]



Geography



Industry



1. *The diversification analysis by asset class and investment type is based on the net asset value of underlying fund investments and co-investments plus related unfunded commitments. 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, geography and industry, as well as the allocation of unfunded commitments, 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.*
2. *Vintage year is the date of the first portfolio investment made by a private equity fund or the date of the co-investment.*

VINTAGE YEAR DIVERSIFICATION

In addition to the overall diversification of our private equity portfolio, we continue to be mindful of potential changes in the market in order to capitalize on the most attractive opportunities at a given point in time. For recent vintage years, we consciously over-weighted our allocation to special situations funds in order to take advantage of distressed investment opportunities. In addition, through both our fund commitments and our direct co-investments, we targeted specific industries such as energy / utilities and other defensive sectors which we believe present attractive investment opportunities.

The table below demonstrates the diversification of our private equity net asset value by vintage year and investment type as of 30 June 2008.

DIVERSIFICATION BY VINTAGE YEAR AND INVESTMENT TYPE

($ in millions)	Vintage Year				
	<=2004	**2005**	**2006**	**2007**	**2008**
Buyout Funds	$68.0	$47.6	$112.9	$43.0	$0.1
Buyout Co-investments	-	0.9	32.2	76.6	4.1
Special Situations Funds	0.3	2.6	18.5	61.7	2.3
Special Situations Co-investments	-	-	-	0.3	10.4
Growth / Venture	3.4	4.2	5.3	5.6	1.1
Secondary Purchases	1.9	7.7	0.5	0.0	-
Total	$73.6	$63.0	$169.4	$187.2	$17.9

	Vintage Year				
	<=2004	**2005**	**2006**	**2007**	**2008**
Buyout Funds	92%	75%	67%	23%	0%
Buyout Co-investments	0%	1%	19%	41%	23%
Special Situations Funds	0%	4%	11%	33%	13%
Special Situations Co-investments	0%	0%	0%	0%	58%
Growth / Venture	5%	7%	3%	3%	6%
Secondary Purchases	3%	12%	0%	0%	0%
Total	100%	100%	100%	100%	100%
% in Energy / Utilities	8%	6%	27%	34%	14%

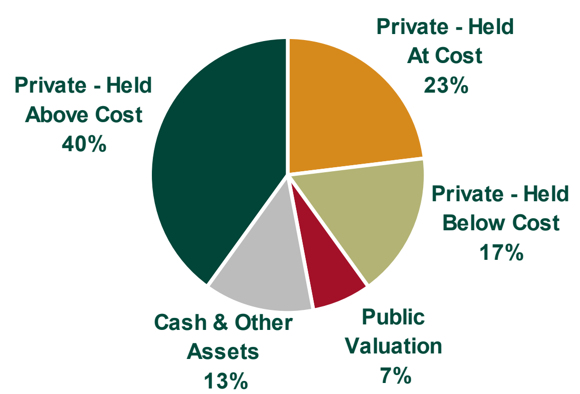
VALUATION METHODOLOGY

We carry our private equity investments on our books at fair value using the best information we have 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. 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. In addition, we will proactively re-value our investments before we have received updated information from the fund manager or lead sponsor if we become aware of material events that justify a change in valuation.

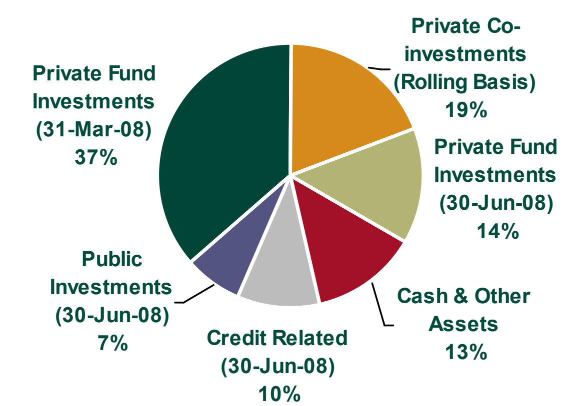
The graphs below illustrate the diversification of our total net asset value by valuation type and the date of most recent available information as of 30 June 2008.

VALUATION METHODOLOGY

LBPE Total NAV by Valuation Type



LBPE Total NAV by Date of Most Recent Available Information



Our net asset value of $10.85 per share as of 30 June 2008 was 8 cents higher than previously reported in our June 2008 Monthly Report principally due to the receipt of additional portfolio valuation information and a decrease in our net deferred tax liability caused by incorporating additional tax information.

PRIVATE EQUITY INVESTMENT PORTFOLIO

The following is a list of our private equity investments as of 30 June 2008:

