



# 2012

ANNUAL REPORT AND  
AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS  
31 JANUARY



**HARBOURVEST**  
GLOBAL PRIVATE EQUITY



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### COMPANY OVERVIEW

HarbourVest Global Private Equity Limited ("HVPE" or the "Company") is a Guernsey-incorporated company listed on the Specialist Fund Market of the London Stock Exchange and Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam, registered with the Netherlands Authority for the Financial Markets as a closed-end investment company pursuant to section 1:107 of the Dutch Financial Markets Supervision Act, and authorised as a closed-ended investment scheme in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and rule 6.02 of the Authorised Closed-ended Investment Scheme Rules 2008. HVPE is managed by HarbourVest Advisers L.P. (the "Investment Manager"), an affiliate of HarbourVest Partners, LLC ("HarbourVest"), a private equity firm whose history dates back to 1982. HarbourVest is headquartered in Boston and has committed more than \$30 billion to investments.

The Company issued 83,000,000 shares at \$10.00 per share in December 2007.

# Key Highlights and Investment Strategy

## Key Highlights

For the Financial Year Ended 31 January 2012



**\$11.42 NAV** per share  
\$944m NAV

- ▷ \$84m realised profits
- ▷ \$38m value growth



**\$1,096m**  
Investment Portfolio

- ▷ Driven by gains across entire portfolio

- ▷ Primary, secondary, and direct investments
- ▷ 32% Venture
- ▷ 19 Vintage Years (60% in 2004-2008)



Cash Flows  
**\$251m Invested**  
**\$181m Realised**

- ▷ 78% increase from prior year
- ▷ 32% increase from prior year



**16% Net Leverage Ratio**  
(Net Debt / NAV)

- ▷ \$154m Debt
- ▷ \$348m Cash and Available Credit Facility



**\$453m** Investment Pipeline  
(future commitments)  
\$337m Allocated  
\$116m Not Allocated

- ▷ 164% Commitment Ratio  
(173% Prior Year End)
- ▷ 103% Allocated Coverage Ratio  
(110% prior year end)

## Financial Summary

<b>SUMMARY OF NET ASSET VALUE</b> (in millions except per share and % data)	<b>31 Jan 2012</b>	<b>31 Jan 2011</b>	
Investment Portfolio	\$1,096.2	\$928.2	
Cash and Cash Equivalents	2.2	14.0	
Debt	(154.4)	(91.0)	
Net Other Assets (Liabilities)	—	(1.5)	
<b>NAV</b>	<b>\$944.0</b>	<b>\$849.7</b>	
NAV per Share*	\$11.42	\$10.24	
<b>Total Return</b>	<b>12%</b>	<b>18%</b>	
<b>INVESTMENT PIPELINE</b> (Unfunded Commitments)			
Allocated	\$337.2	\$386.4	
Unallocated	116.3	157.1	
<b>Total Investment Pipeline</b>	<b>\$453.5</b>	<b>\$543.5</b>	
Cash + Remaining Available Credit Facility†	\$347.8	\$423.0	
<b>FINANCIAL YEAR ENDED</b>			
<b>INVESTMENTS</b>	<b>\$251.0</b>	<b>\$141.0</b>	<b>Change 78%</b>
% of Investment Pipeline‡	39.8%	22.1%	
<b>REALISATIONS</b>	<b>\$180.6</b>	<b>\$137.2</b>	<b>32%</b>
% of Investment Portfolio§	19.5%	17.5%	
<b>NET CASH FLOW</b>	<b>(\$70.4)</b>	<b>(\$3.8)</b>	

Investments include 2012 investment in Absolute Private Equity Ltd. and 2011 investment in HSLE.

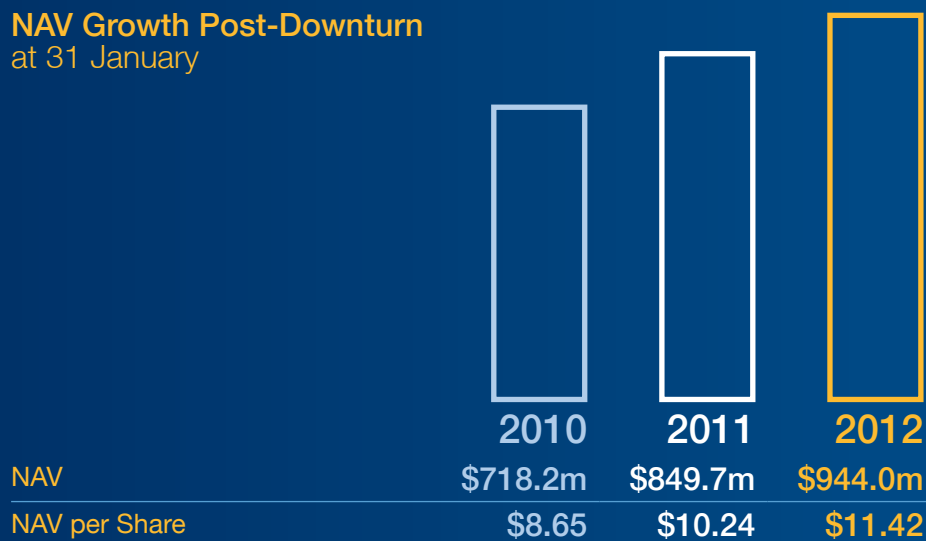
\* 82.7 million shares outstanding at 31 January 2012; 83.0 million shares outstanding at 31 January 2011.  
From May 2010 through November 2011, HVPE used Economic NAV as its primary reporting metric for its reporting and management analysis. Economic NAV excludes the fair value of the liability arising as a result of the issue of the Put Rights as part of the Company's Liquidity Plan, and represents the most conservative outcome upon the maturity of the Put Rights. Upon maturity of the Put Rights in November 2011, HVPE is valued using U.S. GAAP. Please refer to the Investment Manager's Review for the Net Asset Value Methodology. At 31 January 2011, HVPE's NAV per share reported under U.S. GAAP was \$10.21.

† Available credit facility reflects amount available subject to most restrictive covenant limit applicable.

‡ Percent of Investment Pipeline value at prior financial year end. Includes Absolute and HSLE investments.

§ Percent of Investment Portfolio value at prior financial year end.

### NAV Growth Post-Downturn at 31 January



## Features of Investment Strategy

HVPE seeks to provide a comprehensive private equity solution that delivers top-quartile performance over a multi-year investment cycle via its:

### Superior Access to New Investment Opportunities

- ▷ **Absolute Private Equity Ltd. ("Absolute")** – a pool of over 80 private equity partnerships
- ▷ **HarbourVest's Recent International Fund-of-Funds** focused on Asia Pacific and emerging markets
- ▷ **Via HarbourVest Funds**  
\$173 million committed to 44 primary partnerships (39 managers), 9 secondary investments, and 17 direct investments

*New investments are funded using a combination of proceeds received from the maturing portion of the portfolio and the credit facility.*

### Highly Diversified and Mature Portfolio

- ▷ **Geography**  
67% U.S. | 26% Europe | 7% Asia Pacific and Rest of World
- ▷ **Strategy**  
62% Buyout | 32% Venture | 6% Other
- ▷ **Vintage Year**  
19 Vintage years back to 1993

*Long-term returns tend to be cyclical, and a comprehensive private equity portfolio should strive to be consistently exposed to the most successful managers in their areas of expertise.*

### Strong Balance Sheet

- ▷ **\$500 million Credit Facility**  
committed through December 2014
- ▷ **\$348 million Total Liquid Resources**  
(cash and available credit facility) available
- ▷ **\$453 million Investment Pipeline**  
\$337 million of allocated commitments

*Based on the long-term and often uncertain timing of private equity commitments, listed private equity vehicles should maintain adequate reserves to finance future obligations.*



# Chairman's Letter



## Dear Shareholders,

The year to 31 January 2012 was once again a difficult and volatile year for public stock markets. Political and economic uncertainty was rife across large parts of the developed world as governments struggled to keep economies moving forward whilst at the same time seeking to contain the debt mountain which had been built up by governments, by banks, and by citizens. In the U.S., political infighting continued to hamper dealing with some difficult economic problems and, if it were not for the U.S. dollar's continuing role as the world's reserve currency, the U.S. might well have suffered more than it has.

It was though another currency that was battered by yet another storm. In 1999, the hope of the political class in Europe was that the euro could become a stable and trusted currency that could in time rival the U.S. dollar. However, the politicians took the risk that they did not need to build the currency on a solid rock of economic, fiscal, and monetary union but rather they hoped that they could muddle through until electorates were ready to endorse further integration. That hope has been shown as sadly false. The turmoil of the Eurozone is epitomised by Greece, but the real danger is that contagion could spread to other countries which have unsustainable debts, no growth, and appalling unemployment, particularly amongst young people. This is a very dangerous cocktail which is affecting confidence throughout Europe and wider.

Until July 2011, public markets were reasonably buoyant and confident. In that climate, private equity managers were able to execute deals more readily than for some time. However, the summer crisis, triggered by the credit rating downgrade of the U.S. and a further round of problems with the euro, took its toll on levels of markets and on confidence leading to some slowdown in deal making. Nevertheless, 2011 was in general a reasonable year both for new investment opportunities and for realisations, the latter particularly driven by mergers and acquisitions by large companies, many of which are highly profitable and have very substantial reserves of cash.

## The Company and its Portfolio

Your Company, HarbourVest Global Private Equity Limited ("HVPE" or the "Company") continued to make further significant progress in the year to 31 January 2012 as indeed it has done consistently since the trough of February 2009. Net Asset Value ("NAV") per share rose by 11.5% to \$11.42. That figure was exactly in line with the preliminary estimate of the end January NAV per share released in February 2012. Since 31 December 2007, being the first month end after the Company was listed, NAV per share grew by 10.9% at a time when the total return of the MSCI World Index (USD) was negative at minus 12.0%. Your Company's NAV performance is a consequence of the disciplined and consistent management of private equity assets by HarbourVest over the last 30 years. The management of HVPE's cash flow and balance sheet has been totally consistent with the intentions set out at the time of flotation of the Company in 2007 and neither the Investment Manager nor the Board have deviated from the strategy of developing a long-term vehicle for investment in a diversified portfolio of private equity assets. This approach ensured that the Company made no distressed disposals nor raised unplanned capital through the downturn years. HVPE has continued making new commitments during the year, and the Board and Investment Manager are

confident that, absent economic conditions even worse than in the recent downturn, the strength of the balance sheet and a committed funding facility should allow the Company to continue its investment programme.

Unfortunately, listed private equity companies remained significantly out of favour during the year, and the last traded price prior to 31 January 2012 was \$6.37, an increase of \$0.37 from 31 January 2011, or 6.2%. While positive, this was particularly disappointing in light of the progress in NAV per share, and the shares ended the year at a discount of 44.2% to NAV. The discount to NAV at which the shares trade has been, and continues to be, a matter of considerable focus for the Board and the Investment Manager and is covered further later in this letter.

The Investment Manager's Review gives a comprehensive account of your Company's activities during the year. Excluding the new investment in Absolute Private Equity Ltd. ("Absolute"), distributions exceeded calls by \$14.7 million during the year, demonstrating the cash generative nature of HVPE's mature investment portfolio. Once again HVPE's substantial portfolio of underlying companies in the venture space produced a crop of realisations at considerable gains from cost and also, in most cases, at values significantly in excess of the carrying value before the prospect of a realisation was announced. Many of these realisations were of companies that were unheard of five years ago, but which were backed by venture managers supported by HarbourVest, and ultimately resulted in stellar returns on sale or flotation. The latest example has been *Face-book* (FB) which, even if it has not yet delivered for its new public shareholders, has certainly handsomely rewarded its early private equity investors and, although valued then at below the price at which the company was listed, was still HVPE's largest holding at 31 January 2012.

HVPE's weighting of 32% towards venture at year end is one of the defining features of the Company. HarbourVest has consistently supported the venture space which looked relatively unexciting in the heady days of the 2000s when highly geared buyouts were all the rage. But HarbourVest stuck to its strategy and continued to invest in venture, particularly in the U.S., and that weighting has been and continues to be significantly beneficial to HVPE.

## Uplifts on Realisations

In the Semi-Annual Report, I advised that the Investment Manager had been analysing realisation values as compared with the last carrying value prior to the announcement of a prospective realisation event. I am pleased to report that we are now able to give more details which are set out on page 19 of this Report.

The Investment Manager has analysed many tens of transactions in the year. In the Investment Manager's Review, the aggregate average uplift on the largest 20 realisations is shown as being an increase of 49% above the previous carrying value. We intend to develop this work and the reporting of it further.

This is important as some commentators distrust private equity valuations and suggest that managers over-value companies in their portfolios and thus the NAV of listed private equity companies cannot be trusted. In your Company's case, the evidence is completely to the contrary. Realisations are shown regularly to deliver significant uplifts and thus fully validate the basis of valuation.

## Absolute Private Equity

I made reference to the Absolute transaction in both the 2011 Annual Report and the Semi-Annual Report. The latter was published in September, at which point HarbourVest funds had acquired over 98% of the shares in Absolute, a company with net assets over \$1 billion listed on the Swiss Stock Exchange but which had made no new investments since 2008. I reported that HVPE was taking on 14% of the Absolute transaction directly, financing its holding by drawing down some \$85 million from our \$500 million Lloyds Bank facility. In addition, HVPE acquired an indirect interest in Absolute through our investment in the global secondary fund, Dover VII.

In February 2012, HarbourVest completed the "squeeze-out" of the remaining minority shareholders and achieved 100% ownership. Details of the transaction are reported on page 15 of this Report, and reference to it is made elsewhere in the document. It looked like a very good deal last summer when acquired at \$18.50 per share, being a discount of approximately 30% to the estimated NAV of \$26.39 per share. It continues to look like a very good deal as the NAV estimate has proved robust and the mature portfolio has generated

considerable amounts of cash which has allowed the repayment of \$125 million of the original \$200 million borrowed on the Absolute balance sheet to fund the transaction. HVPE expects to receive a dividend from Absolute very shortly.

This transaction demonstrates two important aspects of your Company. The first is HarbourVest's ability and position in the marketplace to allow it to execute a large complex transaction. HVPE can lever off such expertise. At a time when consolidation in the listed private equity space can be expected, your Company is well placed to participate. The second important aspect is the appropriate use of debt for such a substantially cash generative transaction such as Absolute. Some commentators have pointed out that HVPE's debt level, with gearing of 16% at 31 January 2012, is higher than many of our peers. That was true and still is today. However, the Board considered that the use of a facility costing 1.5% per annum over LIBOR to finance a transaction expected to produce a return of many times the cost of the borrowing was a wholly appropriate use of the bank facility.

### The Lloyds Bank Facility

I have referred to the use of this facility in the Absolute transaction. The facility of \$500 million is repayable in December 2014, and the Investment Manager's modelling continues to show that cash flows on the base case of the models used to build the picture for future years will permit the facility to be fully repaid before the maturity date. However, HVPE is a company with \$944 million of net assets at 31 January 2012 and is continuing to make new commitments to new private equity partnerships. The Board and the Investment Manager expect to be able to negotiate facilities which will extend beyond 2014 and which will continue to allow the Company to pursue an unchanged strategy. However, we will be forever mindful of the uncertainties in the world and the need to be cautious.

