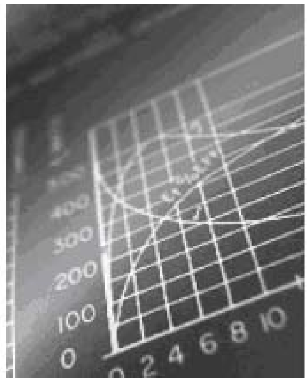
Lehman Brothers Private Equity Partners Limited



INTERIM FINANCIAL REPORT

(UNAUDITED)

AS OF 30 SEPTEMBER 2007, AND FOR THE PERIOD FROM 25 JULY 2007 (COMMENCEMENT OF OPERATIONS) THROUGH 30 SEPTEMBER 2007

Lehman Brothers Private Equity Partners Limited

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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 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 Shares outstanding** ▪ **10,000 Class B Shares outstanding**
Investment Manager	Lehman Brothers Private Fund Advisers, LP ▪ Over 20 years of private equity investing experience ▪ Ten-member Investment Committee with an aggregate of more than 170 years of experience with private equity investing ▪ Over 50 investment professionals ▪ Over 120 administrative and finance professionals ▪ Offices in New York, Dallas, London and Hong Kong

($ in millions, except per share data)

	At 30 September 2007	**At Inception (25 July 2007)** [1]
Net Asset Value	$557.9	$542.1
Net Asset Value per Share	$10.29	$10.00
Fund Investments	$251.5	$193.8
Direct Co-investments	$73.6	$63.2
Total Private Equity Investments	$325.1	$257.1
Private Equity Investment Level	58%	47%
Cash and Cash Equivalents	$243.7	$285.0

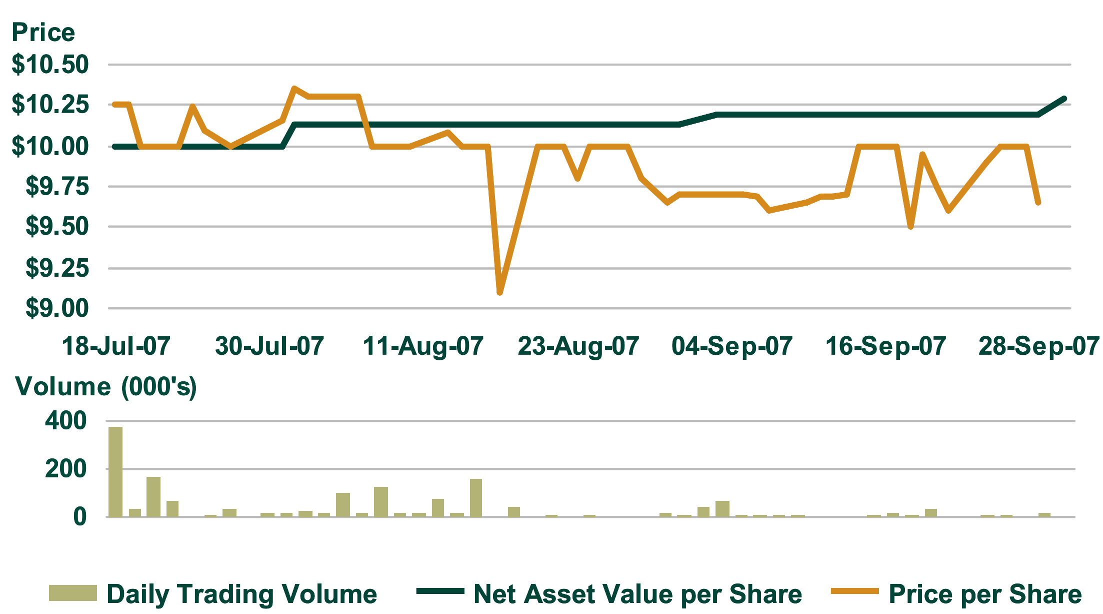
1. *At inception figures are pro forma including the exercise of the over-allotment option in respect of 4.21 million Shares at $10.00 per Share. Investment amounts at inception represent the pro forma purchase price of the portfolio of private equity assets acquired from Lehman Brothers subsequent to the completion of our initial public offering.*

INVESTMENT RESULTS

Since commencing operations, the performance of our private equity investment portfolio has been positive, as net asset value increased to $557.9 million, or $10.29 per Share, at 30 September 2007. This represents an increase of $0.29 per Share, or 2.9%, compared to the initial offering price of $10.00 per Share on 25 July 2007. A majority of the appreciation was attributed to our seasoned portfolio of buyout funds, with Doughty Hanson IV, KKR Millennium Fund, Apollo Investment Fund V, and Warburg Pincus Private Equity VIII contributing to gains within the portfolio. In addition, our investments in Lehman Crossroads Fund XVII and the CVI Global Value Fund also contributed to meaningful appreciation within our private equity portfolio.

From inception through the end of the quarter, we funded approximately $61.2 million of capital calls, including co-investments, and received approximately $7.5 million of distributions from our underlying private equity portfolio. These cash flows were in addition to the purchase of our Initial Investments (see description on page 3). Subsequent to 30 September 2007 through 31 October 2007, we also funded an additional $65.1 million of capital calls and received $3.1 million of distributions. Excluding new co-investments, most of the capital calls from inception through the end of October were attributed to our special situations investments, predominantly distressed funds. Distributions received since inception included $1.7 million from Lehman Crossroads Fund XVII and an aggregate of $5.5 million from direct fund investments.