($ in millions)	Asset Class	Geography	Vintage Year	Net Asset Value	Unfunded Commitments	Total Exposure
Fund Investments						
AIG Highstar Capital II	Buyout	U.S.	2004	$5.0	$0.3	$5.3
American Capital Equity II	Buyout	U.S.	2005	7.2	1.5	8.7
Apollo Investment Fund V	Buyout	U.S.	2001	15.9	2.6	18.5
Aquiline Financial Services Fund	Buyout	U.S.	2005	1.2	3.3	4.5
ArcLight Energy Partners Fund IV	Buyout	U.S.	2007	6.0	13.7	19.7
Avista Capital Partners	Buyout	U.S.	2006	12.9	4.0	16.8
Bertram Growth Capital I	Growth Equity	U.S.	2007	4.4	11.4	15.8
Carlyle Europe Partners II	Buyout	Europe	2003	7.6	0.9	8.6
Clayton, Dubilier & Rice Fund VII	Buyout	U.S.	2005	19.9	5.9	25.8
Clessidra Capital Partners	Buyout	Europe	2004	3.7	1.4	5.1
Corsair III Financial Services Capital Partners	Buyout	Global	2007	7.0	1.8	8.9
CVI Global Value Fund	Special Situations	Global	2006	15.0	0.8	15.7
Doughty Hanson & Co IV	Buyout	Europe	2003	6.7	0.5	7.2
First Reserve Fund XI	Buyout	U.S.	2006	16.9	9.3	26.2
Investitori Associati III	Buyout	Europe	2000	2.2	1.0	3.2
J.C. Flowers II	Buyout	Global	2006	6.5	2.3	8.8
KKR 2006 Fund	Buyout	Global	2006	22.4	8.7	31.0
KKR Millennium Fund	Buyout	Global	2002	13.5	0.3	13.8
Lehman Crossroads Fund XVII	Diversified	U.S.	2002 - 2006	34.2	13.6	47.8
Lehman Crossroads Fund XVIII Large-cap Buyout	Buyout	Global	2005 - 2008	8.6	5.7	14.2
Lehman Crossroads Fund XVIII Mid-cap Buyout	Buyout	Global	2005 - 2008	18.3	21.7	40.0
Lehman Crossroads Fund XVIII Special Situations	Special Situations	Global	2005 - 2008	6.9	3.6	10.4
Lehman Crossroads Fund XVIII Venture Capital	Venture / Growth	U.S.	2006 - 2008	3.8	6.6	10.4
Lightyear Fund II	Buyout	U.S.	2006	4.1	5.3	9.4
Madison Dearborn Capital Partners V	Buyout	U.S.	2006	8.2	2.1	10.3
OCM Opportunities Fund VIIb	Special Situations	U.S.	2008	2.3	27.8	30.0
OCM Principal Opportunities Fund IV	Buyout	U.S.	2007	13.1	8.0	21.1
Platinum Equity Capital Partners II	Special Situations	U.S.	2007	8.1	11.5	19.6
Prospect Harbor Credit Partners	Special Situations	U.S.	2007	17.2	-	17.2
Sankaty Credit Opportunities III	Special Situations	U.S.	2007	25.3	4.5	29.8
Summit Partners Europe Private Equity Fund	Growth Equity	Europe	2008	-	7.0	7.0
Sun Capital Partners V	Special Situations	U.S.	2007	1.7	8.0	9.7
Terra Firma Capital Partners III	Buyout	Europe	2007	18.4	16.3	34.7
Thomas H. Lee Equity Fund VI	Buyout	U.S.	2006	12.6	15.0	27.6
Trident IV	Buyout	U.S.	2007	2.4	2.6	5.0
Warburg Pincus Private Equity VIII	Buyout	Global	2001	10.5	-	10.5
Wayzata Opportunities Fund II	Special Situations	U.S.	2007	7.3	12.4	19.7
Welsh, Carson, Anderson & Stowe X	Buyout	U.S.	2005	16.5	5.4	21.9
Total Fund Investments				**$393.3**	**$246.6**	**$639.9**
Direct Co-investments [(1)]						
Avaya, Inc.	Buyout	U.S.	2007			
Dresser Holdings, Inc.	Buyout	U.S.	2007			
Edgen Murray Corporation	Buyout	U.S.	2007			
Energy Future Holdings Corp. (TXU Corp.)	Buyout	U.S.	2007			
First Data Corporation	Buyout	U.S.	2007			
Firth Rixson, plc (Equity)	Buyout	Europe	2007 / 2008			
Firth Rixson, plc (Mezzanine)	Special Situations	Europe	2008			
Freescale Semiconductor, Inc.	Buyout	U.S.	2006			
GazTransport & Technigaz S.A.S.	Buyout	Europe	2008			
Group Ark Insurance Holdings Limited	Buyout	Global	2007			
Kyobo Life Insurance Co., Ltd.	Buyout	Asia	2007			
Linn Energy, LLC	Buyout	U.S.	2007			
MaRI Holdings Limited	Buyout	Global	2007			
Press Ganey Associates, Inc.	Buyout	U.S.	2008			
Sabre Holdings Corporation	Buyout	U.S.	2007			
Seventh Generation, Inc.	Growth Equity	U.S.	2008			
TPF Genco Holdings, LLC	Buyout	U.S.	2006			
Unión Radio	Buyout	Global	2008			
Total Direct Co-investments				**$117.9**	**$6.3**	**$124.3**
Total Private Equity Investment Portfolio				**$511.3**	**$252.9**	**$764.1**

1. *Co-investment values are given on an aggregate-only basis. No single co-investment comprises more than 4% of total net asset value.*

LARGEST UNDERLYING INVESTMENTS

At 30 June 2008, our private equity investment portfolio included exposure to over 2,200 separate companies, with our allocable portion of approximately 875 companies valued at greater than $20,000. Our ten largest portfolio company investments totaled approximately $126 million in fair value, or 25% of our private equity investments and 21% of our total net asset value. Our twenty largest portfolio company investments totaled approximately $172 million in fair value, or 34% of our private equity investments and 29% of our total net asset value. No individual company accounted for more than 4% of total net asset value at quarter end. Listed below are the twenty largest portfolio company investments in alphabetical order.

Company Name	Status	Business Description	Partnership
Abbot Group Limited	Privately Held	International onshore and offshore drilling services and rig operations	First Reserve Fund XI
Affinion Group Holdings, Inc.	Privately Held	Marketing solutions	Apollo V
Avaya, Inc.	Privately Held	Communication systems, applications and services for enterprises	Direct, Fund XVIII
Dresser Holdings, Inc.	Privately Held	Energy infrastructure and oilfield equipment and services	Direct, First Reserve XI, Fund XVII
Edgen Murray Corporation	Privately Held	Distributor and marketer of steel and alloy products	Direct, Fund XVII
EMI	Privately Held	Global music publishing and recorded music	Terra Firma III
Energy Future Holdings Corp. (f/k/a TXU Corp.)	Privately Held	Power generation, transmission and distribution, and retail electricity services	Direct, KKR 2006, Fund XVIII
First Data Corporation	Privately Held	Global payment processing services	Direct, KKR 2006, Fund XVIII
Firth Rixson, plc	Privately Held	Supplier of specialist metal products primarily for the aerospace industry	Direct
Freescale Semiconductor, Inc.	Privately Held	Semiconductor developer and manufacturer	Direct, Carlyle Europe II, Fund XVII, Fund XVIII
Group Ark Insurance Holdings Limited	Privately Held	Lloyd's based specialty P&C insurer	Direct, Aquiline, Fund XVIII
HD Supply	Privately Held	Diversified wholesale distributor	Clayton, Dubilier & Rice VII, Fund XVIII
Hexion Specialty Chemicals	Privately Held	Producer of binder, adhesive, coating and ink resins for industrial applications	Apollo V
Linn Energy, LLC	Publicly-Traded	Independent oil and gas company	Direct
Nielsen Company	Privately Held	Global information and media products and services	Carlyle Europe II, KKR Millennium, THL Fund VI, Fund XVII
Sabre Holdings Corporation	Privately Held	Travel services	Direct, Fund XVII, Fund XVIII
ServiceMaster Company	Privately Held	Maintenance services, including lawn care, house cleaning and pest control	Clayton, Dubilier & Rice VII
TPF Genco Holdings, LLC	Privately Held	Natural gas fired power plants	Direct, Fund XVII, Fund XVIII
U.S. Foodservice	Privately Held	Foodservice distributor	Clayton, Dubilier & Rice VII, KKR 2006, Fund XVIII
Unity Media	Privately Held	German cable television operator	Apollo V, Fund XVIII

At 30 June 2008, approximately $40 million of our private equity investment portfolio was comprised of companies with publicly-traded securities. This amount represented 8% of our private equity investments and 7% of our total net asset value.

LEHMAN CROSSROADS FUND OF FUNDS INVESTMENTS

Lehman Crossroads Fund XVII ("Fund XVII") and Lehman Crossroads Fund XVIII ("Fund XVIII") are diversified private equity fund of funds comprised of private equity fund investments, secondary investments and co-investments. Our exposure to Fund XVII is through a single commitment to Fund XVII's asset allocation fund while our exposure to Fund XVIII is through separate commitments to each of the asset class funds within Fund XVIII: Large-cap Buyout; Mid-cap Buyout; Special Situations / Distressed; and Venture Capital / Growth Equity.