### Shares and the Discount to NAV

In the year to 31 January 2012 some 7.3 million shares being some 8.8% of the Company's capital of 82.7 million shares changed hands. Since the year end, there has been a welcome increase in trading in the Company's shares although there is some way to go to achieve regular and reliable liquidity. As at the date of this letter, the last trade of a substantial block of shares took place on 9 May 2012 at \$7.20 per share, although subsequent smaller trades have taken place at lower and at higher prices. A share price of \$7.20 per share represents a discount of 37.0% to the announced estimated NAV per share at the end of April 2012 at \$11.43.

Shareholders will be aware that in May 2010, as part of an exercise to enhance liquidity, the Company issued 6.9 million Put Rights at \$5.75 per share exercisable in November 2011. I am pleased to report that the Put Rights expired without any being exercised. Shareholders will also recall that the Company has the power to buy back shares for cancellation at a discount to NAV and, as has been reported, exercised that power to repurchase 300,000 shares during the year.

Although buybacks may have a part to play at times in the future, and despite them being significantly accretive to NAV per share, the Board and the Investment Manager do not consider that regular and substantial buybacks are appropriate for a continuing listed private equity company. Although it is expected that HVPE's assets will continue to generate significant cash flow, as a continuing vehicle we expect to commit that cash to repay debt and to profitable future investments. The position is different for those companies that have announced they are moving into wind-up mode. HVPE does not expect to join those companies but rather to continue to provide a long-term vehicle for investment in private equity.

The Board and the Investment Manager are keenly aware of the unsatisfactory discount to NAV at which shares are currently trading. We have consulted with our advisers and have spent many hours looking at options which might reduce the discount, including looking at actions taken by other companies in our space. We have concluded that at this time there is no "magic bullet" that has a reasonable likelihood of success. We will retain an open mind and continue to evaluate options as they come apparent.



However, in the near future, the Investment Manager's focus will continue to be to grow NAV per share at which, as I chronicle above, it has been successful over the last four years for HVPE and over the last 30 years for other investors.

### Investment Manager

A year ago, I reported that Steve Belgrad, the Company's Chief Financial Officer, was leaving to take up a senior post at a substantial asset management company. Although Steve was employed by HarbourVest, under your Company's management agreement, Steve devoted the majority of his time to managing HVPE. This model is common throughout the investment management industry and thus, in consultation with the Board of HVPE, HarbourVest set out to recruit a replacement.

I am pleased to report that Stuart Howard joined HarbourVest in January 2012 and that he has been appointed Chief Operating Officer of European Listed Products. Stuart joined the firm from 3i where he was Chief Operating Officer for Asia and the Americas. Stuart is based in HarbourVest's London location and will be devoting the majority of his time to managing and promoting HVPE's business. I am very pleased to welcome Stuart who is already actively enhancing HVPE's profile amongst investors and commentators.

I would also like to pay tribute to all the employees of HarbourVest who contribute towards the success of HVPE. In Boston and in other locations, there is a raft of talented and tireless people working to promote the success of your Company and to manage its business.

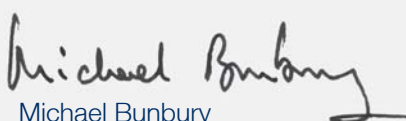
### Conclusion

Economic historians will undoubtedly write millions more words yet about the turmoil in the world's economy and financial system post the Lehman collapse in 2008. It is impossible to see when more "normal" conditions will return to the economies of many developed nations. I think that could be a long time in the future as economies struggle to deal with the aftermath of a long debt-fuelled boom, combined with severe weaknesses in banking systems and leaders whose priorities are political rather than economic.

At the micro level, though, companies will continue to be formed and some will grow to success. Existing companies will be acquired and reorganised by new and dynamic management with an economic stake in their future success that is aligned to that of the shareholders. In both these areas the private equity model has come through the turmoil thus far and I am confident that HarbourVest will continue to be a leader in that world. HVPE's business will continue to benefit from that leadership and I look forward to the time when those benefits are fully reflected in the share price.

As always, we welcome comments about this Annual Report. We also look forward to meeting shareholders in person or through the webcast at an informal meeting to be held in London in June. The data and venue for that meeting will be communicated to shareholders and posted on the Company's website at [hvgpe.com](http://hvgpe.com).

Yours sincerely,



Michael Bunbury  
29 May 2012

# Investment Manager's Review

- ▷ Results for the Financial Year
- ▷ The Investment Manager, Team, and Process
- ▷ Investment Portfolio
  - Investment Activity
  - Realisations
  - Liquidity Events
  - Investment Pipeline
- ▷ Portfolio Review
- ▷ Balance Sheet
- ▷ Investment Manager's Outlook and Market Review
- ▷ Recent Events

celebrating  
**30**  
YEARS  
1982-2012

# Results for the Financial Year Ended 31 January 2012

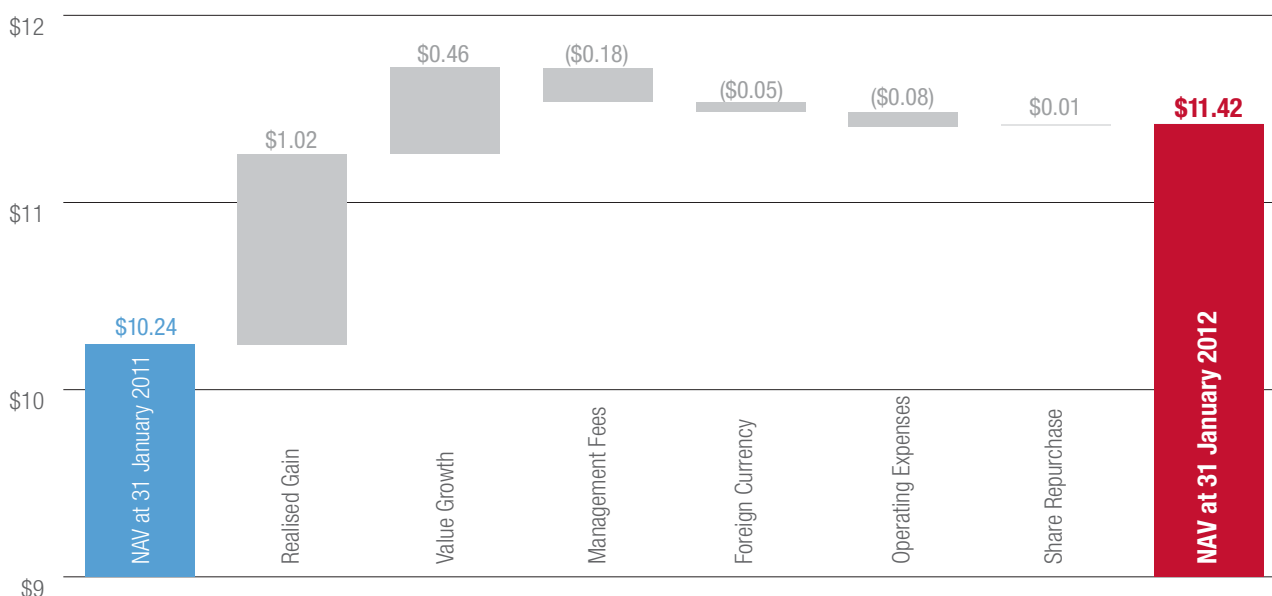
12% NAV gain driven largely by profitable realisations (\$84 million) and value growth (\$38 million) (excludes management fees and foreign exchange input)

## Net Asset Value Increase

HVPE's Net Asset Value ("NAV") has increased to \$944.0 million, or \$11.42 per share, a \$1.18 (11.5%) increase per share over the financial year ended 31 January 2011 (\$10.24). **Exhibit A** shows the breakdown of the increase in NAV per share.

- The increase in NAV occurred alongside a sluggish economic environment. Realised gains of \$1.02 per share during the financial year were driven by successful M&A and IPO activity. HVPE's two largest underlying holdings (*Nycomed* and *MYOB Limited*) at 31 January 2011 were sold substantially above their associated cost and carrying value during the year.
- Value growth of \$0.46 per share was achieved despite a decline in public markets (MSCI World Index (USD) was down 9.4%) due to increased EBITDA performance across the buyout portfolio and continuing success in the venture portfolio.
- For the financial year ended 31 January 2012, management fees totaled \$14.6 million (\$0.18 per share), or a rate of 97 basis points on average Private Equity Exposure (Investment Portfolio plus Total Investment Pipeline).
- Despite euro weakness affecting HVPE's Investment Portfolio, the overall result of currency movement was broadly neutral (\$0.05 loss) as the Company maintains sufficient euro-denominated borrowings so that these and its unfunded euro commitments are approximately equal to its euro assets.
- Operating expenses reduced the NAV per share by \$0.08 during the year. Expenses include Absolute management fees, fees related to the credit facility, and operating expenses (compensation, travel, insurance, and directors' fees, as well as third party and other expenses).

## EXHIBIT A / Changes in NAV Per Share





## Performance by Strategy and Vintage Year

- Buyout (17%) and venture (11%) both generated strong returns
- Post-2007 vintage years outperformed (36%) the rest of the portfolio
- The performance variations among strategies illustrate the strategic benefit of maintaining a diverse portfolio

### Buyout Performance

Buyout valuations (often benchmarked to public markets) showed improvement despite sluggish performance by public markets in the second half of the year.

#### KEY METRICS FOR BUYOUT PORTFOLIO

The Investment Manager has also reviewed the underlying company data for the largest 50 positions in the buyout portfolio with respect to operating performance and balance sheet trends (representing approximately 16% of total buyout value at 31 January 2012).

### On a weighted average basis:

▷ Revenues have grown 12.5%

▷ EBITDA has increased 18.7%

▷ The debt/EBITDA multiple has declined from 2.9 times to 2.8 times

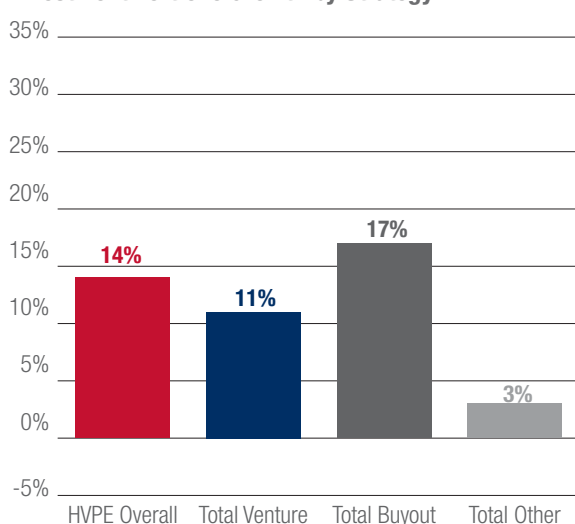
### Venture Performance

The venture market (less correlated to public markets and less exposed to credit markets) had continued positive performance in the year.

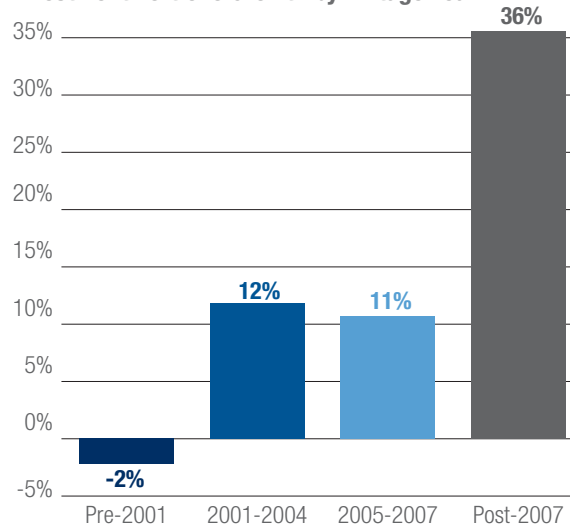
Examples of venture-backed companies performing strongly include *Facebook, Inc.*, *Groupon Inc.*, *Linked In*, and German online fashion retailer *Zalando*.

## EXHIBIT B / Performance by Strategy and Vintage Year

### Investment Portfolio Growth by Strategy



### Investment Portfolio Growth by Vintage Year



The post-2007 vintage year includes Absolute Private Equity Ltd. (a 2011 secondary investment).

# The Investment Manager, Team, and Process

Given the long-term nature of private equity investing, where committed capital is invested over multiple years, some of the most important indicators of an investment manager's success are experience, track record, organisational stability, a consistent strategy, and a proven process.

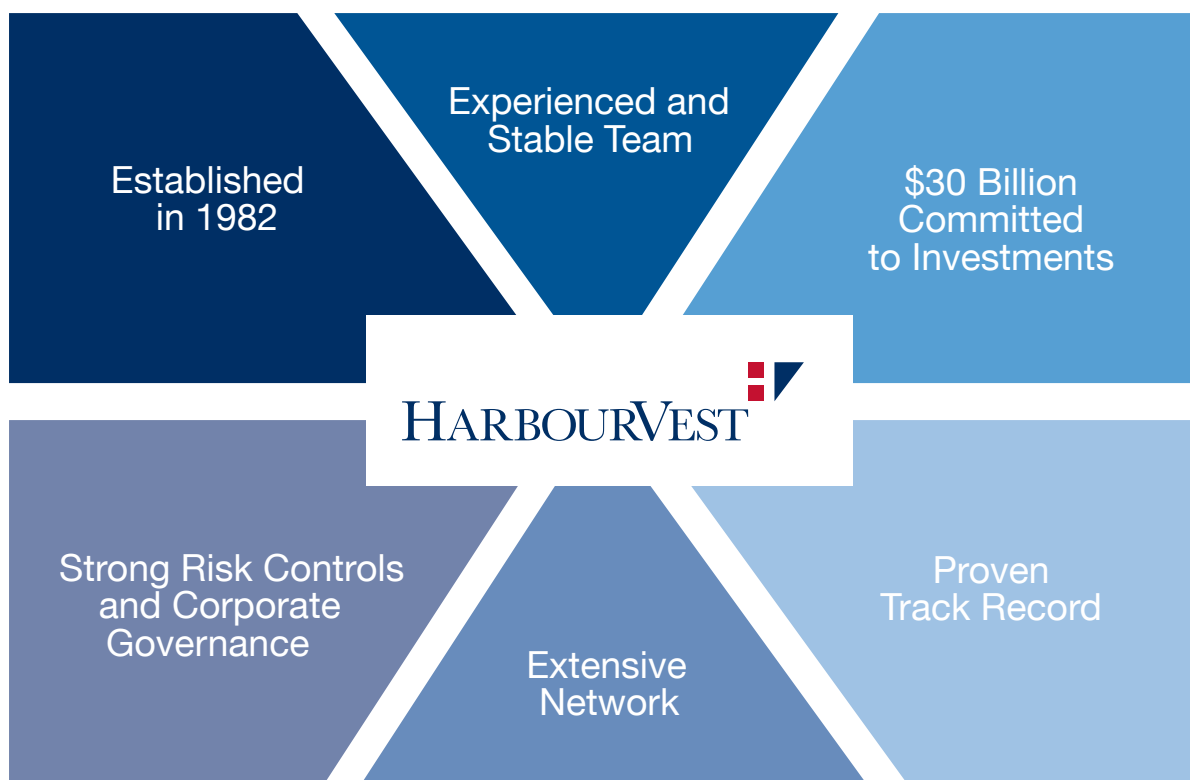
## The Investment Manager

### Independent, Established, Consistent

- HarbourVest is independently owned by its senior investment professionals, the benefits of which have become clear over recent years.
- Aligned with the success of its business and its investors, HarbourVest's partners have significant incentive to focus on long-term investment performance and continued value creation.
- The HarbourVest team has a 30-year track record, investing successfully in private equity over numerous market cycles.
- HarbourVest has a demonstrated ability to identify and gain access to the top-tier private equity managers. Past performance is no assurance that such results will be achieved in the future.