SHARE PRICE PERFORMANCE AND NET ASSET VALUE PER SHARE



INVESTMENT PORTFOLIO SUMMARY

At inception, we agreed to purchase a portfolio of 33 private equity fund investments and eight direct co-investments (the "Initial Investments") from Lehman Brothers, Inc. Between 25 July 2007 and 30 September 2007, we acquired the entire portfolio of Initial Investments for an aggregate purchase price of $257.1 million. The Initial Investments, along with our new investments, continued to mature and develop throughout the period. At 30 September 2007, the net asset value and total exposure of our private equity investments reached $325.1 million and $675.0 million, respectively.

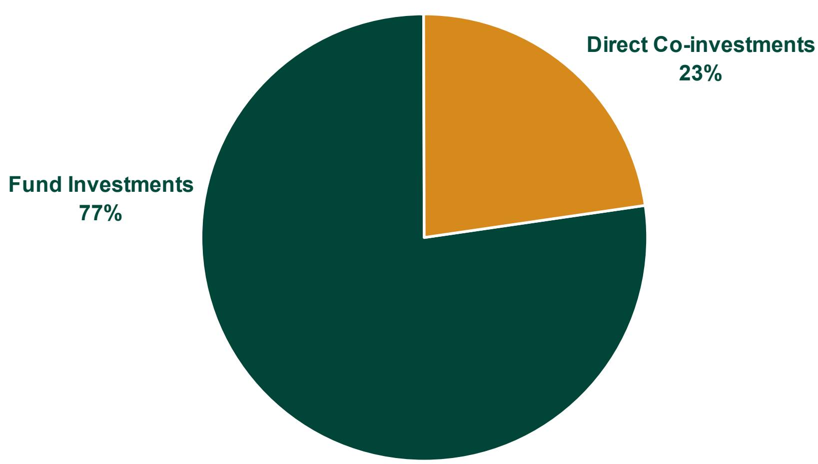
We committed to four new private equity investments during the period in addition to the purchase of the Initial Investments. An aggregate of $40.0 million was committed to two special situations funds that focus on distressed investing: OCM Opportunities Fund VIIb and Wayzata Opportunities Fund II. The remaining two investments consisted of an aggregate of $13.0 million invested in two buyout co-investments: Linn Energy, LLC and First Data Corporation.

Subsequent to the end of the quarter, we committed $20.0 million to Prospect Harbor Credit Partners, a fully-funded special situations fund, and $10.0 million to American Capital Equity II, a secondary investment that is expected to be substantially funded shortly after closing. In addition, we invested an aggregate of $12.0 million in two direct co-investments, Avaya Inc. and Energy Future Holdings Corp. (formerly known as TXU Corp.). The investments made subsequent to 30 September 2007 are not included in the portfolio summary below.

PRIVATE EQUITY INVESTMENT PORTFOLIO – 30 SEPTEMBER 2007

($ in millions)	Number of Investments	Net Asset Value	Unfunded Commitments	Total Exposure
Fund Investments	35	$251.5	$345.3	$596.7
Direct Co-investments	10	73.6	4.6	78.3
Total Private Equity Investments	**45**	**$325.1**	**$349.9**	**$675.0**

PORTFOLIO ALLOCATION BASED ON NET ASSET VALUE



INVESTMENT STRATEGY AND CAPITAL DEPLOYMENT

We seek to continue to construct a diversified private equity portfolio with targeted allocations to specific asset classes and investment types. Through our purchase of the Initial Investments and the implementation of our recent investment strategy, we have developed a significant allocation to special situations funds, particularly those managers who concentrate on distressed investing. This focus has been validated by recent disruptions in the credit markets, and we believe our special situations managers are well-positioned to capitalize on attractive investment opportunities in the current market and going forward. Both of the primary fund commitments added to our portfolio since our initial public offering ("IPO") were special situations funds, increasing our overall allocation to 20% on a total exposure basis.

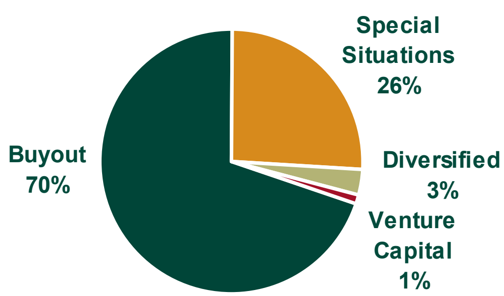
In recent years, we have been conscious of the ready availability of debt financing and its impact in the buyout sector, which led to cyclical highs in buyout purchase multiples and leverage multiples. As a result, we have focused our investment efforts on defensive industry sectors such as energy and financial services. This strategy was manifested with the two new co-investments completed during the quarter: Linn Energy, LLC, an independent U.S. oil and gas company, and First Data Corporation, a global payment solutions franchise for financial institutions and merchants.

Our focus in the near- to medium-term will be centered on special situations funds as well as buyout investments in fundamentally sound industry sectors. As our portfolio develops, we will continue to make co-investments which we expect to have an attractive risk/return profile and are otherwise within our target asset allocations. We expect to target an increased exposure to Europe and Asia, while continuing to have a predominantly North American portfolio. We will also look to make attractive secondary investments, which are expected to enhance the vintage year diversification of our private equity portfolio.

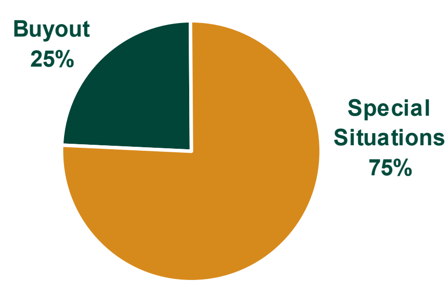
As of 30 September 2007, our private equity investment level reached 58% of total net asset value, and our total private equity exposure increased to 121% of total net asset value. This compares to 47% and 113%, respectively, at the completion of our IPO. In the coming months, we will continue to invest our capital at a measured pace as we evaluate the most appropriate investments for our private equity portfolio. Based on our current projections, we expect to be fully invested in private equity by the third quarter of 2008.