As of 30 June 2008, the fair value of our investment in Fund XVII was $34.2 million, representing 7% of our total private equity investments and 6% of our total net asset value. The asset class diversification of our investment in Fund XVII based on private equity net asset value at quarter end was as follows[1]: Buyout – 58%; Venture / Growth – 35%; and Special Situations – 7%. As of 30 June 2008, Fund XVII consisted of 62 primary fund investments, nine co-investments and five secondary purchases and included exposure to over 1,400 separate companies, with the ten largest companies totaling approximately $4.0 million in fair value, or less than 1% of our total net asset value.

As of 30 June 2008, the aggregate fair value of our investments in Fund XVIII was $37.5 million, representing 7% of our total private equity investments and 6% of our total net asset value. The asset class diversification of our investments in Fund XVIII based on private equity net asset value at quarter end was as follows[1]: Buyout – 70%; Special Situations – 20%; and Venture / Growth – 10%. As of 30 June 2008, Fund XVIII consisted of 71 primary fund investments, 25 co-investments and four secondary purchases and included exposure to over 900 separate companies, with the ten largest companies totaling approximately $5.7 million in fair value, or approximately 1% of our total net asset value.

The table below lists our ten largest investments in Fund XVII and Fund XVIII as of 30 June 2008. At quarter end, the ten largest investments in Fund XVII had a fair value of approximately $10.2 million, or 2% of our total private equity investments and 2% of our total net asset value. The ten largest investments in Fund XVIII had a fair value of approximately $9.4 million, or 2% of our total private equity investments and 2% of our total net asset value.

Ten Largest Investments in Fund XVII		Ten Largest Investments in Fund XVIII	
Partnership	**Asset Class**	**Partnership**	**Asset Class**
Apollo Investment Fund VI	Buyout	3i Eurofund V	Buyout
Candover 2005 Fund	Buyout	Blackstone Capital Partners V	Buyout
Carlyle/Riverstone Global E&P Fund III	Buyout	Doughty Hanson & Co V	Buyout
CVC European Equity Partners IV	Buyout	KKR 2006 Fund	Buyout
LS Power Equity Partners	Buyout	LS Power Equity Partners II	Buyout
Oak Investment Partners XI	Growth / Venture	Madison Dearborn Capital Partners V	Buyout
Sankaty Credit Opportunities II	Special Situations	Newbridge Asia IV	Buyout
Sun Capital Partners IV	Buyout	TowerBrook Investors II	Buyout
Tenaska Power Fund	Buyout	TPF Genco Holdings, LLC	Buyout Co-invest
Warburg Pincus Private Equity IX	Special Situations	Wayzata Opportunities Fund	Special Situations

1. *The asset class diversification analysis is based on our allocable portion of the net asset value of the underlying fund investments and direct co-investments held by Fund XVII and Fund XVIII, respectively.*

MARKET COMMENTARY

The second quarter of 2008 was marked by sustained challenging economic conditions. Continued turbulence in the credit markets led to substantial valuation declines across global capital markets, and leveraged buyout ("LBO") volume decreased significantly compared to the levels of 2007. Through the first half of the year, only 44 U.S. LBO's had closed in 2008 with a total of $88.8 billion in volume compared to 133 deals with a total volume of $240.0 billion in the first half of 2007.[1] In addition, for the first time since 1978, there were no venture capital backed initial public offerings in the United States during the second quarter.[2] Nonetheless, distressed debt firms and other opportunistic investors utilized the tumultuous market conditions to capitalize on appealing buying opportunities. As many financial institutions worked to de-lever their balance sheets, distressed debt investors purchased leveraged loans and other securities at prices well below par. Despite a slowdown in private equity investment activity, fundraising continued on pace with 2007 as approximately $323 billion was raised in the first half of 2008 compared to approximately $324 billion in the first half of 2007.[3] While buyout funds experienced a decrease in capital commitments, limited partner appetite for distressed debt and infrastructure funds increased significantly, making up for the decline in other asset classes.

Over the near term, we expect special situations managers to see attractive opportunities as financial institutions reduce exposure to credit related assets and larger corporations divest of non-core or underperforming business units. In addition, we believe the tight credit markets will continue to create attractive opportunities for mezzanine investors lending to companies with sound fundamentals. Within the buyout sector, we continue to expect that purchase price multiples will decline (while the percentage of equity required continues to increase) and that dislocations caused by the credit crunch will provide attractive entry levels for opportunistic investors. Nevertheless, we remain cautious due to sustained economic uncertainty.

Given our portfolio's over-weighted allocation to multiple strategies across the distressed / special situations spectrum as well as our well diversified approach to investing in top tier private equity funds and co-investments, we believe that our portfolio continues to be tactically positioned to take advantage of the current market environment.

1. *Standard & Poor's Leveraged Commentary Data – LBO Review Q2 2007 & Q2 2008.*
2. *National Venture Capital Association News Release – July 1, 2008.*
3. *Private Equity Intelligence Global Fundraising Update: Q2 2008.*

NEW INVESTMENTS

During the second quarter of 2008, we invested or committed to invest in the following private equity investments:

OCM Opportunities Fund VIIb

Primary Fund Investment

We made an additional $10 million commitment to OCM Opportunities Fund VIIb, a distressed fund managed by Oaktree Capital Management ("Oaktree"). Oaktree has approximately $17.1 billion of distressed debt assets under management. The Oaktree team has a record of highly successful investing in financially distressed companies. The Oaktree approach seeks to combine the protection against loss which comes from buying claims on assets at bargain prices with the substantial gains achievable from returning companies to financial viability through restructuring. Oaktree is comprised of nine Principals and over 380 staff members in Los Angeles (headquarters), New York, London, Tokyo, Singapore, Frankfurt, Hong Kong, Stamford (Connecticut), Luxembourg, Beijing, Shanghai and Seoul.

Summit Partners Europe Private Equity Fund

Primary Fund Investment

We made a $7.0 million commitment to Summit Partners Europe Private Equity Fund, a growth equity fund that focuses on making investments in profitable, growing companies throughout Europe. Since its founding in 1984, Summit Partners has raised more than $11 billion in capital and invested in nearly 300 businesses. Summit Partners is led by 15 managing directors who have more than 300 collective years of private equity and venture capital experience. The firm currently has offices in Boston, Palo Alto and London.