## About HarbourVest

HarbourVest Partners, LLC acts as general partner of HarbourVest Partners L.P., a limited partnership organised under the laws of the State of Delaware, which terms shall, as the context requires, include affiliates and predecessors of HarbourVest Partners, LLC. HarbourVest has its headquarters in Boston and three wholly-owned subsidiaries, HarbourVest Partners (U.K.) Limited, in London, HarbourVest Partners (Asia) Limited, in Hong Kong, and HarbourVest Partners (Japan) Limited, in Tokyo, established in 1990, 1996, and 2010, respectively; as well as a representative office, HarbourVest Partners, LLC (Oficina de Representación), in Bogotá, Colombia, established in 2011. HarbourVest plans to establish a presence in Beijing in 2012.



## The Team

### Experienced, Focused, Stable

- The senior team of 24 managing directors averages 17 years with HarbourVest, providing valuable consistency to HarbourVest's management, investment performance, and strategy.
- There are 80 investment professionals backed by more than 150 operations and administrative staff dedicated to finance, tax, reporting, monitoring, and client service activities.
- The team has successfully invested across market cycles since the late 1970s, developed extensive experience in all areas of global private equity, and learned to capitalise on opportunities in the market.

### Control Environment

- In December 2011, the firm issued its third **Type II SSAE 16 Report (formerly SAS 70) – Private Equity Fund Administration Report on Controls Placed in Operation and Tests of Operating Effectiveness** for the period from 1 October 2010 to 30 September 2011, which was conducted by an independent auditor and documents controls across the firm's operations, including investment policy, reporting to clients, capital calls, distributions, cash management, and financial records.

## The Investment Process

### Consistent and comprehensive evaluation of assets allows access to top-performing funds

- Within a focused due diligence process, the Investment Manager searches for exceptional investments, evaluates them carefully, and selects those opportunities that it believes offer the strongest potential for superior returns.
- HarbourVest operates within a strictly-controlled environment with multiple checks and balances in place.

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### HarbourVest's Investment Process is Consistent Across Primary Partnership, Secondary, and Direct Investments



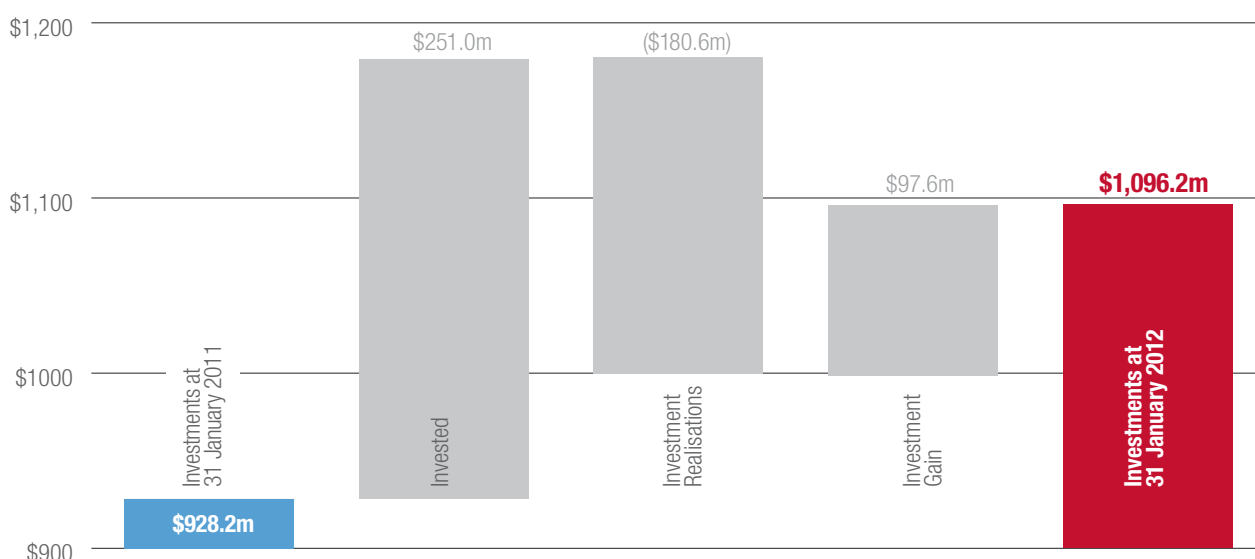


## Investment Portfolio

- The value of the Investment Portfolio increased by \$168 million during the year as a result of \$251 million of investments, \$181 million of realisations, and a net gain of \$98 million.
- Investment gains were driven by:
  - HVPE's September 2011 Absolute investment generated a \$30 million gain through 31 January 2012. HVPE is valuing the Absolute investment at \$24.53 per share, which reflects the value of the underlying Absolute portfolio at 31 December 2011 and dividends received by the acquisition vehicle used to repay acquisition-related debt. This is a 33% increase over the purchase price of \$18.50 per share in September 2011.
  - HarbourVest VII Venture had a \$15 million gain, primarily driven by Accel Partners' investment in *Facebook, Inc.*, which is HVPE's largest underlying holding at 31 January 2012.
  - HVPE's global secondary fund (Dover VII) generated a \$14 million gain, driven by its investment in Absolute and indirect venture investments in German online fashion retailer *Zalando* and publicly-traded deal-of-the-day website *Groupon* (acquired CityDeal) held via Holtzbrinck Ventures.

Investment gains during the financial year were driven by the Absolute investment, a U.S. venture fund-of-funds, and the global secondary fund.

### EXHIBIT C / Changes in Investment Portfolio



## Investment Activity

### Investments in HarbourVest funds exceed prior year total by 31%\*

HVPE invested \$165.9 million in 19 HarbourVest funds excluding capital invested in the purchase of Absolute (\$126.6 million invested in prior financial year excluding \$14.4 million invested in HSLE).

Invested	2012	2011
Fund-of-Funds	\$96.8m	\$89.9m
Direct Funds	\$33.8m	\$10.2m
Secondary Fund	\$35.3m	\$26.5m
TOTAL	\$165.9m	\$126.6m

The largest individual investment was \$33.8 million in a direct fund.

### Commitments to International Fund-of-Funds (\$80 million)

In October 2011, HVPE closed a \$50.0 million commitment (exclusive of interest paid at closing) to HIPEP VI Asia Pacific and a \$30.0 million commitment (exclusive of interest paid at closing) to HIPEP VI Emerging Markets. These funds make primary partnership investments in their regions of focus alongside the more broadly diversified HIPEP VI Partnership. Both funds are actively investing in high quality managers. The Investment Manager is committed to increasing HVPE's exposure to Asia Pacific and the emerging markets in order to broaden its geographic focus in these rapidly growing markets.

### HarbourVest Funds' New Commitments (\$173 million)

#### HARBOURVEST FUNDS MADE COMMITMENTS TO:

- 44 primary partnerships through 39 managers (\$102 million)
- 9 secondary investments (\$30 million)\*
- 17 direct investments (\$41 million)

\* Excluding investment in Absolute Private Equity Ltd.

### The largest new primary commitments were made to partnerships managed by:

Manager	Geography	Strategy
Archer Capital	Asia Pacific – Australia	Medium Buyouts
Bain Capital Asia	Asia Pacific	Medium Buyouts
Berkshire Partners	U.S.	Medium Buyouts
CHAMP Ventures	Asia Pacific – Australia	Small Buyouts
DCM (China)	Asia Pacific – China	Balanced Venture
Hahn & Company	Asia Pacific – South Korea	Small Buyouts
Thoma Bravo	U.S.	Small Buyouts
Vestar Capital Partners	U.S.	Medium Buyouts
Victoria Capital Partners	Rest of World – Latin America	Small Buyouts
The Wicks Group	U.S.	Small Buyouts

Please refer to **Supplemental Data** for HVPE's top 25 underlying investments made during the financial year.

## September 2011 Investment in Absolute Private Equity Ltd.

(public vehicle de-listed in February 2012)

### Dynamics

- Absolute was under pressure to find liquidity for several shareholders
- Board recommended HarbourVest's offer as the solution to shareholders
- HarbourVest funds and HVPE launched tender offer to acquire all shares
- 98.7% of all shareholders tendered in offer

### Structure

- HarbourVest created a special purpose acquisition company structure to acquire shares efficiently
- Acquisition involved indirect interests in underlying assets and Board control
- Absolute de-listed and squeeze-out of remaining shareholders completed in February 2012

### Financing and Valuation

- Acquisition financed utilising \$85 million of the \$500 million credit facility with a forecast to repay cost through return distributions
- Absolute paid dividends of \$206 million in late 2011, which were used to fully repay the acquisition financing used as part of the original investment
- From 30 September 2011 and in accordance with the provisions of U.S. GAAP, HVPE valued its investment in Absolute by reference to a discounted cash flow model; currently held at underlying NAV
- Subsequent to 31 January 2012, Absolute was de-listed and is now 100% privately owned
- The Absolute investment generated a \$0.36 increase per share from purchase through 31 January 2012.

### Outlook

- No new investments
- Continue to implement run-off strategy and return cash
- Investment Manager expects HVPE to receive first Absolute distributions in mid-2012 and repay cost per original investment thesis



### NEW INVESTMENT

<b>HVPE Invested</b>	\$85 million
<b>Portfolio</b>	80 partnerships 1,000 companies
<b>Offer Price: \$18.50/share</b>	30% discount to NAV
<b>Seller</b>	Public shareholders

### HarbourVest Advantage

- ▷ Demonstrated experience and reputation for leading and executing complex and innovative deals
- ▷ Existing general partner relationships facilitated ability to quickly evaluate a large and diverse portfolio
- ▷ Cultivated relationship with Absolute Board, who recognised HarbourVest's experience and recommended tender offer



## Realisation Activity

### Realisations of \$180.6 million from HarbourVest funds exceed prior year total by 32%

This was driven by the sales of HVPE's two largest underlying companies at 31 January and 31 July 2011 (*Nycomed* and *MYOB Limited*).

Maturing U.S. and international fund-of-funds also distributed proceeds from the sale of publicly-traded shares and M&A events.

- HVPE received \$53.2 million from two mature international fund-of-funds formed in 1998 and 2001, including realisations of six of HVPE's largest underlying companies by investment value at 31 January 2011 or 31 July 2011.
- HVPE received \$29.6 million from a vintage year 2001 international direct fund resulting from the May 2011 IPO and subsequent sale of shares of *Transmode Holding AB* (TRMO) and the September 2011 sale of *Nycomed* to Takeda Pharmaceutical for €9.6 billion.
- HVPE received \$28.0 million from a mature U.S. fund-of-funds formed in 1999 that is currently harvesting investments via both M&A and IPO activity.

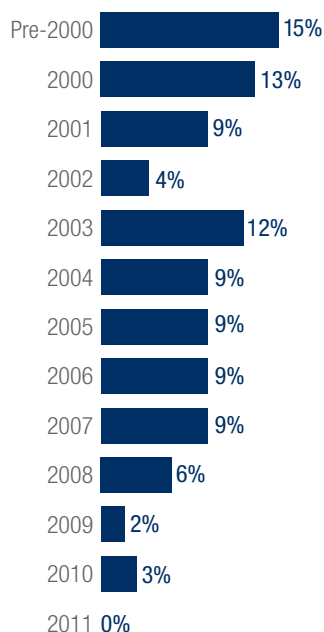
Realised	2012	2011
Fund-of-Funds	\$131.0m	\$122.6m
Direct Funds	\$44.0m	\$13.5m
Secondary Fund	\$5.6m	\$1.1m
TOTAL	\$180.6m	\$137.2m

Please refer to **Supplemental Data** for the 25 largest underlying realisations during the financial year ended 31 January 2012.

**Exhibit D** analyses financial year 2011 realisations by vintage year as a percentage of prior year value, highlighting the liquidity potential for a portfolio diversified over many vintage years. The mature portfolio is driving current realisations, which is expected to continue in future years.

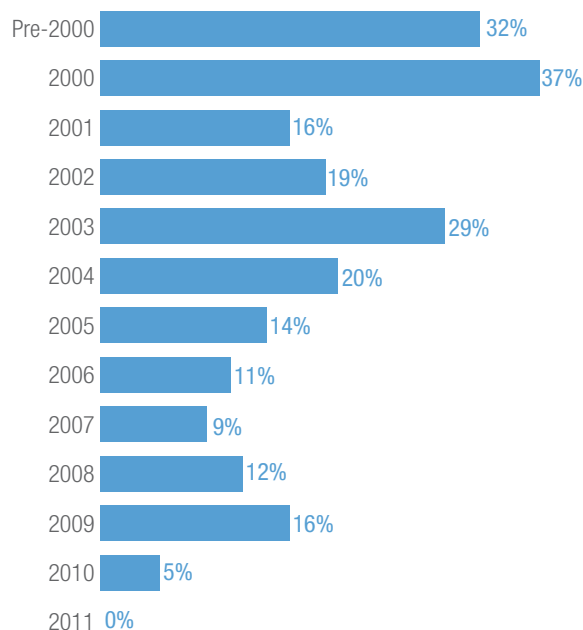
## EXHIBIT D / Realisation Analysis by Vintage Year

### Mix of Underlying Realisations by Vintage Year



Adds to 100% of underlying realisations.

### Realisations by Vintage Year as a % of 31 January 2011 NAV of that Vintage Year



Realisations represent HVPE's share of partnership realisations to HarbourVest funds.

## Liquidity Events

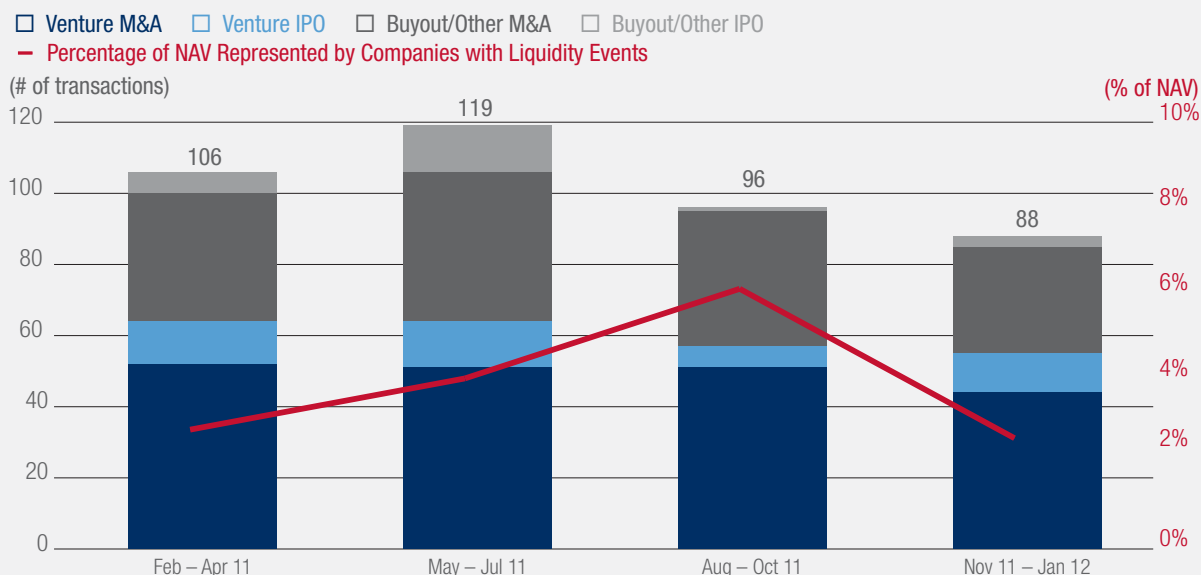
**Venture Portfolio: 198 M&A Events | 42 IPOs**

**Buyout Portfolio: 146 M&A Events | 23 IPOs**

The positive trend for liquidity events that began in late 2009 continued through the financial year ended 31 January 2012, although was somewhat tempered during the second half of 2011 amid volatile public markets. Venture liquidity events continued to outpace buyouts.