CAPITAL DEPLOYMENT FROM INCEPTION THROUGH 30 SEPTEMBER 2007

Funded Capital Calls and Co-investments



New Commitments [1]



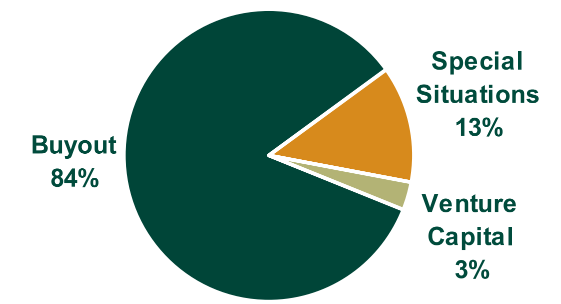
1. Includes only fund investments and direct co-investments which were not included in the portfolio of Initial Investments.

PORTFOLIO DIVERSIFICATION

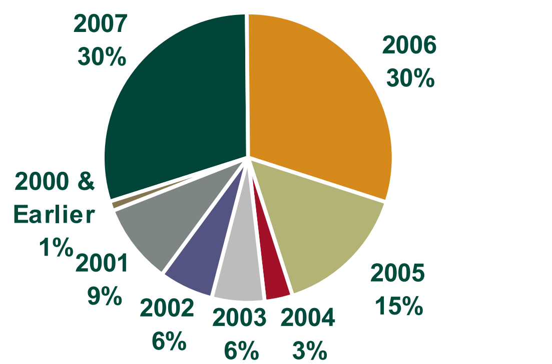
Consistent with our investment objective, we strive to manage investment risk through appropriate diversification within our private equity portfolio. The graphs below illustrate the breakdown of our private equity investment portfolio based on private equity net asset value as of 30 September 2007.

DIVERSIFICATION BASED ON PRIVATE EQUITY NET ASSET VALUE [1]

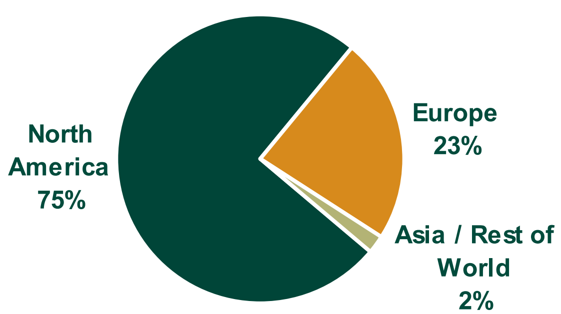
Private Equity Asset Class



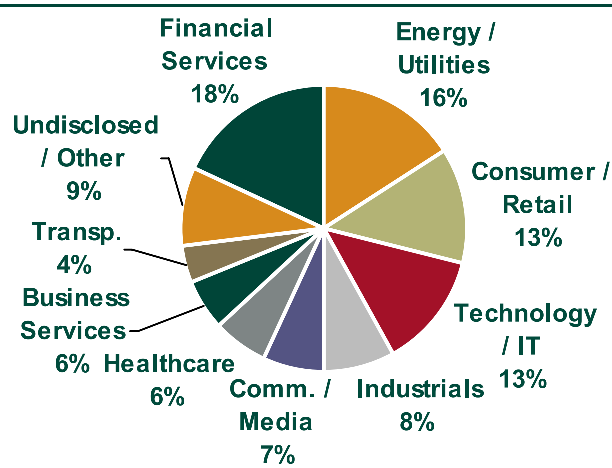
Vintage Year Of Fund or Co-investment [2]



Geography



Industry



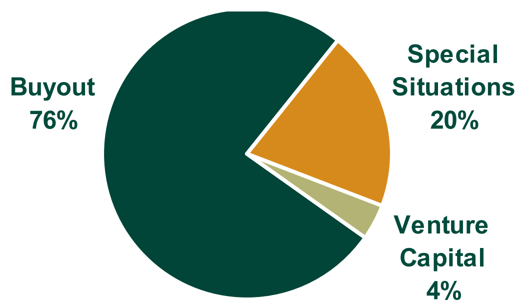
1. *The diversification analysis is based on the diversification of underlying portfolio company investments at fair value as estimated by the Investment Manager. The diversification by private equity asset class and vintage year also includes an allocation of net cash flows and valuation adjustments made since financial statements were last received from the investment sponsor. Determinations regarding private equity asset class, geography and industry diversification 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

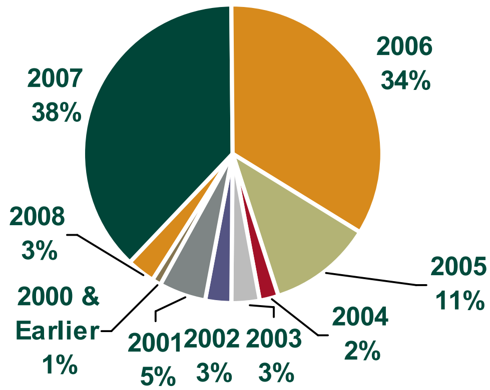
The graphs below depict the diversification of our private equity investment portfolio as of 30 September 2007 based on total private equity exposure, defined as the value of private equity investments plus related unfunded commitments.