Firth Rixson, plc

Mezzanine Co-investment and Direct Co-investment

We made a direct mezzanine and a direct equity co-investment in Firth Rixson, plc. Firth Rixson supplies highly engineered products to its global aerospace and industrial customers from eleven manufacturing facilities located in the United States, United Kingdom, Hungary and China. Firth Rixson products include open and closed die forgings, seamless and welded rolled rings, superalloys, rolled and welded sheet metal and wear resistant castings served to its global aerospace and industrial customers. Firth Rixson's headquarters are located in Sheffield, England and East Hartford, Connecticut. The mezzanine co-investment in Firth Rixson was made alongside Lehman Brothers Mezzanine Partners while the equity co-investment was made alongside Oak Hill Capital Partners.

GazTransport & Technigaz S.A.S.

Direct Co-investment

We made a direct equity co-investment in GazTransport & Technigaz S.A.S. ("GTT"). GTT is a highly-specialized marine technology company occupying a leadership position in the engineering and design of membrane containment systems for the storage and transportation of liquefied natural gas ("LNG") on ships. The Company provides design know-how and expertise to all the major LNG ship builders and ship operators in the world. GTT has over 200 employees and is based near Paris, France in Saint-Remy-les-Chevreuse. The direct co-investment in GTT was made alongside Hellman & Friedman LLC.

Seventh Generation, Inc.

Direct Co-investment

We made a direct equity co-investment in Seventh Generation, Inc. For 20 years, Seventh Generation has been at the forefront of a cultural change in consumer behavior and business ethics. One of the United States' first self-declared "socially responsible" companies, Seventh Generation is committed to becoming the world's most trusted brand of authentic, safe, and environmentally responsible products for a healthy home. The company is based in Burlington, Vermont and markets and distributes through natural food stores, supermarkets, online stores and mail-order catalogs in the United States and Canada. The direct co-investment in Seventh Generation was made alongside Catamount Ventures.

Unión Radio

Direct Co-investment

We made a direct equity co-investment in Unión Radio. Unión Radio is a leading Hispanic radio operator that has more than 22 million listeners worldwide and controls more than 1,250 fully owned and associated radio stations across Spain, the United States, Mexico, Colombia, Costa Rica, Panama, Argentina and Chile. The direct co-investment in Unión Radio was committed to alongside 3i Group plc.

SUBSEQUENT INVESTMENTS

Subsequent to quarter end through 6 August 2008, we committed to the following private equity investments:

Centerbridge Credit Partners

Primary Fund Investment

We made a $20 million commitment to Centerbridge Credit Partners, a special situations fund that focuses on non-control distressed securities and undervalued credit investments. Centerbridge Partners is a private investment firm focused on making private equity investments in companies with leading management teams and well positioned businesses. The firm is headquartered in New York.

Sun Capital Partners V

Secondary Fund Investment

We purchased a $1.3 million interest in Sun Capital Partners V, a special situations fund that focuses on private equity investments in underperforming companies and turnarounds of firms with a leading market position or significant franchise value. Sun Capital and its affiliates have invested in and managed more than 195 companies worldwide since the firm's inception in 1995, with combined sales in excess of $40 billion and more than 170,000 employees. Sun Capital has offices in Boca Raton, Los Angeles and New York and affiliates with offices in London, Tokyo, Shenzhen, Paris and Frankfurt.

OVERVIEW OF THE INVESTMENT MANAGER

Lehman Brothers Private Fund Advisers, LP, a unit of Lehman Brothers Private Fund Investments Group, and its affiliates (the "Investment Manager"), has over twenty years of investing experience specializing in private equity funds, co-investments and secondary investments and has built relationships with leading private equity sponsors 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 Fund of Funds Investment Committee (the "Investment Committee"), which currently consists of twelve members with an aggregate of more than 200 years of experience with private equity investing. The sourcing and evaluation of our investments is conducted by the Investment Manager's team of over 55 investment professionals who specialize in private equity fund investments and co-investments. In addition, the Investment Manager's staff of over 135 administrative and finance professionals are responsible for our administrative, financial management and reporting needs. The Investment Manager currently maintains offices in New York, Dallas, London and Hong Kong.

The Investment Manager also draws on the resources of Lehman Brothers, a leading global investment bank with over 50 offices around the world, in sourcing, evaluating and managing our investments. As of 31 May 2008, Lehman Brothers had $277 billion in client assets under management and 26,189 employees.

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, you can identify forward-looking statements 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.

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.

RISK FACTORS

An investment in our company involves substantial risk and investors in our company's shares should carefully consider such risks, including the following. Additional risks and uncertainties that we do not presently know about or that we currently believe are immaterial may also adversely impact our business, financial condition, results of operations or the value of your investment. If any of the following risks actually occur, our business, financial condition, results of operations and the value of your investment would likely suffer.

Our company may experience fluctuations in its monthly net asset value.

Our company may experience fluctuations in our net asset value 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 we encounter competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the shares and cause our company's results for a particular period not to be indicative of our company's performance in a future period.

The shares could continue to trade at a discount to net asset value.

The shares could continue to trade at a discount to net asset value for a variety of reasons, including 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 our 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, we intend to continuously reinvest the cash we receive, except in limited circumstances. Therefore, the only way for investors to realize upon 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 our company, through a sale of shares, the amount received by the holder upon such sale may be less than the underlying net asset value of the shares sold.

The Euronext Amsterdam trading market is less liquid than certain other major exchanges, which could affect the price of our shares.

The principal trading market for the shares is the Euronext Amsterdam, which is less liquid than certain other major exchanges in the United States and certain other parts of Europe. Because Euronext Amsterdam is less liquid than major exchanges in the United States and certain other parts of Europe, our shareholders may face difficulty when disposing of their shares, especially in large blocks. In addition, a disproportionately large percentage of the market capitalization and trading volume of Euronext Amsterdam is represented by a small number of listed companies and conglomerates. Fluctuations in the prices of these companies' securities may have a significant effect on the market price for the securities of other listed companies, including the price of the shares.

To date the company's shares have actively traded, but with generally low daily volumes. The company has worked to increase the interest in our shares, including engaging two corporate brokers to assist in developing a more active trading market, but we cannot predict the extent to which investor interest will lead to the development of a more liquid trading market for the shares or, if such a market develops, whether it will be maintained.

Our 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.

STATEMENT OF RESPONSIBILITY AND CERTAIN INFORMATION

Statement of Responsibility

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Guernsey law, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those 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 financial statements; and
- Prepare the 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 these financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Certain Information

We prepare consolidated financial statements for our Company on an annual and quarterly basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Our fiscal year ends on 31 December.

We are subject to the Netherlands Financial Supervision Act *(Wet op het financieel toezicht, "Wft")*, and we are registered with the Netherlands Authority for the Financial Markets *(Autoriteit Financiële Markten, "AFM")* as a collective investment scheme as meant in section 1:107 of the Wft. We are subject to certain ongoing requirements under the Netherlands Financial Supervision Act and the Decree on Supervision of Conduct by Financial Enterprises *(Besluit Gedragstoezicht financiële ondernemingen Wft)* relating to the disclosure of certain information to investors, including the publication of our financial statements.