Continuing liquidity events within the underlying portfolio enable ongoing cash distributions. **Exhibit E** shows that there were over 400 such events, representing 16.0% of NAV, within HVPE's portfolio during the financial year. This demonstrates that a well-diversified portfolio can continue to generate cash despite a challenging economic environment.

### EXHIBIT E / Quarterly Liquidity Events



## Realisations for HVPE's Largest Underlying Companies at 31 January and 31 July 2011



Sold to Takeda Pharmaceutical

€9.6 billion | September 2011

- Approximate HVPE proceeds received to date: \$31 million
- HVPE Holding (31 January 2011): 1.95% of Investment Portfolio
  - HIPEP IV Direct
  - Nordic Capital
  - Sprout Group
  - TCW Asset Management



Sold to Ontario Teachers' Pension Plan

\$550 million | October 2011

- Approximate HVPE proceeds received to date: \$5 million
- HVPE Holding (31 January 2011): 0.71%
  - HarbourVest VIII Buyout
  - HarbourVest VIII Mezzanine
  - Thoma Bravo



Sold to Corning Incorporated

\$152 million | March 2011

- Expected HVPE proceeds: \$4 million
- HVPE Holding (31 January 2011): 0.53%
  - HIPEP IV Direct
  - Pitango Capital



Sold to SPX Corporation

£750 million | December 2011

- Approximate HVPE proceeds received to date: \$3 million
- HVPE Holding (31 July 2011): 0.41%
  - Clyde Blowers Capital



€160 million IPO | May 2011 (TRMO)

- Approximate HVPE proceeds received to date: \$5 million
- HVPE Holding (31 January 2011): 0.50%
  - HIPEP IV Direct
  - Amadeus Capital Partners



Sold to Bain Capital

A\$1.2 billion | September 2011

- Approximate HVPE proceeds received to date: \$17 million
- HVPE holding (31 January 2011): 1.63%
  - 2007 Direct Fund



Sold to Titan Nominees

R17 million | July 2011

- Approximate HVPE proceeds received to date: \$4 million
- HVPE Holding (31 January 2011): 0.60%
  - Brait Manager Mauritius



Sold to The Blackstone Group

€670 million | August 2011

- Approximate HVPE proceeds received to date: \$4 million
- HVPE Holding (31 July 2011): 0.45%
  - Quadriga Capital



\$594 million IPO | May 2011 (KOS)

- HVPE Holding (31 July 2011): 0.43%
  - The Blackstone Group



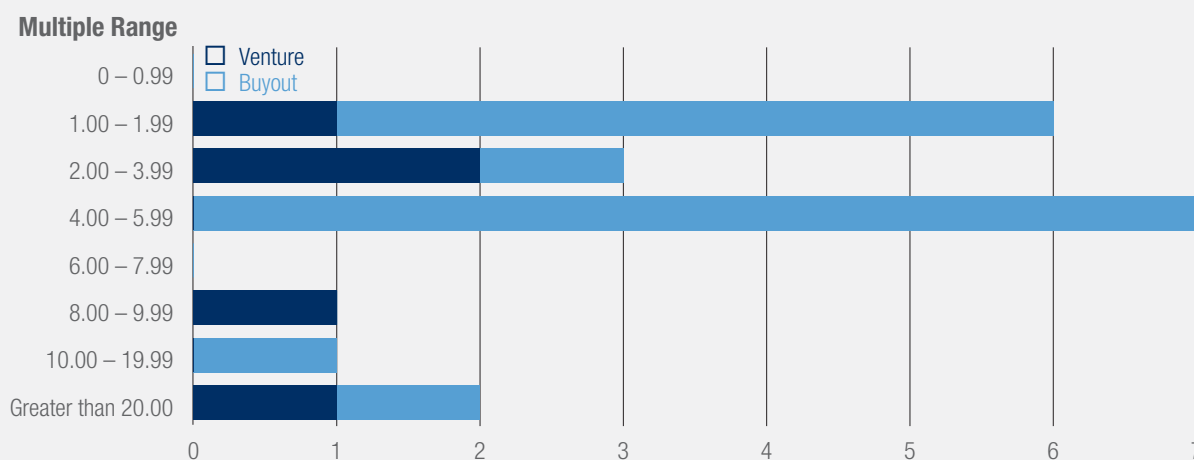
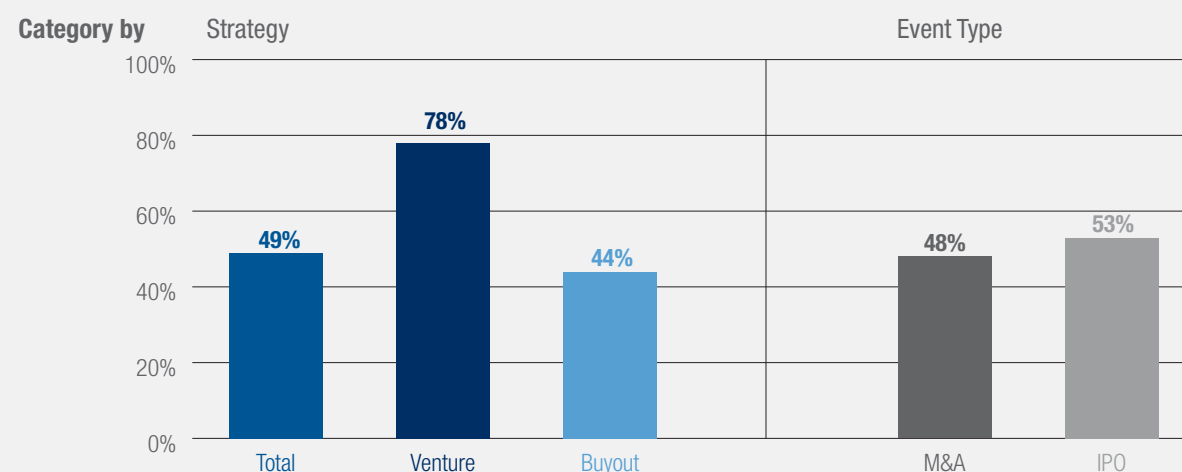
## 49% Uplift on Realisations

Total realisation proceeds of \$180.6 million were received during the financial year. The top 20 realisations within the portfolio were achieved at an uplift to carrying value of 49% and at a multiple of 6.5 times cost.\*

**Exhibit F** shows that within the largest realisations, the venture companies achieved a weighted average uplift of 78%, and the buyout companies achieved an uplift of 44% from either an exit at IPO or via an M&A transaction. With 32% of the HVPE portfolio in venture assets, this is an encouraging result and validates the portfolio's valuation.

Carrying value is defined as the value at the month end prior to the first announcement of a transaction or the filing of a successful IPO.

### EXHIBIT F / Uplift from Previous Carrying Value on Company Realisations



Uplift represents weighted average return for top 20 realisations during the financial year.

\* Cost represents cost to the underlying fund, some of which may be lower than HVPE's cost as the investments occurred pre-IPO.

The *Facebook* (FB) offering follows the November 2011 \$700 million IPO of *Groupon* (GRPN) at \$20 per share and the December 2011 \$1 billion IPO of *Zynga* (ZNGA) at \$10 per share. These are among the largest venture-backed IPOs in the technology sector since the 2004 offering of *Google* (GOOG).

The first quarter 2011 IPOs of *Kinder Morgan* (KMI) and *HCA* (HCA) were among the largest buyout-backed IPOs ever completed on a U.S. exchange.

## IPOs during the Reporting Period

### VENTURE



May 2011  
▪ Online professional network



May 2011  
▪ Chinese online social media



May 2011  
▪ Optical solutions for metro networks



June 2011  
▪ Storage technology



June 2011  
▪ Online vacation rentals



June 2011  
▪ Internet radio



November 2011  
▪ Deal-of-the-day website



December 2011  
▪ Social business software



December 2011  
▪ Social network games



May 2012  
▪ Online social network

### BUYOUT



February 2011  
▪ Infrastructure



March 2011  
▪ Hospital operator



May 2011  
▪ Oil exploration



May 2011  
▪ Russian search engine



July 2011  
▪ Restaurant franchise



December 2011  
▪ Oil exploration

## Cash Flow Trends

- Net positive cashflows of \$15 million (\$11 million in prior financial year)
- The global secondary fund (Dover VII) was \$29.7 million cash flow negative as it called \$35.3 million to fund new secondary investments
- HIPEP IV Direct, a mature international direct fund, was \$29.6 million cash flow positive

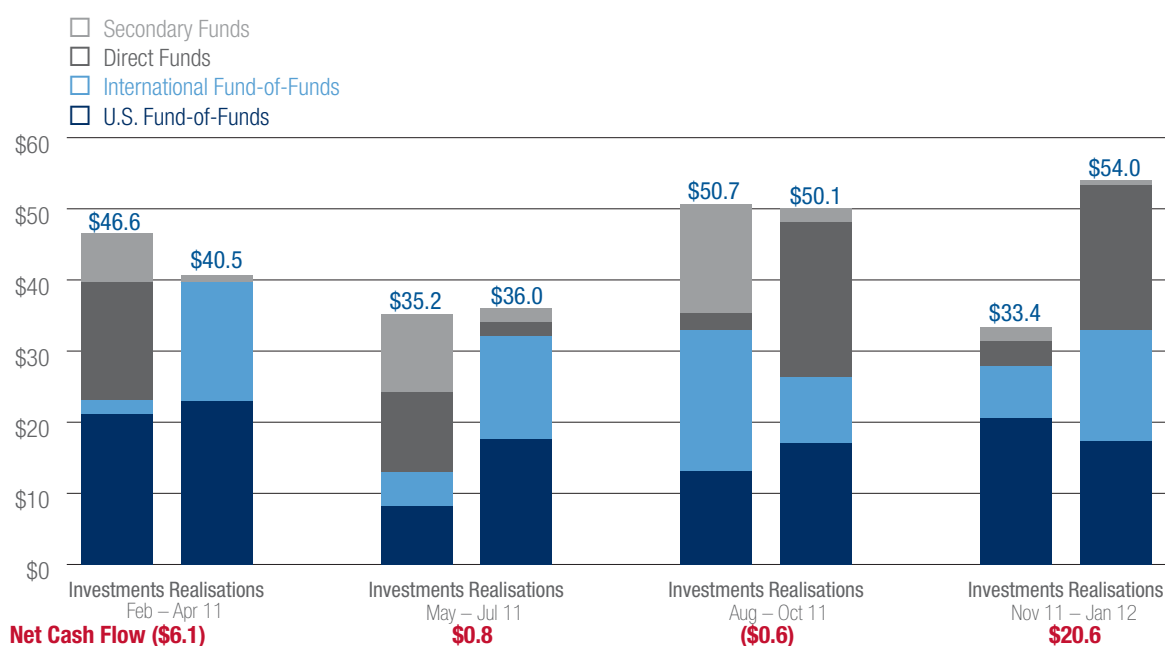
Cash flow trends, shown in **Exhibit G**, varied significantly over the course of the financial year. The fourth financial quarter (November 2011 to January 2012) was \$20.6 million cash flow positive as the realisation pace increased significantly during the second half of the year.

The younger fund-of-funds in the portfolio continue to invest capital in underlying partnerships, which are offset by realisations from the more mature fund-of-funds that are harvesting investments. Conversely, HarbourVest 2007 Direct Fund and Dover VII are making new investments, and HVPE does not have significant exposure to maturing direct and secondary funds. The realisations from the mature portfolio are used to repay borrowings and to fund new commitments.

Net Cash Flows	2012	2011
Fund-of-Funds	\$34.2m	\$32.7m
Direct Funds	\$10.2m	\$3.3m
Secondary Fund	(\$29.7m)	(\$25.4m)
TOTAL	\$14.7m	\$10.6m

## EXHIBIT G /

### Quarterly Investments and Realisations 1 February 2011 to 31 January 2012



## Investment Pipeline

- HVPE's Investment Pipeline of future commitments is \$453 million, a \$90 million reduction from the prior financial year.

The Investment Manager considers a number of factors before new commitments are made:

- Current commitment levels within the investment pipeline
- Anticipated rate of investment
- Future expected realisations
- The economic environment
- The existing credit facility
- Commitment and coverage ratios

**Exhibit H** illustrates HVPE's distinct fund-of-funds structure. HVPE makes commitments to HarbourVest funds, which in turn commit capital to underlying partnerships and/or companies. As a result of this investment structure, HVPE's expected investment schedule differs significantly from its listed peers.

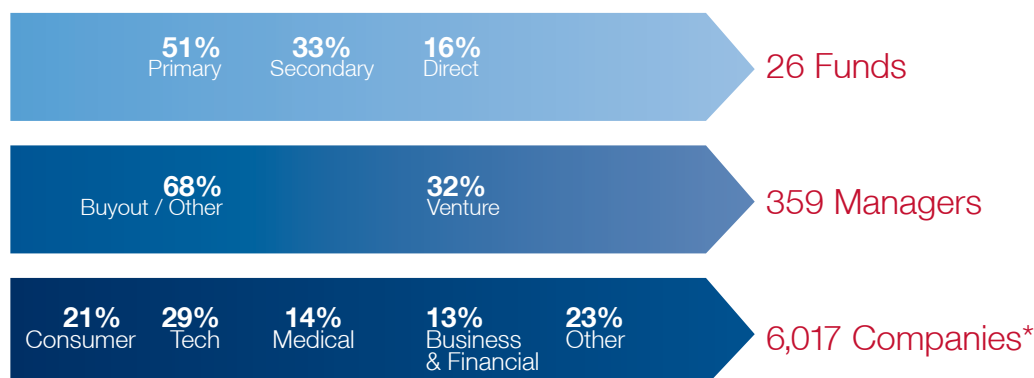
## Extended Investment Period

Most listed fund-of-funds vehicles make commitments directly to newly-formed third party partnerships, which are expected to invest most of their commitments over three to five years. In contrast:

- HVPE makes the majority of its commitments to newly-formed HarbourVest fund-of-funds, which typically have a seven to nine-year investment period.
- This extended investment period reflects the fact that HarbourVest fund-of-funds commit capital to partnerships over a period of three to four years, which in turn build their portfolios and generally invest most capital over the next three to five years.
- This model allows an increase in the level of commitments that HVPE can support in contrast to some of its listed peers.

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### EXHIBIT H / Fund-of-Funds Investment Structure



\* Excludes approximately 1,000 companies in Absolute portfolio.

At 31 January, approximately \$116 million of HVPE's total unfunded commitments of \$453 million represent commitments to HarbourVest funds that have not yet been committed to underlying partnerships.

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### Allocated Versus Unallocated Investment Pipeline

In order to reflect the differences in expected drawdown periods appropriately, the Company divides its investment pipeline into “allocated” and “unallocated” segments. Of the Company’s total investment pipeline of \$453 million:

- 74% has been allocated by HarbourVest funds to underlying investments.
- 26% has not yet been allocated to underlying partnerships.
- All of the Company’s commitments to HarbourVest direct and secondary funds are classified as “allocated” commitments because their drawdown profiles are closer to those of third party partnerships.
- The Company anticipates that its allocated commitments will be drawn down over a three to five-year period. In contrast, the commitments that have not been allocated are expected to be drawn over a longer period of up to seven to nine years.