DIVERSIFICATION BASED ON PRIVATE EQUITY TOTAL EXPOSURE [1]

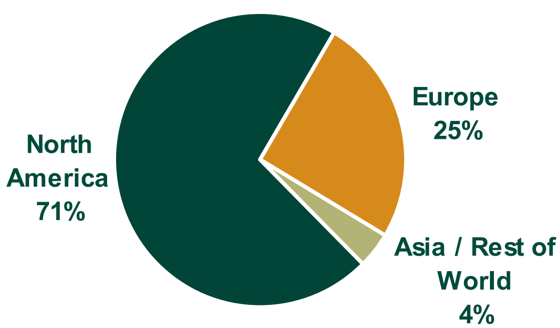
Private Equity Asset Class



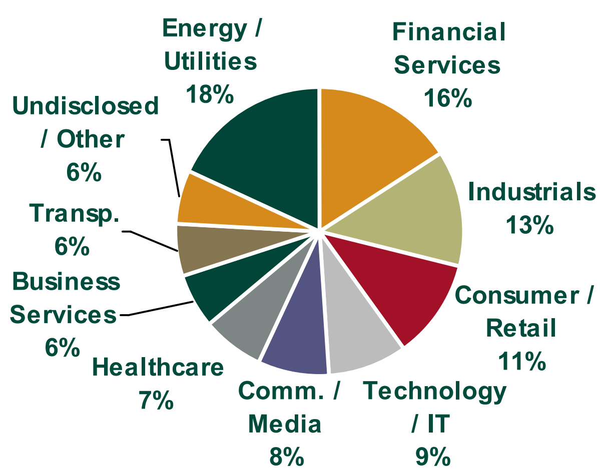
Vintage Year Of Fund or Co-investment [2]



Geography



Industry



1. *The diversification analysis is based on the diversification of underlying portfolio company investments at fair value plus the allocation of unfunded commitments as estimated by the Investment Manager. The diversification by private equity asset class and vintage year also includes an allocation of net cash flows and valuation adjustments made since financial statements were last received from the investment sponsor. Determinations regarding private equity asset class, geography and industry diversification 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 AND INVESTMENT ACTIVITY

Portfolio and investment activity from inception through 30 September 2007 was as follows:

($ in millions)

	Fund Investments	Direct Co-investments
Capital Calls / Co-investments Funded	$48.2	$13.0
Distributions Received	$4.0	$3.5
Realized Gains	$0.9	$0.0
Unrealized Appreciation	$14.0	$0.8
New Commitments / Investments	2	2
Amount Committed / Invested	$40.0	$13.0

PRIVATE EQUITY INVESTMENT PORTFOLIO

The following is a list of our private equity investments as of 30 September 2007.

($ in millions)	Asset Class	Geography	Vintage Year	Net Asset Value	Unfunded Commitments	Total Exposure
Fund Investments						
AIG Highstar Capital II	Buyout	U.S.	2004	$4.2	$0.3	$4.4
Apollo Investment Fund V	Buyout	U.S.	2001	14.2	3.0	17.2
Aquiline Financial Services Fund	Buyout	U.S.	2005	1.1	3.6	4.8
ArcLight Energy Partners Fund IV	Buyout	U.S.	2007	-	20.0	20.0
Avista Capital Partners	Buyout	U.S.	2006	7.5	7.8	15.3
Bertram Growth Capital I	Buyout	U.S.	2007	2.9	11.8	14.7
Carlyle Europe Partners II	Buyout	Europe	2003	7.5	0.8	8.3
Clayton, Dubilier & Rice Fund VII	Buyout	U.S.	2005	20.7	7.1	27.8
Clessidra Capital Partners	Buyout	Europe	2004	2.1	3.8	5.9
Corsair III Financial Services Capital Partners	Buyout	Global	2007	1.6	8.2	9.8
CVI Global Value Fund	Special Situations	Global	2006	8.8	6.8	15.5
Doughty Hanson & Co IV	Buyout	Europe	2003	7.8	0.6	8.4
First Reserve Fund XI	Buyout	U.S.	2006	2.8	21.9	24.8
Investitori Associati III	Buyout	Europe	2000	2.9	1.0	3.9
J.C. Flowers II	Buyout	Global	2006	2.5	7.4	9.9
KKR 2006 Fund	Buyout	Global	2006	16.0	14.0	30.0
KKR Millennium Fund	Buyout	Global	2002	16.1	0.3	16.5
Lehman Crossroads Fund XVII	Diversified	U.S.	2002 - 2006	29.9	19.2	49.1
Lehman Crossroads Fund XVIII Large-cap Buyout	Buyout	Global	2005 - 2008	5.3	9.1	14.5
Lehman Crossroads Fund XVIII Mid-cap Buyout	Buyout	Global	2005 - 2008	13.2	26.1	39.2
Lehman Crossroads Fund XVIII Special Situations	Special Situations	Global	2005 - 2008	4.3	6.2	10.5
Lehman Crossroads Fund XVIII Venture Capital	Venture Capital	U.S.	2006 - 2008	2.3	8.0	10.3
Lightyear Fund II	Buyout	U.S.	2006	2.8	6.9	9.7
Madison Dearborn Capital Partners V	Buyout	U.S.	2006	6.3	3.7	9.9
OCM Opportunities Fund VIIb	Special Situations	U.S.	2008	-	20.0	20.0
OCM Principal Opportunities Fund IV	Buyout	U.S.	2007	7.3	13.0	20.3
Platinum Equity Capital Partners II	Special Situations	U.S.	2007	-	20.0	20.0
Sankaty Credit Opportunities III	Special Situations	U.S.	2007	18.1	12.0	30.1
Sun Capital Partners V	Special Situations	U.S.	2007	0.4	9.6	10.0
Terra Firma Capital Partners III	Buyout	Europe	2007	8.0	25.3	33.3
Thomas H. Lee Equity Fund VI	Buyout	U.S.	2006	7.1	18.2	25.3
Trident IV	Buyout	U.S.	2007	0.5	4.5	5.0
Warburg Pincus Private Equity VIII	Buyout	Global	2001	12.3	-	12.3
Wayzata Opportunities Fund II	Special Situations	U.S.	2007	3.6	16.4	20.0
Welsh, Carson, Anderson & Stowe X	Buyout	U.S.	2005	11.3	8.8	20.1
Total Fund Investments				**$251.5**	**$345.3**	**$596.7**
Direct Co-investments [1]						
Dresser Holdings, Inc.	Buyout	U.S.	2007			
Edgen Murray Corporation	Buyout	U.S.	2007			
First Data Corporation	Buyout	U.S.	2007			
Freescale Semiconductor, Inc.	Buyout	U.S.	2006			
Group Ark Insurance Holdings Limited	Buyout	Global	2007			
Linn Energy, LLC	Buyout	U.S.	2007			
MaRI Holdings Limited	Buyout	Global	2007			
Mont Fort Re Ltd. (Second Cell)	Buyout	Global	2007			
Sabre Holdings Corporation	Buyout	U.S.	2007			
TPF Genco Holdings, LLC	Buyout	U.S.	2006			
Total Direct Co-investments				**$73.6**	**$4.6**	**$78.3**
Total Private Equity Investment Portfolio				**$325.1**	**$349.9**	**$675.0**