DIRECTORS, ADVISORS AND CONTACT INFORMATION

Key Information
Trading Symbol: LBPE
Exchange: Euronext
Listing Date: 25 July 2007
Base Currency: USD
Bloomberg: LBPE NA
Reuters: LBPE.AS
ISIN: GG00B1ZBD492
COMMON: 030991001
Amsterdam Security Code: 600737

Board of Directors
Talmai Morgan (Chairman)
John Buser
John Hallam
Christopher Sherwell
Peter Von Lehe

Registered Office
Lehman Brothers Private Equity Partners Limited
P.O. Box 225
Polygon Hall, Le Marchant Street
St. Peter Port, Guernsey GY1 4HY
Channel Islands
Tel: +44-(0)1481-716000
Fax: +44-(0)1481-728452

Investment Manager
Lehman Brothers Private Fund Advisers, LP
325 N. Saint Paul Street, Suite 4900
Dallas, TX 75201
United States of America
Tel: +1-214-647-9593
Fax: +1-214-647-9501
Email: investorrelations@lbpe.com

Guernsey Administrator
Heritage International Fund Managers Limited
Polygon Hall, Le Marchant Street
St. Peter Port, Guernsey GY1 4HY
Channel Islands
Tel: +44-(0)1481-716000
Fax: +44-(0)1481-728452

Independent Auditors and Accountants
PricewaterhouseCoopers CI LLP
P.O. Box 321
National Westminster House
Le Truchot St. Peter Port, Guernsey GY1 4ND
Channel Islands
Tel: +44-(0)1481-752000
Fax: +44-(0)1481-752001

Depositary Bank
The Bank of New York
101 Barclay Street, 22nd Floor
New York, NY 10286
United States of America
Tel: +1-212-815-2715
Fax: +1-212-571-3050

Paying Agent
ABN AMRO Bank N.V
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands
ATTN: Astrid de Vries-Paeper
Tel: +31-20-383-6778
Fax: +31-20-628-000

For general questions about Lehman Brothers Private Equity Partners Limited, please contact us at investorrelations@lbpe.com or at +1-214-647-9593.

The Web site address for Lehman Brothers Private Equity Partners Limited is www.lbpe.com.

LEHMAN BROTHERS PRIVATE EQUITY PARTNERS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For the Six Month Period Ended 30 June 2008

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers CI LLP
PO Box 321
National Westminster House
Le Truchot St Peter Port
Guernsey GY1 4ND
Channel Islands
www.pwc.com

Report of Independent Accountants

To the Board of Directors and Shareholders of
Lehman Brothers Private Equity Partners Limited:

We have reviewed the accompanying consolidated statement of assets and liabilities of Lehman Brothers Private Equity Partners Limited and its subsidiaries (the "Company"), including the consolidated condensed schedule of private equity investments as of 30 June 2008, and the related consolidated statements of operations, of changes in net assets, and of cash flows for the three month period ended 30 June 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the responsibility of management and the directors of the Company.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

This report has been prepared for and only for the directors and shareholders of Lehman Brothers Private Equity Partners Limited as a body, and for no other purpose. We do not accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
6 August 2008

Lehman Brothers Private Equity Partners Limited

Consolidated Statement of Assets and Liabilities

Assets		30 June 2008 (Unaudited)		31 December 2007 (Audited)
Private equity investments				
(cost of $468,991,088 for 2008 and $401,787,541 for 2007)	$	511,274,988	$	420,588,984
Cash and cash equivalents				
Denominated in Euros (cost of $41,288,060 for 2008 and $40,344,798 for 2007)		46,894,541		42,569,017
Denominated in U.S. dollars		41,206,934		102,779,760
		88,101,475		145,348,777
Other assets		2,754,893		6,677,952
Total assets	**$**	**602,131,356**	**$**	**572,615,713**
Liabilities				
Payables to Investment Manager and affiliates	$	4,988,942	$	5,923,675
Accrued expenses and other liabilities		1,266,442		1,401,621
Current taxes payable		376,180		387,487
Net deferred tax liability		6,434,792		1,902,103
Total liabilities	**$**	**13,066,356**	**$**	**9,614,886**
Minority interest	$	568,807	$	542,743
Net assets				
Class A shares, $0.01 par value, 500,000,000 shares authorized and 54,210,000 shares issued	$	542,100	$	542,100
Class B shares, $0.01 par value, 100,000 shares authorized and 10,000 shares issued		100		100
Additional paid-in capital		541,657,800		541,657,800
Retained earnings		46,296,193		20,258,084
Total net assets	**$**	**588,496,193**	**$**	**562,458,084**
Total liabilities, minority interest and net assets	**$**	**602,131,356**	**$**	**572,615,713**
Net asset value per share for Class A and Class B shares	**$**	**10.85**	**$**	**10.37**

The accounts were approved by the board of directors on 6 August 2008 and signed on its behalf by:

John Hallam Christopher Sherwell

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

Lehman Brothers Private Equity Partners Limited

Consolidated Condensed Schedule of Private Equity Investments

Private equity investments	**Cost**	**Fair Value**	**Unfunded Commitment**	**Private Equity Exposure**
30 June 2008 (Unaudited)				
Fund investments	$ 373,143,877	$ 393,334,060	$ 246,551,450	$ 639,885,510
Direct co-investments-equity	85,623,088	107,551,837	6,311,962	113,863,799
Direct co-investments-mezzanine debt	10,224,123	10,389,091	-	10,389,091
Total private equity investments	**$ 468,991,088**	**$ 511,274,988**	**$ 252,863,412**	**$ 764,138,400**
31 December 2007 (Audited)				
Fund investments	$ 311,101,575	$ 326,001,715	$ 300,332,368	$ 626,334,083
Direct co-investments	90,409,480	94,171,705	4,645,372	98,817,077
Marketable securities	276,486	415,564	N/A	415,564
Total private equity investments	**$ 401,787,541**	**$ 420,588,984**	**$ 304,977,740**	**$ 725,566,724**

Private equity investments in excess of 5% of net asset value:	**Cost**	**Fair Value**
30 June 2008 (Unaudited)		
Lehman Crossroads Fund XVII	$ 31,507,688	$ 34,176,437
Lehman Crossroads Fund XVIII		
Large-cap Buyout	8,380,367	8,556,697
Mid-cap Buyout	16,774,457	18,269,841
Special Situations	6,841,396	6,879,022
Venture Capital	3,686,695	3,814,132
	$ 35,682,915	$ 37,519,692
Total	**$ 67,190,603**	**$ 71,696,129**
31 December 2007 (Audited)		
Lehman Crossroads Fund XVII	$ 29,035,543	$ 30,905,466
Lehman Crossroads Fund XVIII		
Large-cap Buyout	7,204,661	7,389,983
Mid-cap Buyout	15,203,212	15,290,997
Special Situations	5,777,429	5,920,082
Venture Capital	3,184,190	3,052,044
	$ 31,369,492	$ 31,653,106
Total	**$ 60,405,035**	**$ 62,558,572**