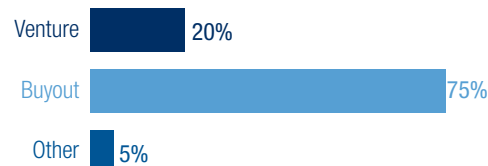
### Diversification of the Investment Pipeline

- The mix of HVPE’s investment pipeline should indicate the potential evolution of the portfolio over time. There is no prescriptive policy in place, and new commitments are considered on merit, along with the factors described on page 22.

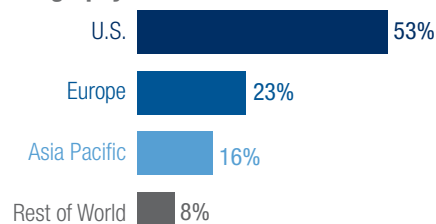
HVPE’s portion of the investment pipeline related to the fund-of-funds portfolios is shown in **Exhibit I** on a look-through basis to the underlying partnerships. The 2011 commitments to international fund-of-funds focused on Asia Pacific and Emerging Markets illustrate HVPE’s continued dedication to a diversified portfolio and a willingness to invest around the globe in new opportunities as they become available.

## EXHIBIT I / Diversification of Investment Pipeline at 31 January 2012

### Strategy



### Geography



### Funding of Primary Investment Pipeline by Vintage Year

HVPE’s investment pipeline spans a range of partnerships across many vintage years. During the financial year, the largest increases in primary commitments funded were in the most recent vintage years, where the partnerships are at the peak of their investment periods.



# Portfolio Review

## Portfolio Diversification

The Investment Manager believes diversification can help minimise some risks associated with those of an investment in a single private equity fund or a listed fund managed by a single underlying manager.

- Primary 51% | Secondary 33% | Direct 16%
- Top 50 companies represented approximately 24% of investment portfolio
- No single company represented more than 1.3% of investment portfolio
- The top 100 companies in the portfolio, which represent less than 2% of the more than 6,000 companies, account for 34% (or just over a third) of the investment portfolio

Please refer to **Supplemental Data** for a full listing of HVPE's HarbourVest funds.

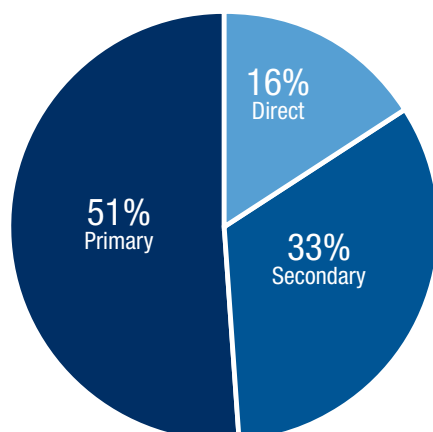
HVPE's diversification is intended to create a comprehensive private equity portfolio that is well positioned across all market cycles.

## Portfolio Diversification by Vintage Year, Strategy, Geography, and Industry is a Key Component of HVPE's Strategy

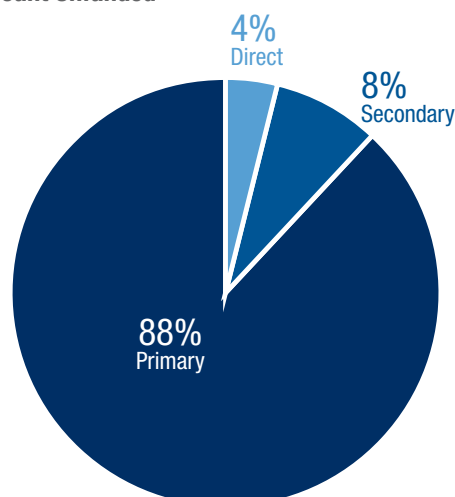
The Company achieves its diversification by investing in a broad selection of HarbourVest funds, which in turn make primary, secondary, and direct investments and provide access to underlying investments that are further diversified.

## EXHIBIT J / Portfolio Allocation

Investment Value



Amount Unfunded



## Vintage Year and Year of Investment

- HVPE's vintage year diversification is measured using the year of initial capital call for primary partnerships and direct funds and the year of purchase for secondary investments. Year of investment diversification is based on the year the underlying portfolio company investment was made
- Investments spread over a range of 19 vintage years back to 1993, and a total of 21 years of investment
- Within the 2005 to 2007 vintage year, the portfolio remains well diversified by strategy with 2005 to 2007 buyouts representing 29% of the investment portfolio (2005 to 2007 large buyout investments represent 11% of the investment portfolio)
- By year of investment, approximately 62% of the investment portfolio is prior to 2005 and post 2007

## Strategy

- Venture capital assets make up 32% of the investment portfolio
- Buyout investments make up 62% of the investment portfolio, with 16% of the total portfolio in large buyout transactions (defined as funds of more than \$7 billion in size)

## Geography

The geographic diversification varies significantly across venture and buyout

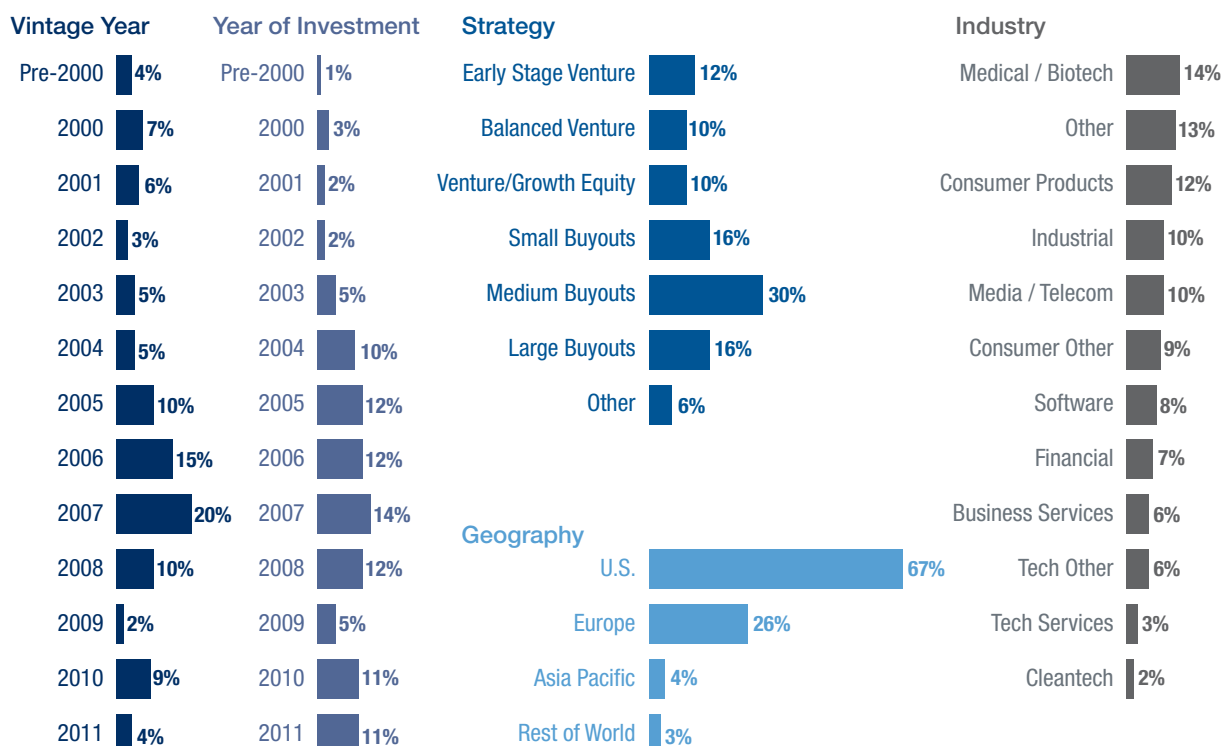
- Within venture, approximately 80% is held in the U.S., with 12% in Europe and 8% in the rest of the world
- Within buyout, approximately 62% is held in the U.S., with 32% in Europe and 6% in the rest of the world
- Underlying partnerships are based in 34 countries and denominated in seven different currencies

## Industry

- HVPE's broadly diversified industry allocation is positioned defensively in the current economic environment
- Diversification reflects HVPE's significant venture capital allocation with meaningful exposure to technology and software (17%) and medical/biotech (14%)

### EXHIBIT K /

#### Portfolio Diversification by Vintage Year / Year of Investment, Strategy, Geography, and Industry



## Largest Managers at 31 January 2012

- No external manager represents more than 2.1% of Investment Portfolio
- HVPE's investments provided exposure to 777 fund interests across multiple high-quality managers (compared to 668 at 31 January 2011)

### EXHIBIT L / 10 Largest Managers

The largest private equity managers based on the investment portfolio value at 31 January 2012 are listed here in alphabetical order. As the investment manager of the HarbourVest direct funds, HarbourVest Partners, LLC is the largest manager held in HVPE, although not listed here.

Manager	Region	Strategy
Accel Partners	U.S. / Europe	Venture
Arcapita Bank	U.S.	Buyout
Bain Capital	U.S. / Europe	Buyout
The Blackstone Group	U.S.	Buyout
CVC Capital Partners	Europe	Buyout
Doughty Hanson & Co	Europe	Buyout
New Enterprise Associates	U.S.	Venture
Oak Investment Partners	U.S.	Venture
Providence Equity Partners	U.S.	Buyout
TA Associates	U.S.	Venture

Please refer to **Supplemental Data** for HVPE's largest 25 managers by region and strategy

## Largest Underlying Companies at 31 January 2012

- No single portfolio company represents more than 1.3% of Investment Portfolio
- No single public holding represents more than 0.6% of Investment Portfolio
- The five largest investments represent 4.3% of Investment Portfolio
- 14% of the portfolio represents publicly-listed securities

### EXHIBIT M / 10 Largest Underlying Companies

The largest portfolio company investments based on the investment portfolio value are listed by percentage of investment value below. Companies in **bold grey** below are held at least in part in HarbourVest direct funds and represent seven of the top ten holdings.

Company	Strategy	% of Investment Value at 31 January 2012	Location	Status	Description
Facebook, Inc.*	Venture	1.25%	U.S.	Private	Online social network
CDW Corporation	Buyout	0.93	U.S.	Private	Multi-branded information technology services
ReCommunity Holdings (FCR)†	Buyout	0.74	U.S.	Private	Recycling centres
The Sun Products Corporation	Buyout	0.71	U.S.	Private	Private-label household products
Zalando GmbH†	Venture	0.68	Germany	Private	Online fashion retailer
Acromas Holdings (Saga/AA)	Buyout	0.59	U.K.	Private	Financial, insurance, and travel services
Earth Networks, Inc. (AWS)	Venture	0.57	U.S.	Private	Localised convergence content
Groupon, Inc.†	Venture	0.56	U.S.	Public	Deal-of-the day website
York Risk Services Group, Inc.	Buyout	0.55	U.S.	Private	Insurance claims management services
Capsugel†	Buyout	0.51	U.S.	Private	Drug delivery systems

\* Facebook, Inc. completed IPO in May 2012 (FB)

† Company not included in top holdings at 31 January 2011

Please refer to **Supplemental Data** for HVPE's largest 25 companies overall and largest public companies

# Balance Sheet Management and Commitment Ratios

## Balance Sheet Positioned as a Strategic Asset

- The Investment Manager seeks to utilise the strength of HVPE's balance sheet to benefit shareholders
- The strength of the balance sheet is reflected in the Company's ability to execute the September 2011 Absolute transaction and meeting its ongoing HarbourVest fund commitments

## Credit Facility

HVPE's balance sheet strength and flexibility are supported by its \$500 million multi-currency credit facility with Lloyds TSB Bank plc (formerly the Bank of Scotland plc). Under the terms of the agreement, HVPE may borrow, repay, and re-borrow to fund commitments and working capital requirements through to the facility's expiry date in December 2014. The Company has pledged substantially all of its assets as collateral for such borrowings. The revolving credit facility bears variable interest at LIBOR plus 150 basis points (\$2.7 million) on drawn amounts and carries an annual commitment fee of 40 basis points (\$1.5 million) on the unused portion of the facility.

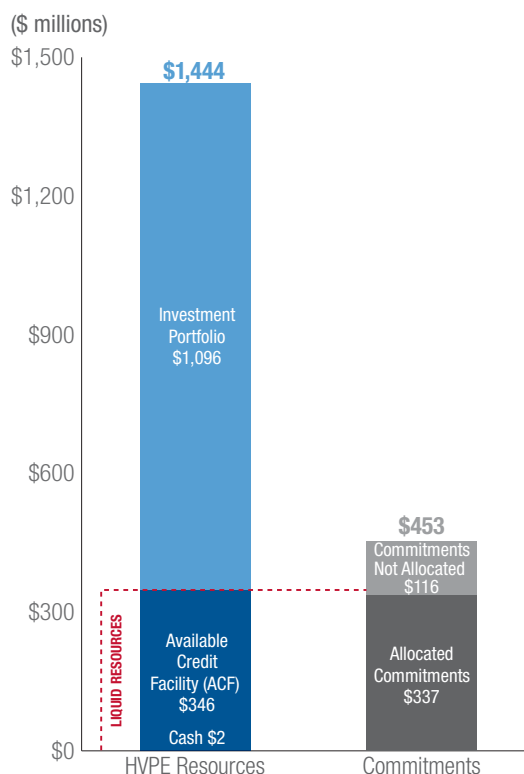
The credit facility contains financial covenants that limit the Company's indebtedness to 40% of assets (Asset Test Covenant), with the calculated value of the assets also subject to certain diversification tests. All financial covenants are tested and calculated on a quarterly basis. In addition, other covenants confer customary limitations that restrict HVPE's ability to make unduly concentrated commitments to funds, incur additional indebtedness or liens above the facility level, pay dividends above certain levels, or merge, consolidate, or substantially change its business without bank approval.

During the financial year to 31 January 2012, the Company drew down \$148.4 million of its loan facility and repaid \$79.5 million. During the year, \$65.0 million of U.S. dollar-denominated borrowings were converted to euro-denominated borrowings to hedge some of the currency exposure in the investment portfolio. At 31 January 2012, \$154.4 million of borrowings were outstanding under the facility (including all foreign currency-denominated

borrowings of £10 million and €46 million), and HVPE had \$2.2 million in cash on its balance sheet. Based on the Asset Test Covenant, the remaining maximum amount available to be drawn at 31 January 2012 was \$345.6 million, or the full remaining facility, compared to \$409.0 million at 31 January 2011.

The \$152.2 million of net debt indicates a Net Leverage Ratio (Net Debt divided by NAV) of 16.1%. Given the cash flow trends and expectations for the portfolio, the Investment Manager and HVPE's Board of Directors believe that the Company is able to support additional leverage on a short-term basis. For this reason, the Board of Directors chose to finance HVPE's share buyback arrangement and the Absolute investment with the credit facility, which has an attractive cost of borrowing. The Company's core objective and expectation is to repay the credit facility prior to its expiration through positive cash flows within the HVPE portfolio. HVPE's Investment Manager does not intend to maintain permanent leverage on the Company's balance sheet.