1. *Co-investment values are given on an aggregate-only basis. No co-investment composes more than 2.5% of total net asset value.*

LARGEST UNDERLYING INVESTMENTS

At 30 September 2007, our twenty largest portfolio company investments totaled approximately $110 million in fair value, representing approximately 34% of our private equity investments and approximately 20% of our total net asset value. No individual company investment accounted for more than 2.5% of total net asset value at period end. Listed below are the twenty largest portfolio company investments in alphabetical order.

Company Name	Company Status
Capmark Financial Group Inc.	Privately Held
Dresser Holdings, Inc.	Privately Held
Edgen Murray Corporation	Privately Held
EXCO Resources, Inc.	Publicly-Traded
First Data Corporation	Privately Held
Freescale Semiconductor, Inc.	Privately Held
Goodman Global, Inc.	Publicly-Traded
Group Ark Insurance Holdings Limited	Privately Held
HCA Hospital Corporation of America	Privately Held
Hertz Global Holdings, Inc.	Publicly-Traded
Linn Energy, LLC	Publicly-Traded
MaRI Holdings Limited	Privately Held
Mont Fort Re Ltd. (Second Cell)	Privately Held
Nielsen Company	Privately Held
Pegasus Aviation Finance Company	Privately Held
Sabre Holdings Corporation	Privately Held
Sally Beauty Holdings, Inc.	Publicly-Traded
TPF Genco Holdings, LLC	Privately Held
Univision Communications Inc.	Privately Held
VWR International, Inc.	Privately Held

At 30 September 2007, approximately $49 million of our private equity investment portfolio was comprised of companies with publicly-traded securities. This amount represented approximately 15% of our private equity investments and approximately 9% of our total net asset value.

MARKET COMMENTARY

The third quarter of 2007 was characterized by significant volatility in the global financial markets. The collapse of the U.S. subprime mortgage market eventually led to major disruptions in the housing sector and the credit markets. The "credit crunch" that ensued delayed a number of large-cap leveraged buyouts in the U.S. and Western Europe, as dislocations in the credit markets caused a re-pricing of risk and forced investment banks to delay the issuance of many leveraged loans and high yield bonds. By the end of August, the backlog of leveraged loans and high yield debt grew to approximately $350 billion in the U.S. alone. As a result, credit spreads widened by a significant margin, and investors demanded more conservative financing terms, leading to a significant reduction in the number of covenant-lite debt packages and PIK-toggle notes. Current projections estimate that it will take nine to fifteen months for the "overhang" of leveraged loans and high yield debt to return to more normal levels. The credit markets began to recover slowly in late September and early October, buoyed by the U.S. Federal Reserve's decision to lower the federal funds rate by 50 basis points. Nevertheless, buyout firms and debt lenders appear to be proceeding cautiously while keeping a close eye on economic growth, corporate earnings, inflation, oil prices and other macro-economic and geopolitical issues.

Going forward, we expect that the recent volatility in the credit markets will lead to a more measured pace of deal flow and more rational pricing in the buyout markets. Over the past several years, the relatively easy access to debt financing had caused purchase price multiples and leverage multiples to reach cyclical highs and also led to a greater number of dividend recapitalizations. As we look ahead, we believe that the volume of leveraged buyouts, as well as company holding periods, will most likely return to more traditional levels over time. However, the dislocations caused by the credit crunch will also provide an even more attractive investment environment for special situations managers. With corporate default rates expected to rise in the near- to medium-term, distressed investors will be well-positioned to capitalize on opportunities in the market.

DESCRIPTION OF NEW INVESTMENTS

Since the completion of our IPO, we completed four new private equity investments totaling $53.0 million in commitments:

OCM Opportunities Fund VIIb

Primary Fund Investment

OCM Opportunities Fund VIIb is a distressed fund managed by Oaktree Capital Management ("Oaktree"), which has $12.8 billion of distressed 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 and Beijing.

Wayzata Opportunities Fund II

Primary Fund Investment

Wayzata Opportunities Fund II is a special situations fund managed by Wayzata Investment Partners ("Wayzata"), which has total assets under management of over $5.0 billion. Wayzata has operated for more than 15 years and focuses on opportunities in undervalued debt, equity and assets. Wayzata has a senior team of seven partners with offices in Wayzata (Minnesota) and Boston.