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

Lehman Brothers Private Equity Partners Limited

Consolidated Condensed Schedule of Private Equity Investments

Geographic diversity of private equity investments: [1]		Fair Value 30 June 2008 (Unaudited)		Fair Value 31 December 2007 (Audited)
North America	$	349,730,698	$	283,427,108
Europe		106,702,714		86,680,555
Asia / Rest of World		14,378,811		8,544,905
Not yet classified		40,462,765		41,936,416
Total	**$**	**511,274,988**	**$**	**420,588,984**

Industry diversity of private equity investments: [2]	Fair Value 30 June 2008 (Unaudited)	Fair Value 31 December 2007 (Audited)
Energy / Utilities	23.2%	18.2%
Diversified / Undisclosed / Other	16.5%	15.9%
Financial Services	10.6%	13.0%
Industrials	10.4%	8.7%
Technology / IT	9.0%	10.5%
Consumer / Retail	8.4%	11.5%
Communications / Media	8.2%	8.7%
Healthcare	6.2%	6.1%
Business Services	5.1%	4.3%
Transportation	2.4%	3.1%
Total	**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.*

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

Lehman Brothers Private Equity Partners Limited

Consolidated Statement of Operations

For the Six Month Period Ended 30 June 2008

(Unaudited)

Interest income	$	2,400,621
Expenses		
Carried interest		1,980,132
Investment management and services		3,328,894
Administration and professional		1,453,603
Debt facility		703,521
		7,466,150
Net investment income (loss)		(5,065,529)
Realized and unrealized gain (loss) on investments and currencies other than U.S. dollars:		
Net realized gain (loss) on investments, including transactions in currencies other than U.S. dollars, net of taxes of $150,522		8,938,042
Net change in unrealized gain (loss) on investments, including transactions in currencies other than U.S. dollars, net of taxes of $4,532,689		22,191,660
Net realized and unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars		31,129,702
Net increase (decrease) in net assets resulting from operations	**$**	**26,064,173**
Less allocations to minority interest	**$**	**26,064**
Net increase (decrease) in net assets resulting from operations after allocations to minority interest	**$**	**26,038,109**
Earnings per share for Class A and Class B shares	**$**	**0.48**

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

Lehman Brothers Private Equity Partners Limited

Consolidated Statement of Changes in Net Assets

For the Six Month Period Ended 30 June 2008

(Unaudited)

Increase (decrease) in net assets from operations		
Net investment income (loss)	$	(5,065,529)
Net realized gain (loss) on investments and transactions in currencies other than U.S. dollars, net of taxes		8,938,042
Net change in unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars, net of taxes		22,191,660
Net increase (decrease) in net assets resulting from operations		26,064,173
Less allocations to minority interest		26,064
Net increase (decrease) in net assets resulting from operations after allocations to minority interest		26,038,109
Net assets at beginning of period		562,458,084
Net assets at end of period	**$**	**588,496,193**

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

Lehman Brothers Private Equity Partners Limited
Consolidated Statement of Cash Flows
For the Six Month Period Ended 30 June 2008
(Unaudited)

Cash flows from operating activities	
Net increase (decrease) in net assets resulting from operations after minority interest	26,038,109
Net increase (decrease) in net assets resulting from operations allocated to minority interest	26,064
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to cash and cash equivalents used in operating activities:	
Net realized gain (loss) on investments and transactions in currencies other than U.S. dollars, net of taxes	(8,938,042)
Net change in unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars, net of taxes	(22,191,660)
Change in other assets	69,909
Change in payables to Investment Manager and affiliates	(934,733)
Change in accrued expenses and other liabilities	(132,522)
Net cash provided by (used in) operating activities	(6,062,875)
Cash flows from investing activities	
Distributions from private equity investments	34,690,419
Proceeds from sale of investments	1,151,398
Contributions to private equity investments	(75,761,802)
Purchases of investments	(14,646,705)
Net cash provided by (used in) investing activities	(54,566,690)
Effect of exchange rates on cash balances	3,382,263
Net increase (decrease) in cash and cash equivalents	**(57,247,302)**
Cash and cash equivalents at beginning of period	145,348,777
Cash and cash equivalents at end of period	**$ 88,101,475**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 – Organization

Lehman Brothers Private Equity Partners Limited and its subsidiaries (the "Company", "We", or "Our") is a closed-end investment company incorporated and registered with Her Majesty's Greffier in Guernsey under the Companies (Guernsey) Law, 1994, as amended. Our registered office is Polygon Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY. We invest in private equity through private equity funds and co-investments. We may also make opportunistic investments. Our Class A shares are listed solely on Euronext Amsterdam N.V.'s Eurolist by Euronext under the symbol "LBPE". We commenced operations on 25 July 2007, following the initial global offering of our Class A shares.

Our Class B shares were contributed by an affiliate of Lehman Brothers Holdings, Inc. (collectively with its affiliates, "Lehman Brothers") to a Guernsey charitable trust whose trustee is Heritage Corporate Services Limited ("Trustee"). Class B 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 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 association. Each Class A and B share participates equally in profits and losses.

The Royal Court in Guernsey confirmed on 19 October 2007 an application by the Company to reduce amounts classified in Guernsey as share premium and transfer the balance to a special reserve which is distributable. We have reflected such amounts in additional paid-in capital.

The Company is managed by Lehman Brothers Private Fund Advisers, LP, a unit of Lehman Brothers Private Fund Investments Group and its affiliates (collectively, the "Investment Manager") pursuant to an investment management and services agreement.

In accordance with the terms of the initial global offering, the Investment Manager bore the underwriting and placement fees and other expenses associated with it.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation
These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in United States dollars. We received approval from the Netherlands Authority for the Financial Markets to prepare our financial statements in accordance with U.S. GAAP instead of accounting principles generally accepted in the Netherlands or International Financial Reporting Standards. We plan to continue to report in conformity with U.S. GAAP until the Netherlands Minister of Finance decides otherwise or specific contradictory legislation is passed at the European level.

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.

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. 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. 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.

The Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, ("FAS 157") on 25 July 2007 (Commencement of Operations). (See Note 4).

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 financial statements.

Generally, our investments have a defined term and no right to withdraw.

Cash and Cash Equivalents

Cash and cash equivalents are valued at cost plus accrued interest, which approximates market value. These investments represent amounts held with financial institutions that are readily accessible to pay expenses or fund investments as well as money market mutual funds. We hold two such funds, one denominated in United States dollars and the other, in Euros. These funds are managed by affiliates of our Investment Manager. (See Note 3).

Investment Income

We earn interest and dividends from our direct investments in private equity, from the underlying portfolio companies of investments in private equity funds, and from our cash and cash equivalents. We record dividends when they are declared 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 our private equity investments.