## EXHIBIT N / Resources Relative to Investment Pipeline



## Resources

- \$347.8 million: Total liquid resources, including cash and the remaining available credit facility
- \$1,444.0 million: Total resources to meet its commitments, including Investment Portfolio

HVPE's Investment Manager considers two ratios to be most useful in analysing its balance sheet position and commitment levels:

- The Commitment Level Ratio measures the ratio of private equity exposure (investment portfolio plus investment pipeline) relative to NAV.
- The Commitment Coverage Ratio, calculated as the ratio of liquid resources (cash plus available credit facility) to commitments, measures the Company's ability to fund its future obligations.

When analysing HVPE's commitment exposure, the Investment Manager believes that the most meaningful measure is allocated commitments, which includes only those commitments that have been allocated to underlying partnerships or HarbourVest secondary and direct funds. This measure is most consistent with the commitment levels disclosed by peers and reflects the commitments most likely to be called over the near to medium term.

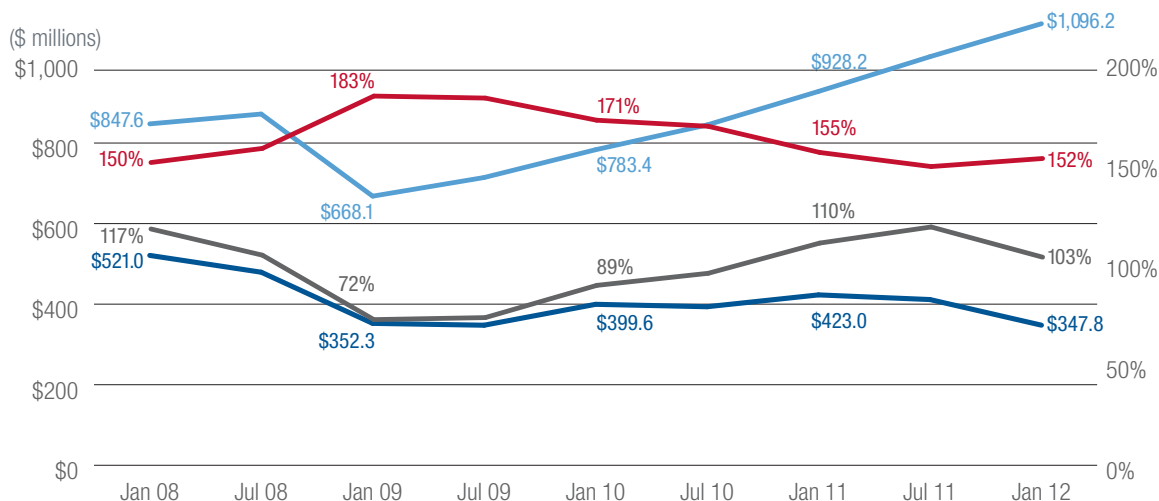
## Commitment Ratios

**Exhibit O** illustrates the trend of HVPE's Commitment Level Ratio (Allocated) and Commitment Coverage Ratio (Allocated) since 31 January 2008, as well as the Company's Investment Portfolio and liquid resources. These metrics indicate a positive trend since 31 January 2009.

- The value of the investment portfolio is considerably higher at 31 January 2012 than before and during the economic downturn.
- The commitment ratio has recovered to the levels at date of listing.
- Excluding the successful Absolute transaction, the liquid and available resources would be approximately \$433 million, which is a level not experienced since before July 2008.

## EXHIBIT O / Balance Sheet Information

- Investment Portfolio
- Cash and Remaining Available Credit Facility (Liquid Resources)
- Commitment Level Ratio (Allocated Unfunded Commitments)
- Commitment Coverage Ratio (Allocated Unfunded Commitments)





## Management of Foreign Currency Exposure

Despite euro movement affecting HVPE's Investment Portfolio, the overall impact of currency movement is broadly neutral.

- The portfolio includes two euro-denominated HarbourVest funds; and one sterling-denominated HarbourVest fund
- Approximately 15% of underlying holdings denominated in euros (€129.4 million)
- Euro-denominated investment pipeline of €101.9 million

Foreign currency movement affects HVPE's investments (assets), borrowings (liabilities) on the credit facility, and its investment pipeline.

HVPE has exposure to foreign currency movements through the foreign currency-denominated assets within the portfolio and through foreign currency-denominated unfunded commitments, which are long-term in nature. The Company's most significant currency exposure is to euros. HVPE attempts to hedge its euro exposure by maintaining a portion of its drawn debt in euros so that this and the euro unfunded investment commitments are broadly equal to the euro denominated assets. The Company does not actively use derivative or other products to hedge the currency exposure.

During the financial year ended 31 January 2012, foreign currency movement contributed to a \$0.05 per share decrease in the portfolio, which was offset by a positive \$0.07 per share increase in the investment pipeline. These resulted in a net positive movement of \$0.02 per share.

From an asset perspective, HVPE had exposure to the following currencies via its partnership holdings at 31 January 2012 (approximate):

	% of NAV (approximate)
Euro*	15.4%
Sterling	3.5
Australian Dollar	0.8
Swedish Krona	0.2
Canadian Dollar	0.1
Yen	0.1
<b>Total Exposure to Foreign Currency</b>	<b>20.1%</b>

\* Euro-denominated asset exposure represents €129 million at 31 January 2012

## Policies

### Share Buyback Arrangement

- On 31 May 2011, the Company announced the purchase of 300,000 shares at \$7.165
- Following cancellation, the number of outstanding shares is 82,700,000
- The purchase was accretive to HVPE NAV based on the discount at which the shares were bought

### Net Asset Value Methodology

- Valuations represent Fair Market Value under U.S. GAAP

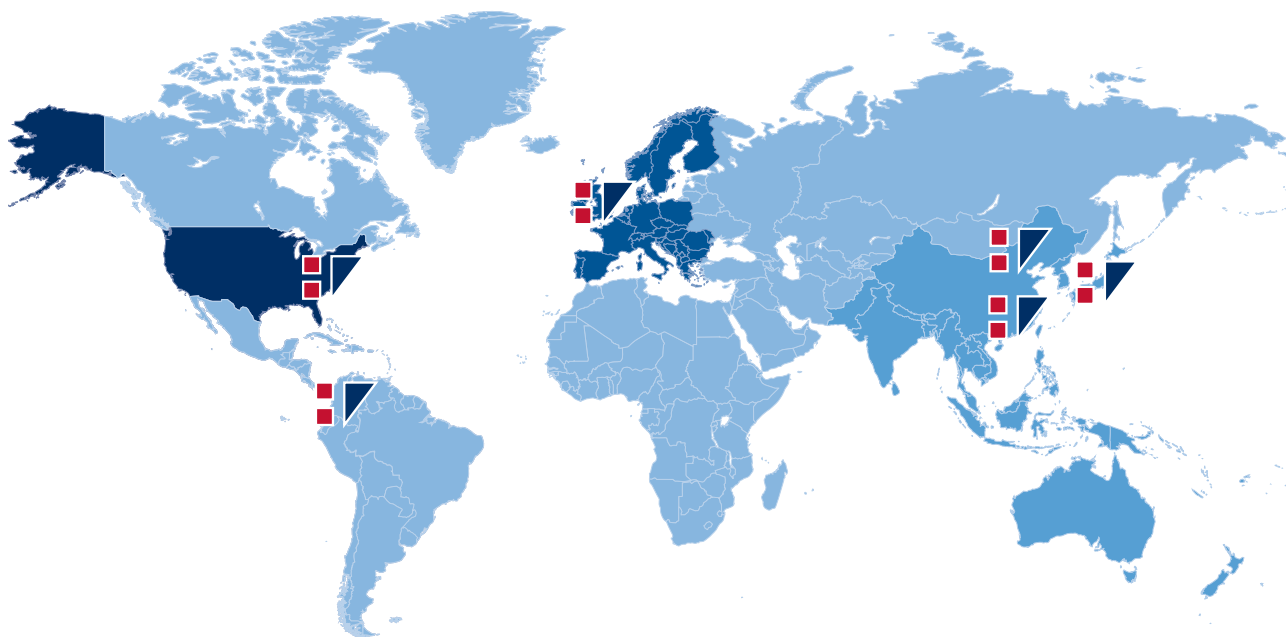
HVPE's 31 January 2012 NAV is based on the 31 December 2011 NAV of each HarbourVest fund, adjusted for changes in the value of public securities, foreign currency, known material events, cash flows, management fees, and operating expenses during January 2012. The valuation of each HarbourVest fund is presented on a fair market value basis in accordance with U.S. GAAP. The investment in Absolute is valued at underlying NAV at 31 January 2012.

### Put Rights Expired on 15 November 2011

In connection with the Company's 2010 Liquidity Plan, HVPE issued 6,851,486 Put Rights. The Put Rights allowed holders to sell their shares back to HVPE on 15 November 2011 at the lower of \$5.75 or estimated Economic NAV per share at 31 October 2011. On 9 November 2011, HVPE announced that the date by which a Put Right Exercise Notice must be submitted to the Company had passed. The Company confirmed that no Put Rights had been exercised in respect of the Company's shares. The Put Rights and the rights attaching thereto were cancelled.

### Management Fees

As an investor in HarbourVest funds, HVPE is charged the same management fees on committed capital and is subject to the same performance allocations as other investors in those funds. In HVPE's Audited Consolidated Financial Statements, these fees are included in the change in NAV for the HarbourVest funds. However, for the purposes of the NAV analysis, they have been reclassified as direct HVPE expenses in order to provide a comprehensive and transparent view of operating costs.



## Market Outlook, Market Review, Recent Events

### Investment Manager's Outlook

Overall, HVPE's Investment Manager remains confident about both the near and long-term potential of private equity markets and the Company.

All data refers to calendar years unless otherwise noted.

The Company, its Investment Manager, and its Board of Directors remain focused on ongoing investment activity to position HVPE for the long term. This is evidenced by the September 2011 Absolute investment and HVPE's continued new HarbourVest fund commitments. As the more mature portion of the portfolio provides ongoing realisations and liquidity to fund the new investments, the actively-investing funds provide the opportunity for ongoing NAV development and ever-evolving diversification across geographies, strategies, vintage years, and industries.

### Outlook Remains Positive

During 2011, the private equity market and HVPE benefited from a rising NAV environment alongside volatile public markets and a decreasing euro. Since 31 December 2007, just after its IPO, HVPE has generated one of the strongest records of NAV per share performance among its listed private equity peers, and since inception the NAV performance has outpaced the MSCI World Index (USD-Total Return) by approximately 23 percentage points through 31 January 2012.

The improving private equity environment experienced in the second half of 2010 remained positive throughout 2011, while challenged by volatile public markets and debt concerns across Europe and the U.S., particularly in the second half of the year. As the global economy expanded and public markets gained from 2010 to 2011, private equity experienced the beginning of an upward cycle. During the financial year, HVPE invested \$166 million (in addition to the capital invested in Absolute) and received \$181 million of realisations, both of which were significant increases over the prior financial year.

Overall, HVPE's Investment Manager remains confident about both the near and long-term potential of private equity markets and the Company.

The Investment Manager continues to emphasise capital deployment with plans to repay part of HVPE's outstanding debt and seek additional attractive investments. These potential investments may include share repurchases under the share buyback arrangement (to the extent that HVPE is trading at a meaningful discount to NAV) and commitments to newly-formed HarbourVest funds or parallel investments, such as the recent investment in Absolute and HarbourVest's actively-investing international fund-of-funds focused on Asia Pacific and Emerging Markets. All investment decisions continue to be based on the potential impact on portfolio diversification, commitment levels and coverage, value creation for existing shareholders, and the Investment Manager's assessment of the economic outlook.

HVPE's Investment Manager remains positive about the Company's venture portfolio, the performance of which has continued to improve alongside buyout portfolio performance based on recovering public markets. The HVPE portfolio contains a number of high profile venture-backed companies, some of which have completed IPOs and trade sales (*Groupon*, *Zynga*, *Skype*) and some of which are poised for further liquidity, including the May 2012 IPO of *Facebook*. The HVPE portfolio is well positioned with 32% in venture, one of the highest percentages among the listed private equity peers.

### Liquidity and NAV Discount

Over the last two years, HVPE has dedicated significant resources to enhancing HVPE's liquidity and improving the trading discount to NAV. While challenges remain, the Company has made significant progress in enhancing trading liquidity, with an annualised share turnover rate of over 10% for the previous 12-month period through 29 May 2012. The Investment Manager continues to focus on introducing HVPE to new potential investors and enhancing the Company's profile to increase trading liquidity and reduce the discount.

The continued trading discount to NAV represents one of the greatest challenges for HVPE and the listed private equity sector generally. While HVPE's Investment Manager is encouraged by the increase in HVPE's share price to \$7.25 (LSE) at 29 May 2012, this price still represents a 36.6% discount to 30 April 2012 estimated NAV per share. Many of the market concerns about the listed private equity sector (over-commitments, NAV uncertainty, and others) may have lessened. However, the challenge of the listed private equity asset class remains its need to demonstrate strong cash flows, consistent NAV growth, and effective capital management across economic cycles. To the extent that the environment for private equity remains positive, the Investment Manager expects increasing investor demand and a reduction of the discounts to NAV over time.

The HVPE portfolio contains a number of high profile venture-backed companies, some of which have completed IPOs and trade sales (*Groupon*, *Zynga*, *Skype*) and some of which are poised for further liquidity, including the May 2012 IPO of *Facebook*.

## 2011 Investment Manager's Market Review

### U.S.

- Ten consecutive quarters of GDP growth
- Buyout, venture, and mezzanine fundraising increased; distressed debt fundraising slowed
- Buyout and venture investment activity continued to improve
- Buyout and venture-backed IPOs increased from 2010
- M&A activity remains robust

### Europe

- Europe's sovereign debt issues continue to affect the region
- The current growth outlook is weak
- Buyout fundraising more than doubled from 2010, venture fundraising declined
- Buyout investment activity was up 5% from 2010
- Venture capital investment activity declined
- M&A liquidity increased by 38%, IPO activity fell

### Asia Pacific

- Asian economies continued to show strong growth
- Public markets still suffering from the global decline in August 2011
- 2012 outlook for economic growth remains positive
- Asia funds raised 25% more than 2010
- Investment activity increased 39% over 2010
- Exit activity declined 6% from 2010

### Rest of World

- Positive Latin American GDP growth fueled record fundraising and drove liquidity
- Sub-Saharan African fundraising increased alongside strong projected growth
- Turkish private equity market maturing, two substantial funds raised
- Israel experienced strong economic growth and increased fundraising and investment activity

### Secondary

- HarbourVest evaluated record deal flow of \$78 billion of assets, up 5% from 2010
- Deal flow dominated by financial institutions selling primarily buyout assets
- Pending regulatory changes and portfolio rebalancing drove deal flow
- HarbourVest funds invested \$1.3 billion in nine transactions, the second highest annual amount in the firm's history
- HarbourVest funds received a record \$1.1 billion in realisations from secondary investments
- Significant market activity expected to continue into 2012 with favourable dynamics for buyers with capital reserves

Note: Unless otherwise specified, all information is current at the time of issue. Unless otherwise noted, all data represents HarbourVest's own estimates. Any opinions expressed are those of HarbourVest and not a statement of fact. The opinions expressed do not constitute investment advice.