First Data Corporation

Direct Co-investment

First Data Corp. is a leading provider of electronic commerce and payment solutions for businesses worldwide. With operations in 38 countries, First Data serves over five million merchant locations, 1,900 card issuers and their customers. It powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment. The company's portfolio of services and solutions includes merchant transaction processing services; credit, debit, private-label, gift, payroll and other prepaid card offerings; fraud protection and authentication solutions; receivables management solutions; electronic check acceptance services through TeleCheck; as well as Internet commerce and mobile payment solutions. The company's STAR Network offers PIN-secured debit acceptance at two million ATM and retail locations.

Linn Energy, LLC

Direct Co-investment

Linn Energy is an independent oil and gas company focused on the development and acquisition of long-lived properties in the U.S. The company's core areas include: the Appalachian Basin, which includes West Virginia, Pennsylvania and Virginia; Western, which includes the Brea Olinda Field in the Los Angeles Basin of California; Mid-Continent, which includes the Sooner Trend of north central Oklahoma; and the Texas Panhandle, which includes the Texas portion of the Hugoton-Panhandle Field.

SUBSEQUENT INVESTMENTS

During the period from 30 September 2007 through 31 October 2007, we invested or committed to invest a total of $42.0 million in four additional private equity investments:

Prospect Harbor Credit Partners

Primary Fund Investment

Prospect Harbor Credit Partners is a credit-based fund managed by Sankaty Advisors, LLC (“Sankaty”), the credit affiliate of Bain Capital, LLC. Sankaty is one of the nation's leading private managers of fixed income and credit instruments. With approximately $23 billion in committed capital, Sankaty invests in a wide variety of securities and investments, including leveraged loans, high-yield bonds, distressed/stressed debt, mezzanine debt, structured products and equities. Sankaty has a team of 66 investment professionals in Boston, Chicago and London with extensive experience analyzing and managing debt investments across a variety of sectors and industries. These investment professionals are supported by 43 finance, operations and compliance professionals.

American Capital Equity II

Secondary Investment

American Capital Equity II is a $585 million private equity fund managed by American Capital LLC, a portfolio company of American Capital Strategies Ltd (“American Capital”). At inception of the fund, American Capital Equity II will purchase a portfolio of 80 companies. American Capital has $17 billion in assets under management. American Capital, both directly and through its global asset management business, is an investor in management and employee buyouts, private equity buyouts, and early stage and mature private and public companies. American Capital provides senior debt, mezzanine debt and equity to fund growth, acquisitions, recapitalizations and securitizations. American Capital is headquartered in Washington, D.C. and maintains regional offices in Chicago, Dallas, Frankfurt, London, Los Angeles, Madrid, New York, Paris, Palo Alto (California), Philadelphia, and San Francisco.

Avaya Inc.

Direct Co-investment

Avaya Inc. is a leading provider of communications solutions that help enterprises transform their businesses by intelligently connecting customers, employees and business partners with enhanced business processes. More than one million businesses worldwide, including more than ninety percent of the FORTUNE 500®, use Avaya solutions for IP Telephony, Unified Communications, Contact Centers and Communications-Enabled Business Processes. Avaya Global Services provides comprehensive service and support for companies, small to large.

Energy Future Holdings Corp. (f/k/a TXU Corp.)

Direct Co-investment

Energy Future Holdings Corp., formerly named TXU Corp., is a Dallas-based energy holding company, with a portfolio of competitive and regulated energy subsidiaries, primarily in Texas, including TXU Energy, Luminant and Oncor. TXU Energy is a competitive retailer that provides electricity and related services to 2.1 million electricity customers in Texas. Luminant is a competitive power generation business, including mining, wholesale marketing and trading, construction and development operations. Luminant has over 18,300 MW of generation in Texas, including 2,300 MW of nuclear and 5,800 MW of coal-fueled generation capacity. Luminant is also the largest purchaser of wind-generated electricity in Texas and fifth largest in the United States. Oncor is a regulated electric distribution and transmission business that uses superior asset management skills to provide reliable electricity delivery to consumers. Oncor operates the largest distribution and transmission system in Texas, providing power to three million electric delivery points over more than 101,000 miles of distribution and 14,000 miles of transmission lines.

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 ten members with an aggregate of more than 170 years of experience with private equity investing. The sourcing and evaluation of our investments is conducted by the Investment Manager's team of over 50 investment professionals who specialize in private equity fund investments and co-investments. In addition, the Investment Manager's staff of over 120 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 August 2007, Lehman Brothers had $275 billion in client assets under management and over 28,750 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.

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 and, 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
Peter Von Lehe
John Hallam
Christopher Sherwell

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 period from 25 July 2007 (Commencement of Operations) to 30 September 2007

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers CI LLP
PO Box 321
National Westminster House
Le Truchot St Peter Port
Guernsey GY1 4ND
Channel Islands
Telephone +44 (0) 1481 752000
Facsimile +44 (0) 1481 752001
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 September 2007, and the related consolidated statements of operations, of changes in net assets, and of cash flows for the period from 25 July 2007 (commencement of operations) to 30 September 2007, 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
30 October 2007

Lehman Brothers Private Equity Partners Limited
Consolidated Statement of Assets and Liabilities
30 September 2007
(Unaudited)

Assets		
Private equity investments (cost $310,298,062)	$	325,105,957
Cash and cash equivalents		
Denominated in U.S. dollars		203,368,043
Denominated in Euros (cost $39,902,177)		40,347,407
		243,715,450
Other assets		4,377,511
Total assets	**$**	**573,198,918**
Liabilities		
Payables to Investment Manager and affiliates	$	12,900,974
Accrued expenses and other liabilities		2,361,210
Total liabilities	**$**	**15,262,184**
Net assets		
Class A shares, $0.01 par value, 500,000,000 shares authorized and 54,210,000 shares issued	$	542,100
Class B shares, $0.01 par value, 100,000 shares authorized and 10,000 shares issued		100
Additional paid-in capital		541,657,800
Retained earnings		15,736,734
Total net assets	**$**	**557,936,734**
Total liabilities and net assets	**$**	**573,198,918**
Net asset value per share for Class A and Class B shares	**$**	**10.29**