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 the entities in which we invest.

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. We record such gains and losses on the trade date.

Net Change in Unrealized Appreciation and Depreciation of Investments
Gains and losses arising from changes in value are recorded as an increase or decrease in the unrealized appreciation or depreciation of investments based on the methodology described above.

Carried Interest
Carried interest amounts due the Investment Manager (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 and transactions in currencies other than U.S. dollars in the Consolidated Statement of Operations. For the six month period ended 30 June 2008, the effect of translation to U.S. dollars increased valuations of foreign investments by approximately $2,850,597. In addition, cash equivalents denominated in Euros increased in value due to translation to U.S. dollars by $3,382,263.

The Company has unfunded commitments denominated in a currency other than U.S. dollars. These unfunded commitments are in Euros and amounted to €16,411,627 at 30 June 2008; they have been included in the Consolidated Condensed Schedule of Private Equity Investments at the U.S. dollar exchange rate in effect at 30 June 2008. For the six month period ended 30 June 2008, 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 approximately $2,042,200.

Income Taxes
The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Company 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.

With effect from 1 January 2008, Guernsey abolished the exempt company regime for some entities. At the same time the standard rate of income tax for companies moved from 20% to 0%. Therefore some entities previously exempt from tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 are now taxed at 0%.

However, the States of Guernsey Income Tax Authority has confirmed that collective investment schemes such as the Company can continue to apply for exempt status.

We expect to be treated as a passive foreign investment corporation in the United States. Income that we derive may be subject to withholding taxes imposed by the U.S. or other countries and will impact the Company's effective tax rate.

Investments made in entities that generate U.S. source 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 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 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. requires withholding on effectively connected income at the highest U.S. rate (generally 35 percent). In addition, the Company may also be subject to a branch profits tax which can be imposed at a rate of up to 30 percent of any after-tax, effectively connected income associated with a U.S. trade or business.

Income taxes are provided based on the liability method of accounting. 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. 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 tax consequences from ownership of our shares. We have not accounted for any such tax consequences in these financial statements.

Use of Estimates

The preparation of 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 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.

Note 3 – Agreements, including related party transactions

We have the following significant agreements and transactions with the Investment Manager or its affiliates:

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 also serves as investment manager. For the six month period ended 30 June 2008, the management fee expense was $3,088,357.

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 our net asset value at the end of each calendar quarter, computed as described above. The amount incurred by the Company for the six month period ended 30 June 2008 for these services was $240,537.

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.

Special Limited Partner's Minority Interest in Subsidiary and Carried Interest
An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 30 June 2008, the minority interest of $568,807 represents the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation. At 31 December 2007, the minority interest of $542,743 represents the Special Limited Partner's capital contribution to the partnership subsidiary. The amount of the minority interest is agreed between the General Partner and Special Limited Partner of the subsidiary.

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5% of our consolidated net increase in net assets resulting from operations 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%. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the internal rate of return calculations for future periods. Carried interest is reduced by the amount of carried interest that we paid during the period to 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 30 June 2008, the amount of the carried interest accrued was $1,980,132.

Shares Owned by Lehman Brothers
Simultaneously with the closing of the global offering and related transactions, affiliates of Lehman Brothers purchased $145 million of Class A shares, in the form of restricted depositary shares applicable to investors in the United States, at the offering price. These shares are subject to a restriction on re-sale for a period of 3 years.

Pursuant to a trading plan commenced in November 2007, affiliates of Lehman Brothers have acquired an additional 802,319 shares through 31 July 2008. Such shares were acquired on the open market and are not subject to any restrictions on re-sale. The trading plan expires on 14 November 2008 and aggregate share purchases under the plan are not expected to exceed 1.3 percent of outstanding shares.

Initial Investments Acquired from Lehman Brothers
In connection with the global offering, we purchased from affiliates of Lehman Brothers a portfolio of private equity assets (the "Initial Investments") for an aggregate purchase price of $257.1 million. The Company also assumed related unfunded commitments aggregating $396.3 million. The purchase price for the Initial Investments was their aggregate net asset value as of 31 December 2006 plus the amount of capital calls on the related unfunded commitments, minus distributions in respect of such assets, plus interest through the date of purchase at 5.75 percent per annum.

Investments in Lehman Brothers Private Equity Funds
The Company holds limited partner interests in private equity funds of funds managed and sponsored by the Investment Manager. The net asset value of these investments is excluded for purposes of calculating any management fee. As of 30 June 2008 and 31 December 2007, the aggregate net asset value of these funds was approximately $71.7 million and $62.6 million,

respectively, and associated unfunded commitments were $51.1 million and $59.4 million, respectively.

Investments in Lehman Brothers Liquidity Funds
The Company invests its excess cash in listed money market funds sponsored by Lehman Brothers. As of 30 June 2008 and 31 December 2007, balances in the Lehman Brothers Liquidity Funds comprised of the following: U.S. Dollar Liquidity Fund were $31,317,222 and $98,459,496, respectively, and Euro Liquidity Fund were $46,894,541 and $42,569,017, respectively.

Licensing Agreement with Lehman Brothers
The Company and its subsidiaries entered into a licensing agreement with Lehman Brothers pursuant to which Lehman Brothers granted to each such entity a non-exclusive, royalty-free license to use the name "Lehman Brothers". The licensing agreement terminates upon, among other things, the termination of the investment management and services agreement.

Other
In addition to the amounts discussed above for carried interest and management and administration fees, as of 30 June 2008 and 31 December 2007, amounts payable to Investment Manager and affiliates related to various matters included $1,233,132 and $2,833,367, respectively, and other assets included a receivable from an affiliate of $231,250 and $462,500, respectively.

Note 4 – Fair Value of Financial Instruments

The Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, ("FAS 157") on 25 July 2007 (Commencement of Operations). FAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of this hierarchy are as follows:

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 table details the Company's financial assets and liabilities that were accounted for at fair value as of 30 June 2008 and 31 December 2007 by level and fair value hierarchy. As required by FAS 157, 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 at Fair Value as of 30 June 2008			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 88,101,475	$ -	$ -	$ 88,101,475
Private equity investments	7,951,503	-	503,323,485	511,274,988
Total assets that are accounted for at fair value	**$ 96,052,978**	**$ -**	**$ 503,323,485**	**$ 599,376,463**

	Assets at Fair Value as of 31 December 2007			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 145,348,777	$ -	$ -	$ 145,348,777
Private equity investments	415,564	7,942,624	412,230,796	420,588,984
Total assets that are accounted for at fair value	**$ 145,764,341**	**$ 7,942,624**	**$ 412,230,796**	**$ 565,937,761**

The Company has assessed its positions and concluded that all of its private equity investments are classified as level 3 with the following exceptions. As of 30 June 2008, one co-investment that is publicly traded is classified as level 1. As of 31 December 2007, marketable securities which were distributed from a private equity investment are classified as level 1 and one co-investment that is publicly traded but subject to a lock-up agreement is classified as level 2; a discount is recorded to reflect the lock-up agreement.