## Recent Events

The following events occurred during or subsequent to the financial year ended 31 January 2012:

- *Facebook* completes IPO
- \$60 million commitment to secondary-focused Dover Street VIII
- Stuart Howard Joins HarbourVest
- HVPE Publishes Estimated NAV at 30 April 2012
- Absolute Private Equity de-listed and now privately held (please refer to **New Investment: Absolute**) on page 15

### Facebook Completes IPO

*Facebook* (NASDAQ: FB) completed an IPO on 18 May 2012 at \$38.00 per share, valuing the social networking company at more than \$104 billion. HVPE holds *Facebook*, its largest underlying company at 31 January 2012, via primary and secondary investments with general partners in the U.S. and Europe, illustrating HarbourVest's access to leading venture managers.

HarbourVest funds' participation in *Facebook* is held via venture managers who invested in the company over its history at a range of entry valuations. These include early investors in the startup, general partners who acquired positions through *Facebook*'s acquisitions of their portfolio companies, and more recent investors who purchased private shares on the secondary market.

Based on the IPO price, HVPE's *Facebook* holdings are valued at approximately \$19.1 million, a 40% increase from 31 January 2012 (excluding any associated fees and carry). The post-offering performance of the stock will affect the carrying value within the HarbourVest funds.

### \$60 million Commitment to Secondary-Focused Dover VIII

In May 2012, HVPE made a \$60 million commitment to HarbourVest's most recent global secondary fund, Dover VIII, which is designed to take advantage of HarbourVest's long-standing position as a leading secondary private equity investor. Targeted to reach \$3.0 billion in size, Dover VIII intends to invest in global secondary purchases of venture capital, leveraged buyout, and other private equity assets, expects to evaluate investments across a range of geographies and consider different types of transactions: traditional limited partner interests, portfolios of direct investments (secondary directs), and structured transactions. Dover VIII seeks to be diversified by transaction type, geography, stage, vintage year, and industry.

### Stuart Howard, Chief Operating Officer, European Listed Products Joins HarbourVest

In January 2012, Stuart Howard, ACA, joined HarbourVest's London-based subsidiary to oversee HarbourVest's role in the operations of HVPE and HarbourVest Senior Loans Europe (HSLE). In his role as COO, European Listed Products, Stuart continues to implement HarbourVest's vision of providing access to private equity and private debt through listed companies. Stuart joined the Firm from 3i, where he spent over ten years, most recently as Chief Operating Officer for Asia and the Americas. He has also held senior positions advising 3i Infrastructure plc and 3i's Quoted Private Equity plc.

### HVPE Publishes Estimated NAV at 30 April 2012

HVPE publishes its estimated NAV on a monthly basis. These reports are available at the Company's website, generally within 15 days after month end.

At 30 April 2012, HVPE's estimated NAV per share was \$11.43, a nominal increase of \$0.01 from the audited NAV per share of \$11.42 at 31 January 2012. HVPE did not make any new commitments or purchase additional interests in HarbourVest funds. During April, the Company invested \$6.3 million in U.S. and international HarbourVest fund-of-funds and received \$14.8 million from fund-of-funds, resulting in net positive cash flows of \$8.5 million. This was the third consecutive month of positive cash flows since 31 January 2012.

At 30 April 2012, a total of \$132.6 million is outstanding against the \$500 million credit facility, a \$21.8 million decrease from 31 January due to 2012 repayments and foreign currency movement. Based on the facility's most restrictive covenant, the remaining amount currently available is \$367.4 million. The Company also has \$5.3 million in cash on its balance sheet. At 30 April 2012, liquid resources (cash and available credit facility) represent 109% of commitments allocated to underlying partnerships and 85% of total commitments.



# Supplemental Data

## Fund Listing and Diversification

All data shown in U.S. dollars (millions) at 31 January 2012

- 26 HarbourVest funds and a Co-Investment at different stages of maturity and diversified across the private equity spectrum
- All HarbourVest funds are denominated in U.S. dollars with the exceptions of HIPEP VI Partnership (€), HIPEP V 2007 European Buyout (€), and HSLE (£).

Fund/Investment Name	Original Commitment Amount (\$)	% of Fund owned by HVPE	% Called	\$ Invested during Financial Year Ended 31 January 2012	\$ Realised during Financial Year Ended 31 January 2012
<b>U.S. FUND-OF-FUNDS</b>					
HarbourVest IV Partnership	\$56.0	28.5%	95.0%	\$0.0	\$1.1
HarbourVest V Partnership	148.0	24.4	98.5	0.7	9.3
HarbourVest VI Partnership	258.8	9.2	97.0	2.6	28.0
HarbourVest VI Buyout Partnership	10.0	0.9	94.5	0.1	1.4
HarbourVest VII Venture Partnership	132.5	6.6	90.0	8.6	14.6
HarbourVest VII Buyout Partnership	70.0	3.5	87.5	3.9	7.7
HarbourVest VIII Venture	50.0	2.4	72.5	6.7	2.2
HarbourVest VIII Buyout	250.0	8.5	63.8	31.2	7.8
HarbourVest VIII Mezzanine and Distressed Debt	50.0	10.3	70.0	7.2	3.0
HarbourVest IX Venture*	20.0	2.7	5.0	1.0	0.0
HarbourVest IX Buyout*	25.0	3.2	3.0	0.8	0.0
HarbourVest IX Credit Opportunities*	5.0	2.7	6.0	0.3	0.0
<b>Total U.S. Fund-of-Funds (12)</b>				<b>\$63.1</b>	<b>\$75.1</b>
<b>INTERNATIONAL FUND-OF-FUNDS</b>					
HIPEP II Partnership	\$145.0	18.1%	98.1%	\$0.0	\$1.8
HIPEP III Partnership	230.0	13.8	97.5	1.2	29.0
HIPEP IV Partnership	125.0	5.8	95.0	1.2	24.2
HIPEP V 2007 European Buyout	65.9	24.9	68.5	4.2	0.9
HIPEP VI Partnership*	131.4	7.2	13.0	13.2	0.0
HIPEP VI Asia Pacific*	50.0†	10.2	18.0	9.2	0.0
HIPEP VI Emerging Markets*	30.0†	14.5	15.5	4.7	0.0
<b>Total International Fund-of-Funds (7)</b>				<b>\$33.7</b>	<b>\$55.9</b>
<b>DIRECT FUNDS</b>					
HarbourVest V Direct	\$48.0	15.8%	100.0%	\$0.0	\$0.4
HarbourVest VI Direct	87.5	17.3	98.5	0.0	0.0
HIPEP II Direct (liquidated in 2011)	21.0	20.8	100.0	0.0	0.2
HIPEP IV Direct	80.0	21.4	100.0	0.0	29.6
2007 Direct Fund	100.0	13.6	84.0	33.8	13.8
HarbourVest Senior Loans Europe Limited‡	14.4	7.8	100.0	0.0	0.0
<b>Total Direct Funds (6)</b>				<b>\$33.8</b>	<b>\$44.0</b>
<b>GLOBAL SECONDARY FUND</b>					
Dover VII	\$100.0	3.4%	82.8%	\$35.3	\$5.6
<b>CO-INVESTMENT</b>					
Absolute Private Equity†	\$87.0	14.0%	97.8%	\$85.1	\$0.0
<b>TOTAL</b>				<b>\$251.0</b>	<b>\$180.6</b>

\* Fund has not held final close at 31 January 2012

† Original commitment amount is net of interest paid at closing.

‡ Publicly-listed company. Amount realised excludes dividends received during the financial year.

Please refer to **Audited Consolidated Financial Statements** for additional data on HarbourVest funds.

Fund/Investment Name	Types of Investments			Primary Geographic Focus				Strategy		
	PRIMARY	SECONDARY	DIRECT	U.S.	EUROPE	ASIA	ROW	VENTURE	BUYOUT	MEZZ/DEBT
<b>U.S. FUND-OF-FUNDS</b>										
HarbourVest IV Partnership	•	•		•				•	•	
HarbourVest V Partnership	•	•		•				•	•	
HarbourVest VI Partnership	•	•		•				•	•	
HarbourVest VI Buyout Partnership	•	•		•					•	
HarbourVest VII Venture Partnership	•	•		•				•		
HarbourVest VII Buyout Partnership	•	•		•					•	
HarbourVest VIII Venture	•	•	•	•				•		
HarbourVest VIII Buyout	•	•	•	•					•	
HarbourVest VIII Mezzanine and Distressed Debt	•	•	•	•	•					•
HarbourVest IX Venture	•	•	•	•				•		
HarbourVest IX Buyout	•	•	•	•					•	
HarbourVest IX Credit Opportunities	•	•	•	•	•					•
<b>INTERNATIONAL FUND-OF-FUNDS</b>										
HIPEP II Partnership	•	•			•	•	•	•	•	
HIPEP III Partnership	•	•			•	•	•	•	•	
HIPEP IV Partnership	•	•			•	•	•	•	•	
HIPEP V 2007 European Buyout	•				•				•	
HIPEP VI Partnership	•				•	•	•	•	•	
HIPEP VI Asia Pacific	•					•		•	•	
HIPEP VI Emerging Markets	•						•		•	
<b>DIRECT FUNDS</b>										
HarbourVest V Direct			•	•				•	•	
HarbourVest VI Direct			•	•				•	•	
HIPEP II Direct			•		•	•	•	•	•	
HIPEP IV Direct			•		•	•	•	•	•	
2007 Direct Fund			•	•	•	•	•		•	
HarbourVest Senior Loans Europe Limited		•	•		•					•
<b>GLOBAL SECONDARY FUND</b>										
Dover VII		•		•	•	•	•	•	•	•
<b>CO-INVESTMENT</b>										
Absolute Private Equity	•			•	•	•	•	•	•	•

## Largest Managers at 31 January 2012

- No external manager represents more than 2.1% of Investment Portfolio
- HVPE's investments provided exposure to 777 fund interests across multiple high-quality managers (compared to 668 at 31 January 2011)

For each strategy and region, the largest private equity managers based on HVPE's Investment Portfolio at 31 January 2012 are listed here. The managers are grouped by percentage of investment value and shown in alphabetical order. As the investment manager of the HarbourVest direct funds, HarbourVest Partners, LLC is the largest manager held in HVPE, although not listed here. In many cases, HarbourVest representatives participate in manager's advisory committees.

### Largest Managers by Strategy Based On Investment Portfolio

TOP 25 VENTURE CAPITAL / GROWTH EQUITY	TOP 25 BUYOUT	TOP 10 MEZZANINE AND OTHER
<ul style="list-style-type: none"> <li>– In aggregate, these managers represented 15.8%</li> <li>– The five largest managers represented 5.9%</li> </ul>	<ul style="list-style-type: none"> <li>– In aggregate, these managers represented 23.0%</li> <li>– The five largest managers represented 7.7%</li> </ul>	<ul style="list-style-type: none"> <li>– In aggregate, these managers represented 2.3%</li> <li>– The five largest managers represented 1.5%</li> </ul>
<b>1.0% to 1.5% of Investment Value</b>	<b>1.5% to 2.5% of Investment Value</b>	<b>Up to 0.5% of Investment Value</b>
Accel Partners	The Blackstone Group	ABRY Partners
New Enterprise Associates	CVC Capital Partners	Clearwater Capital Partners
Oak Investment Partners	<b>1.0% to 1.5% of Investment Value</b>	Falcon Investment Advisors
<b>0.5% to 1.0% of Investment Value</b>	Arcapita Bank	Hutton Collins Partners
Austin Ventures	Bain Capital	Indigo Capital
DCM	Doughty Hanson & Co	Oaktree Capital Management
Draper Fisher Jurvetson	GTCR Golder Rauner	RBS Asset Management
Highland Capital Partners	Providence Equity Partners	Summit Partners*
Holtzbrinck Ventures	Silver Lake Management	Sun Capital Partners
Index Venture	Thoma Bravo*	Welsh, Carson, Anderson & Stowe
Polaris Venture Partners	<b>Up to 1.0% of Investment Value</b>	
Sanderling Venture Partners	Accretive Exit Capital Partners	
Sequoia Capital	American Capital	
Summit Partners	Apollo Management*	
TA Associates	BC Partners	
<b>Up to 0.5% of Investment Value</b>	CHS Capital	
Battery Ventures	Clyde Blowers Capital	
Foundation Capital	Hellman & Friedman	
Garnett & Helfrich*	IK Investment Partners	
Gestion TechnoCap Inc.*	Investcorp Private Equity	
Insight Venture Management*	The Jordan Company	
InterWest Partners	Kelso & Company	
Menlo Ventures	Kohlberg Kravis Roberts & Co.*	
Mayfield Fund*	Leonard Green & Partners	
Pitango Venture Capital	Nordic Capital	
Tenaya Capital	TPG Capital	
Versant Ventures*	Welsh, Carson, Anderson & Stowe*	

Excludes managers held in Absolute Private Equity Ltd.

\* Manager not included in largest managers at 31 January 2011.

## Largest Managers by Region Based On Investment Portfolio

TOP 25 U.S.	TOP 25 EUROPE	TOP 10 ASIA AND REST OF WORLD
<ul style="list-style-type: none"> <li>- In aggregate, these managers represented 23.8%</li> <li>- The five largest managers represented 7.1%</li> </ul>	<ul style="list-style-type: none"> <li>- In aggregate, these managers represented 12.6%</li> <li>- The five largest managers represented 5.5%</li> </ul>	<ul style="list-style-type: none"> <li>- In aggregate, these managers represented 3.3%</li> <li>- The five largest managers represented 2.0%</li> </ul>
<b>1.5% to 2.0% of Investment Value</b>	<b>1.5% to 2.5% of Investment Value</b>	<b>Up to 0.5% of Investment Value</b>
The Blackstone Group	CVC Capital Partners	Advent International
<b>1.0% to 1.5% of Investment Value</b>	<b>1.0% to 1.5% of Investment Value</b>	Baring Vostok Capital Partners
Accel Partners	Doughty Hanson & Co	CHAMP Private Equity
Arcapita Bank	<b>0.5% to 1.0% of Investment Value</b>	Clearwater Capital Partners
Bain Capital	BC Partners	Gestion TechnoCap
GTCR Golder Rauner	Clyde Blowers Capital	Jerusalem Venture Partners
New Enterprise Associates	Holtzbrinck Ventures	Mid Europa Partners
Oak Investment Partners	IK Investment Partners	NewQuest Capital Advisors†
Providence Equity Partners	Index Venture	Pitango Venture Capital
Silver Lake Management	Nordic Capital	Unitas Capital
TA Associates	<b>Up to 0.5% of Investment Value</b>	
Thoma Bravo	ABÉNEX Capital†	
<b>0.5% to 1.0% of Investment Value</b>	Accel Partners	
Accretive Exit Capital Partners	Alpha Group	
American Capital	Apax Partners	
Apollo Management†	Bain Capital Europe	
CHS Capital	BS Investments	
Draper Fisher Jurvetson	CapVis Limited	
Hellman & Friedman	DFJ Esprit†	
Highland Capital Partners†	EQT Managers	
The Jordan Company	Exponent Private Equity	
Kelso & Company	Investcorp Private Equity	
Leonard Green & Partners	KKR Associates Europe	
Polaris Venture Partners	Permira Advisers	
Summit Partners	Phase4 Ventures†	
TPG Capital	Quadriga Capital	
Welsh, Carson, Anderson & Stowe	Sofinnova Partners*	
	TDR Capital†	

\* Jean-Bernard Schmidt, an Independent Director of HVPE, is a former Managing Partner of Sofinnova Partners.

† Manager not included in largest managers at 31 January 2011.