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
30 September 2007
(Unaudited)

Private equity investments	**Cost**	**Fair Value**	**Unfunded Commitment**	**Private Equity Exposure**
Fund investments	$ 237,476,819	$ 251,459,624	$ 345,285,342	$ 596,744,966
Direct co-investments	72,821,243	73,646,333	4,645,372	78,291,705
Total private equity investments	**$ 310,298,062**	**$ 325,105,957**	**$ 349,930,714**	**$ 675,036,671**

Significant private equity investments (generally in excess of 5% of net asset value):	**Cost**	**Fair Value**
Lehman Crossroads Fund XVII	$ 27,158,357	$ 29,868,363
Lehman Crossroads Fund XVIII		
Large-cap Buyout	5,210,781	5,340,137
Mid-cap Buyout	13,457,461	13,175,623
Special Situations	4,223,314	4,334,356
Venture	2,496,401	2,314,736
Total	**$ 52,546,314**	**$ 55,033,215**

Geographic diversity of private equity investments: [1]	**Fair Value**
North America	$ 205,140,383
Europe	63,166,195
Asia / Rest of World	5,602,243
Not yet classified	51,197,135
Total	**$ 325,105,957**

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

30 September 2007

(Unaudited)

(Continued)

Industry diversity of private equity investments: [2]	**Fair Value**
Financial Services	18.0%
Energy / Utilities	15.7%
Consumer / Retail	13.5%
Technology / IT	12.5%
Industrials	8.2%
Communications / Media	7.3%
Healthcare	6.1%
Business Services	5.9%
Transportation	3.6%
Undisclosed / Other	9.1%
Total	**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 recent investments for which we have not received underlying details, or to cash, or other assets or liabilities, which we do not track.*
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 period from 25 July 2007 (Commencement of Operations) to 30 September 2007

(Unaudited)

Investment income-interest	$	2,743,151
Expenses:		
Carried interest		1,275,951
Investment management and services		802,303
Administration and professional		416,474
Debt facility		231,679
		2,726,407
Net investment income (loss)		16,744
Realized and unrealized gain (loss) on investments and currencies other than U.S. dollars:		
Net realized gain (loss) on investments and transactions in currencies other than U.S. dollars, net of taxes of $472,997		466,865
Net change in unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars		15,253,125
Net realized and unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars		15,719,990
Net increase (decrease) in net assets resulting from operations	**$**	**15,736,734**
Earnings per share for Class A and Class B shares	**$**	**0.30**

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 period from 25 July 2007 (Commencement of Operations) to 30 September 2007

(Unaudited)

Increase (decrease) in net assets from operations:		
Net investment income (loss)	$	16,744
Net realized gain (loss) on investments and transactions in currencies other than U.S. dollars, net of taxes		466,865
Net change in unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars		15,253,125
Net increase (decrease) in net assets resulting from operations		15,736,734
Capital share transactions:		
Proceeds from issuance of Class A common shares		542,100,000
Proceeds from issuance of Class B common shares		100,000
Net increase (decrease) in net assets from capital share transactions		542,200,000
Total increase (decrease) in net assets:		**557,936,734**
Net assets at beginning of period		-
Net assets at end of period	**$**	**557,936,734**

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 period from 25 July 2007 (Commencement of Operations) to 30 September 2007
(Unaudited)

Cash flows from operating activities:	
Net increase (decrease) in net assets resulting from operations	$ 15,736,734
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	(466,865)
Net change in unrealized gain (loss) on investments and transactions in currencies other than U.S. dollars	(15,253,125)
Change in other assets	(2,830,945)
Change in payables to Investment Manager and affiliates	2,799,271
Change in accrued expenses and other liabilities	2,131,645
Net cash provided by (used in) operating activities	2,116,715
Cash flows from investing activities:	
Distributions from private equity investments	7,501,200
Contributions to private equity investments	(48,171,560)
Purchases of investments	(260,376,135)
Net cash provided by (used in) investing activities	(301,046,495)
Cash flows from financing activities:	
Proceeds from issuance of Class A common shares	542,100,000
Proceeds from issuance of Class B common shares	100,000
Net cash provided by (used in) financing activities	542,200,000
Effect of exchange rates on cash balances	445,230
Net increase (decrease) in cash and cash equivalents	243,715,450
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	**$ 243,715,450**

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

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 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 Dutch GAAP 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 has adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*. (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. The cumulative effect as of 30 September 2007 of translation to U.S. dollars has increased valuations of foreign investments by approximately $1,035,000.

The Company has unfunded commitments denominated in a currency other than U.S. dollars. These unfunded commitments are in Euros and amounted to €23,894,327 at 30 September 2007; they have been included in the Consolidated Condensed Schedule of Private Equity Investments at the U.S. dollar exchange rate in effect at 30 September 2007. The effect on the 30 September 2007 unfunded commitment of the change in the exchange rate between Euros and U.S. dollars from the time the Company acquired the interest was an increase in the U.S. dollar obligation of approximately $1,301,000.

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.

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.

Income from an investment that is effectively connected with a U.S. trade or business may be subject to U.S. federal and state income taxation. The U.S. requires withholding on effectively connected income at the highest U.S. rate (generally 35 percent). The Company may also be subject to a branch profits tax at the rate of up to 30 percent on its income effectively connected 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 and payable 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 period ended 30 September 2007, the management fee expense was $742,700.