The following table summarizes the changes in the fair value of the Company's level 3 financial assets and liabilities:

Level 3 Financial Assets
For the Six Month Period Ended 30 June 2008

	Private Equity Investments
Balance, 31 December 2007	$ 412,230,796
Total realized gains (losses)	8,718,396
Total unrealized gains (losses)	23,069,111
Purchases, issuances and settlements	60,083,766
Transfers in and/or out of level 3	(778,584)
Balance, 30 June 2008	**$ 503,323,485**

Level 3 Financial Assets
For the Period from 25 July 2007 (Commencement of Operations) to 31 December 2007

		Private Equity Investments
Balance, 25 July 2007 (Commencement of Operations)	$	-
Total realized gains (losses)		2,604,301
Total unrealized gains (losses)		20,719,745
Purchases, issuances and settlements		388,906,750
Transfers in and/or out of level 3		-
Balance, 31 December 2007	**$**	**412,230,796**

Note 5 – Debt Facility

A subsidiary of the Company has entered into an agreement with The Bank of Scotland regarding a senior secured revolving credit facility ("Facility") of up to $250 million. The term of the Facility is seven years and expires in August 2014. At 30 June 2008 no amounts have been borrowed and no assets have been pledged. The Facility will be secured by the following:

- a security interest in the Company's interest in 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 underlying 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

Subsequent to borrowing under the 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 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.

All borrowings under the Facility will bear interest at a floating rate, calculated as LIBOR or Euribor, as appropriate, plus 1.35% per annum. In addition, we will be required to pay a non-utilization fee calculated as 40 basis points per annum on the daily balance of the unused Facility amount. For the six month period ended 30 June 2008, we incurred and expensed $505,556 for commitment fees related to the Facility. As of 30 June 2008 and 31 December 2007, unamortized capitalized debt issuance costs were $2,391,905 and $2,589,871, respectively. Capitalized amounts are being amortized on a straight-line basis over the term of the Facility. Amortized capitalized debt issuance costs were $197,965 for the six month period ended 30 June 2008.

Note 6 – Income Taxes

The Company is exempt from 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:

	30 June 2008	
Current tax expense	$ 150,522	
Deferred tax expense	4,532,689	
Total tax expense	$ 4,683,211	
	30 June 2008	**31 December 2007**
Gross deferred tax assets	$ 1,262,009	$ 895,540
Less valuation allowance	1,262,009	895,540
Gross deferred tax liabilities	6,434,792	1,902,103
Net deferred tax liabilities	**$ 6,434,792**	**$ 1,902,103**

Current tax expense is reflected in net realized gains and deferred tax expense is reflected in net changes in unrealized gains on the consolidated statement of operations. Net deferred tax liabilities are related to net unrealized gains and gross deferred tax assets offset by a full valuation allowance are related to unrealized losses on investments held in entities that file separate tax returns.

Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48") requires us to determine whether a tax position we take is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 also provides guidance on the provision of interest and penalties on uncertain tax positions. The Company has adopted a policy of providing interest on uncertain tax positions in the Company's tax provision. The application of FIN 48 has had no material impact on the Company's financial statement.

Note 7 – Earnings per Share in Net Assets Resulting from Operations

The computations for earnings per share in net assets resulting from operations for the three month period ended 30 June 2008 is as follows:

	30 June 2008
Net increase (decrease) in net assets resulting from operations	$ 26,038,109
Divided by weighted average shares outstanding for Class A and B shares	54,220,000
Earnings per share for Class A and B shares resulting from operations	**$ 0.48**

Note 8 – Financial Highlights

The following financial highlights are being presented as set forth in the AICPA Audit and Accounting Guide for Investment Companies, as amended by AICPA Statement of Position 03-4:

Per share operating performance:	**Based on Shares Outstanding at 30 June 2008**
Net asset value, beginning of period	$ 10.37
Issuance of Class A and Class B common shares	-
Net increase in net assets resulting from operations:	
Net investment income (loss)	(0.09)
Net realized and unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars	0.57
Total net increase in net assets resulting from operations	0.48
Net asset value, end of period	**$ 10.85**

Total return:	**Based on Weighted Average Net Assets**
Total return before carried interest	10.01%
Carried interest	(0.71%)
Total return after carried interest	**9.30%**

Net investment income (loss) and expense ratios:	**Based on Weighted Average Net Assets**
Net investment income (loss)	(1.81%)
Expense ratios:	
Expense before carried interest	1.96%
Carried interest	0.71%
Total	**2.67%**

All returns and ratios were calculated based on the weighted average net assets and have been presented on an annualized basis.

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

Note 9 – Recently Issued Accounting Pronouncements

FAS 160

In December 2007, the Financial Accounting Standards Board ("the Board") issued the Statement of Financial Accounting Standards No. 160; *Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51.* The Statement amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest (also called a minority interest) in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The Statement is effective for fiscal years beginning on or after December 15, 2008. Earlier adoption is prohibited by the Statement. At this time, the Company is evaluating the effects of this pronouncement on its financial statements.

Note 10 – Subsequent Event

LBPE has adopted a liquidity enhancement policy that is intended to enhance and strengthen the liquidity in the trading of LBPE’s class A shares. LBPE entered into a liquidity enhancement agreement on 21 July 2008 with ABN AMRO Bank N.V. London Branch (“ABN”). Such agreement provides the parameters and requirements for LBPE’s liquidity enhancement policy.

Under the agreement, ABN has sole discretion, in the name and for the account of LBPE and subject to all applicable legal and regulatory requirements, to affect class A share repurchases and sales of class A shares held in treasury on Euronext Amsterdam within the parameters set out in the agreement. Shares repurchased by LBPE will either be cancelled or held in treasury (provided that LBPE shall not at any time hold class A shares in treasury representing more than 10 percent of its issued class A shares). Shares will not be sold out of treasury at a price which is lower than the last published net asset value per share.

The aggregate number of class A shares which may be purchased in accordance with the agreement is subject to a maximum of five percent of the total number of class A shares outstanding as of 21 July 2008, or 2,710,500 shares, unless LBPE elects to increase such maximum, subject to any limits to the authority granted to LBPE by its shareholders to effect share repurchases. LBPE currently has shareholder authority to repurchase in the market up to 14.99 percent of its issued shares. The authority to purchase shares shall expire at the annual general meeting of LBPE in 2009 unless such authority is varied, revoked or renewed prior to such date. LBPE intends to seek annual renewal of this authority from shareholders.

The maximum price which may be paid for a share is an amount equal to the higher of (i) the price of the last independent trade and (ii) the highest current independent bid price for shares on Euronext Amsterdam.

The agreement shall remain in force until 9 January 2009 subject to extension at the election of LBPE. The agreement may, however, be terminated at any time by either LBPE or ABN.