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 the net asset value of our private equity and opportunistic assets at the end of each calendar quarter. The amount incurred by the Company for the period ended 30 September 2007 for these services was $59,603.

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 Interest in Subsidiary and Carried Interest

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated subsidiary and 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 accrued periodically and paid at the conclusion of the fiscal year. Our initial reporting period from 25 July 2007 (commencement of operations) to 31 December 2007 is considered a fiscal year for purposes of this calculation. As of 30 September 2007, the amount of the carried interest accrued was $1,275,951.

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.

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 September 2007, the aggregate net asset value of these funds was approximately $55.0 million and associated unfunded commitments were $68.6 million.

Investments in Lehman Brothers Liquidity Funds
The Company invests its excess cash in listed money market funds sponsored by Lehman Brothers. Balances in the Lehman Brothers Liquidity Funds: U.S. Dollar Liquidity Fund and Euro Liquidity Fund are $173,714,216 and $40,347,407, 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, amounts payable to the Investment Manager and affiliates include $10,822,720 to settle the purchase price for certain Initial Investments and certain other costs paid by the Investment Manager on behalf of the Company. Other assets include a receivable from an affiliate to true-up the purchase price of one of the Initial Investments.

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 observable (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 September 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 September 2007		
	Level 1	Level 3	Total
Cash and cash equivalents	$ 243,715,450	$ -	$ 243,715,450
Private equity investments	-	325,105,957	325,105,957
Total assets that are accounted for at fair value	**$ 243,715,450**	**$ 325,105,957**	**$ 568,821,407**

The Company has assessed its positions and concluded that all of its private equity investments will be classified as level 3. Cash and cash equivalents will be classified as level 1.

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

For the Period from 25 July 2007 (Commencement of Operations) to 30 September 2007	
	Private Equity Investments
Balance, 25 July 2007 (Commencement of Operations)	$ -
Total realized gains (losses)	939,862
Total unrealized gains (losses)	14,807,895
Purchases, Issuances and settlements	309,358,200
Transfers in and/or out of level 3	-
Balance, 30 September 2007	**$ 325,105,957**

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 ("the Facility") of up to $250 million. The term of the Facility is seven years and expires in August 2014. At 30 September 2007 no amounts have been borrowed and no assets have been pledged. The Facility is 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 cent 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 period from 25 July 2007 (Commencement of Operations) to 30 September 2007 we incurred and capitalized $2,741,065 for arrangement fees and other debt issuance costs, and incurred and expensed $130,556 for commitment fees and $50,000 for monitoring fees related to the Facility. Capitalized amounts are being amortized on a straight-line basis over the term of the Facility.

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. The Company has provided $472,997 in tax expenses with regard to these investments.

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.

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

The computation for earnings per share in net assets resulting from operations for the period from 25 July 2007 (Commencement of Operations) to 30 September 2007 is as follows:

Net increase (decrease) in net assets resulting from operations	$ 15,736,734
Divided by weighted average shares outstanding for Class A and B shares	52,548,382
Earnings per share for Class A and B shares resulting from operations	**$ 0.30**

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:		**Outstanding Number of Shares**
Net asset value, beginning of period	$	-
Issuance of Class A and Class B common shares		10.00
Net increase in net assets resulting from operations		
Net investment income (loss)		-
Net realized and unrealized gain (loss) on investments		
and transactions in currencies other than U.S. dollars		0.29
		0.29
Net asset value, end of period	$	10.29

Total return:	**Weighted Average Net Assets**
Total return before carried interest	17.37%
Carried interest	-1.30%
Total return after carried interest	16.07%

Net investment income (loss) and expenses ratios:	**Weighted Average Net Assets**
Net investment income (loss)	0.02%
Expense ratios:	
Expenses before carried interest	1.48%
Carried interest	1.30%
Total	2.78%

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

Fair Value Measurements
On 20 September 2006, the FASB released FAS 157. FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after 15 November 2007 and interim periods within those fiscal years. Upon the date of the initial offering, the Company implemented the provisions of FAS 157 for valuation purposes; see further discussion of FAS 157 in Note 4 of the consolidated financial statements.

Fair Value Option
In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115*, ("FAS 159"). FAS 159 provides entities the option to elect to carry most financial assets and liabilities at fair value with changes in fair valued recorded in operating results. FAS 159 is effective for fiscal years beginning after 15 November 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before 15 November 2007, provided that the entity also elects to apply the provisions of FAS 157. The Company does not expect the adoption of FAS 159 to have a material impact on the financial statements.

Accounting for Uncertainty in Income Taxes
At inception, the Company adopted FIN 48. FIN 48 requires the Company to determine whether a tax position of the Company 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. Based on its analysis, the Company has determined that the adoption of FIN 48 did not have a material impact on its financial statements. However, the Company's conclusions regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance expected from the FASB, and on-going analyses of tax laws, regulations and interpretations thereof.

Scope of the AICPA Audit and Accounting Guide for Investment Companies
On 11 June 2007, the AICPA released Statement of Position 07-1*, Clarification of the Scope of the Audit and Accounting Guide* Investment Companies and *Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies*, ("SOP 07-1"). SOP 07-1 provides guidance for determining whether an entity is within the scope of the AICPA Audit and Accounting Guide *Investment Companie*s (the "Guide"), and thus subject to the specialized industry accounting principles contained therein. Based on its assessment of its business activities, the Company has concluded that it is an investment company subject to the specialized industry accounting principles of the Guide pursuant to SOP 07-1.

Note 10 – Subsequent Events

On 19 October 2007, the Royal Court in Guernsey confirmed an application by the Company to reduce our additional paid in capital—classified in Guernsey as share premium—and transfer the balance to a special reserve which is distributable.