## Largest Underlying Companies at 31 January 2012

- No single portfolio company represents more than 1.3% of Investment Portfolio

The 25 largest portfolio company investments based on Investment Portfolio value are listed by percentage of investment value. Companies shaded below are held at least in part in HarbourVest direct funds. In most cases, HarbourVest has access to more detailed financial and operating information on these companies, and in some cases, HarbourVest representatives sit on the companies' Board of Directors.

- In aggregate, these investments represented 13.3% of investment value
- The five largest investments represented 4.3% of investment value

Company	Strategy	% of Investment Value at 31 January 2012	Location	Status	Description
Facebook, Inc. <sup>1</sup>	Venture	1.25	U.S.	Private	Online social network
<b>CDW Corporation</b>	<b>Buyout</b>	<b>0.93</b>	<b>U.S.</b>	<b>Private</b>	<b>Multi-branded information technology services</b>
<b>Re Community Holdings (FCR)*</b>	<b>Buyout</b>	<b>0.74</b>	<b>U.S.</b>	<b>Private</b>	<b>Recycling centres</b>
<b>The Sun Products Corporation</b>	<b>Buyout</b>	<b>0.71</b>	<b>U.S.</b>	<b>Private</b>	<b>Private-label household products</b>
Zalando GmbH*	Venture	0.68	Germany	Private	Online fashion retailer
<b>Acromas Holdings (Saga/AA)</b>	<b>Buyout</b>	<b>0.59</b>	<b>U.K.</b>	<b>Private</b>	<b>Financial, insurance, and travel services</b>
<b>Earth Networks, Inc. (AWS Convergence Technologies, Inc.)</b>	<b>Venture</b>	<b>0.57</b>	<b>U.S.</b>	<b>Private</b>	<b>Localised convergence content</b>
Groupon, Inc.*	Venture	0.56	U.S.	Public	Deal-of-the-day website
<b>York Risk Services Group, Inc.</b>	<b>Buyout</b>	<b>0.55</b>	<b>U.S.</b>	<b>Private</b>	<b>Insurance claims management services</b>
<b>Capsugel*</b>	<b>Buyout</b>	<b>0.51</b>	<b>U.S.</b>	<b>Private</b>	<b>Drug delivery systems</b>
<b>CareCentrix, Inc.*</b>	<b>Buyout</b>	<b>0.47</b>	<b>U.S.</b>	<b>Private</b>	<b>Home health benefit services</b>
PODS Enterprises, Inc.	Buyout	0.47	U.S.	Private	Mobile storage, moving, and packing
Alliantgroup, L.P.*	Buyout	0.46	U.S.	Private	Tax advisory services
<b>PLATO Learning, Inc.*</b>	<b>Buyout</b>	<b>0.45</b>	<b>U.S.</b>	<b>Private</b>	<b>Online educational software</b>
<b>Camstar Systems, Inc.</b>	<b>Venture</b>	<b>0.44</b>	<b>U.S.</b>	<b>Private</b>	<b>Global supply chain software</b>
<b>Falcon Group (T-Mobile Czech Republic, Ceske Rádiokomunikace)</b>	<b>Buyout</b>	<b>0.42</b>	<b>Czech Republic</b>	<b>Private</b>	<b>Telecommunications services</b>
Freightliner Group Limited	Buyout	0.42	U.K.	Private	Railway container transportation
<b>Vistra Group S.A.*</b>	<b>Buyout</b>	<b>0.41</b>	<b>Switzerland</b>	<b>Private</b>	<b>Offshore financial services</b>
<b>Fougera Pharmaceuticals (Nycomed)<sup>2</sup></b>	<b>Buyout</b>	<b>0.40</b>	<b>U.S.</b>	<b>Private</b>	<b>Specialty dermatology pharmaceuticals</b>
<b>MYOB Limited<sup>3</sup></b>	<b>Buyout</b>	<b>0.40</b>	<b>Australia</b>	<b>Private</b>	<b>Accounting software</b>
Kinaxis, Inc.*	Venture	0.39	Canada	Private	Supply chain software
<b>Radiation Therapy Services</b>	<b>Buyout</b>	<b>0.38</b>	<b>U.S.</b>	<b>Private</b>	<b>Radiation therapy for cancer treatment</b>
<b>GTS Central Europe Holding Ltd.*</b>	<b>Buyout</b>	<b>0.37</b>	<b>Hungary</b>	<b>Private</b>	<b>Fiber optic communications</b>
<b>MobileAccess Networks, Inc.<sup>4</sup></b>	<b>Venture</b>	<b>0.37</b>	<b>U.S.</b>	<b>Private</b>	<b>Wireless telecommunications transport</b>
<b>Nuveen Investments, Inc.*</b>	<b>Buyout</b>	<b>0.37</b>	<b>U.S.</b>	<b>Private</b>	<b>Financial and investment management</b>

Excludes companies held in Absolute Private Equity Ltd.

\* Company not included in top 25 at 31 January 2011.

1 Facebook, Inc. completed IPO in May 2012 (FB).

2 Fougera is U.S. dermatology business not part of September 2011 sale of Nycomed to Takeda Pharmaceutical.

3 MYOB Limited sold to Bain Capital in September 2011

4 MobileAccess Networks, Inc. sold to Corning Incorporated in March 2011



## Largest Underlying Publicly-Listed Securities at 31 January 2012

- 14% of the portfolio represents publicly-listed securities
- No single public holding represents more than 0.6% of Investment Portfolio

Nine of the top 25 positions are a result of IPOs during the financial year. HVPE holds many of its publicly-listed securities indirectly through fund interests managed by third parties. In many cases, the shares are subject to lock-up provisions following an IPO. The liquidation of indirectly held publicly-listed securities is at the discretion of the third party manager, which can sell shares and distribute the proceeds to HarbourVest funds or distribute the shares to HarbourVest funds. When HarbourVest funds receive stock distributions, HarbourVest focuses on achieving liquidity for investors as soon as is practical, subject to market conditions. Companies shaded below are held at least in part in HarbourVest direct funds.

- In aggregate, these investments represented 5.8% of investment value
- The five largest investments represented 1.9% of investment value

Company	% of Investment Value at 31 January 2012	Location	Description
Groupon, Inc.*;†	0.56%	U.S.	Deal-of-the-day website
<b>The Nielsen Company</b>	<b>0.36</b>	<b>U.S.</b>	<b>Marketing and media information</b>
SPX Corporation*;‡	0.36	U.S.	Multi-industry manufacturing
Kosmos Energy, LLC*;†	0.33	U.S.	Oil exploration in West Africa
<b>Smurfit Kappa Group plc</b>	<b>0.30</b>	<b>Ireland</b>	<b>Paper-based packaging products</b>
<b>Abertis Infraestructuras SA</b>	<b>0.28</b>	<b>Spain</b>	<b>Mobility and telecommunication infrastructure</b>
<b>FleetCor Technologies, Inc.</b>	<b>0.27</b>	<b>U.S.</b>	<b>Commercial fleet card programmes</b>
TDC A/S	0.27	Denmark	Telecommunications services
<b>KAR Auction Services (Adesa Inc.)</b>	<b>0.23</b>	<b>U.S.</b>	<b>Vehicle auctions</b>
Legrand Holdings S.A.	0.22	France	Electrical products and systems
Yandex*;†	0.22	Russia	Internet search engine
Avago Technologies, Inc.	0.21	Singapore	Semiconductor components
HCA Inc.*;†	0.20	U.S.	Acute care hospitals
Sensata Technologies, Inc.	0.20	U.S.	Auto sensors and controls
Brenntag Group	0.19	Germany	Industrial and specialty chemicals
NXP B.V.	0.19	Netherlands	Semiconductor-based solutions
VimpelCom Ltd.*;§	0.19	Netherlands	Telecommunications
LinkedIn Corporation*;†	0.18	U.S.	Online network for professionals
Green Dot Corporation	0.17	U.S.	General purpose reloadable debit cards
Qihoo Technology Company, Ltd.*;†	0.17	China	Online security
HomeAway, Inc.*;†	0.16	U.S.	Online vacation home rentals
Rockwood Holdings, Inc.	0.16	U.S.	Specialty chemicals
TeamHealth, Inc.	0.15	U.S.	Outsourced physician services
Fusion-io, Inc.*;†	0.13	U.S.	Silicon-based storage technology
Mattress Firm*;†	0.13	U.S.	Specialty mattresses

\* Company not included in top 25 public companies at 31 January 2011.

† Company completed IPO during the financial year ended 31 January 2012.

‡ SPX Corporation acquired Clyde Union Pumps in December 2011

§ VimpelCom, Ltd. acquired Wind Telecom S.p.A. in April 2011

## Top 25 New Investments (\$ millions)

### Based on changes in HVPE Total Cost from 31 January 2011 to 31 January 2012

Within the HarbourVest funds, the 25 largest underlying investments made during the financial year were in the companies below.

Company	Description	Increase in HVPE Total Cost
<b>ReCommunity Holdings (FCR)</b>	<b>Recycling centres</b>	<b>\$6.2</b>
<b>Capsugel</b>	<b>Drug delivery systems</b>	<b>5.6</b>
<b>CareCentrix, Inc.</b>	<b>Home health benefit services</b>	<b>5.0</b>
<b>Vistra Group S.A.</b>	<b>Offshore financial services</b>	<b>3.9</b>
<b>Del Monte Foods Company</b>	<b>Food and pet products</b>	<b>3.9</b>
<b>Wayfair LLC</b>	<b>Online home goods retailer</b>	<b>3.1</b>
<b>HealthGrades, Inc.</b>	<b>Online medical information</b>	<b>3.0</b>
<b>Skylark Co., Ltd.</b>	<b>Family restaurants in Japan</b>	<b>2.7</b>
<b>Roompot</b>	<b>European holiday parks</b>	<b>2.1</b>
<b>Autobar Group Limited</b>	<b>Vending machine operator</b>	<b>1.6</b>
European Directories S.A.	Phonebooks and internet directory assistance	1.5
<b>BankServ</b>	<b>Electronic payment systems</b>	<b>1.5</b>
Securitas Direct AB	Alarm and security systems	1.4
<b>Prosol Gestion SA</b>	<b>Specialised perishable food retailer</b>	<b>1.4</b>
<b>Smurfit Kappa Group plc</b>	<b>Paper-based packaging products</b>	<b>1.4</b>
Korea Exchange Bank Credit Service Co., Ltd.	Consumer credit cards	1.1
Accolade Wines	Wine production and distribution	1.1
<b>SuperMax</b>	<b>Shaving blades and razors</b>	<b>1.1</b>
Algeco Scotsman Group	Modular construction	1.0
Hozelock Group PLC	Garden watering equipment	1.0
Realogy Corporation	Real estate and relocation services	0.9
<b>Caesars Entertainment Corporation</b>	<b>Gaming and lodging group</b>	<b>0.9</b>
China Hydroelectric Corporation	Hydropower projects	0.9
<b>Protective Industries, Inc. (Caplugs)</b>	<b>Protective products for shipping</b>	<b>0.9</b>
Pharmaceutical Product Development, Inc.	Contract research organisation	0.9
<b>TOTAL</b>		<b>\$54.1</b>

Companies in **bold** are held at least in part by HarbourVest Direct Funds.

## Top 25 Company Realisations (\$ millions)

Within the HarbourVest funds, the 25 largest underlying realisations during the financial year resulted from the companies profiled below.

Company	Description	HVPE Realised Value
<b>Nycomed AS</b>	<b>Specialty pharmaceuticals</b>	<b>\$38.4</b>
<b>MYOB Limited</b>	<b>Accounting software</b>	<b>18.0</b>
Avago Technologies, Inc.	Semiconductor components	7.5
<b>Flexera Software, Inc.</b>	<b>Enterprise software solutions</b>	<b>6.7</b>
Pepkor Holdings Limited	Clothing retailer	5.6
Qlik Technologies, Inc.	Interactive data analysis software	5.1
<b>Transmode Holding AB</b>	<b>Optical solutions for metro telecommunication infrastructure</b>	<b>5.0</b>
Legrand Holdings S.A.	Electrical products and systems	4.4
Amadeus Technology Group SA	Global airline travel and logistics	4.4
Jack Wolfskin GmbH & Co. KGaA	Outdoor apparel	4.0
Falck A/S	Emergency and health services	2.2
Graham Packaging Company	Plastic packaging containers	2.1
Plexikon, Inc.	Drug discovery for personalised medicine	2.0
Skype Technologies, S.A.	Peer-to-peer VoIP technology	2.0
Talecris Biotherapeutics, Inc.	Blood treatment products	2.0
Permasteelisa SpA	Industrial construction	1.9
Point Group AB	Electronic payment solutions	1.7
Kabel Deutschland GmbH	Broadband service and cable operator	1.7
Superfos Industries A/S	Plastic packaging and chemicals	1.7
Maxeda B.V.	Retail business manager	1.6
Icera, Inc.	Semiconductor components	1.5
Magotteaux	Cement and mining industry parts	1.4
Mivisa Envases, S.A.U.	Food cans	1.2
<b>Smurfit Kappa Group plc</b>	<b>Paper-based packaging products</b>	<b>1.2</b>
Dynamit Nobel	Advanced chemical products	1.2
<b>TOTAL</b>		<b>\$124.5</b>

HVPE realised value represents HVPE share of partnership and direct realisations received during the financial year.

Companies in bold are held at least in part by HarbourVest Direct Funds.



# Directors' Report

## Board of Directors

<b>Sir Michael Bunbury</b>	Chairman, Independent Director
<b>D. Brooks Zug</b>	Director
<b>George R. Anson</b>	Director
<b>Jean-Bernard Schmidt</b>	Independent Director
<b>Andrew W. Moore</b>	Independent Director
<b>Keith B. Corbin</b>	Independent Director
<b>Paul R.P. Christopher</b>	Independent Director

George Anson, Paul Christopher, Andrew Moore, and Brooks Zug were appointed directors on incorporation on 18 October 2007. Sir Michael Bunbury, Jean-Bernard Schmidt, and Keith Corbin were appointed on 19 October 2007. No new directors were appointed during the financial year.

## Biographies



### **Sir Michael Bunbury, Chairman, Independent Director**

Sir Michael Bunbury (age 65) is an experienced director of listed and private investment, property and financial

services companies and trustee for high net worth families. He is currently the Chairman of JP Morgan Claverhouse Investment Trust plc, a former Director of Foreign & Colonial Investment Trust plc (which has been an investor in numerous HarbourVest funds, including funds in which the Company is invested), Director of Invesco Perpetual Select Trust plc, and a consultant to Smith & Williamson. Sir Michael began his career in 1968 at Buckmaster & Moore, a member of The Stock Exchange, before joining Smith & Williamson, Investment Managers and Chartered Accountants, in 1974 as a Partner. He later served as Director and Chairman and remains a consultant to the firm. Sir Michael has his own business, Michael Bunbury Associates, giving high-level financial advice to families on their business and property assets.



### **Brooks Zug, Director**

Brooks Zug (age 66) is a senior managing director of HarbourVest Partners, LLC and a founder of HarbourVest. He is responsible for overseeing

primary, secondary, and direct investments. He joined the corporate finance department of John Hancock Mutual Life Insurance Company in 1977, and, in 1982, co-founded Hancock Venture Partners, which later became HarbourVest Partners. He serves as an advisory committee member for a number of U.S. and European private equity partnerships, including funds managed by Accel Partners, Advent International, Doughty Hanson, Permira, Silver Lake Partners, and TA Associates. Brooks is a past Trustee of Lehigh University and a current Overseer of the Boston Symphony Orchestra. He received a BS from Lehigh University in 1967 and an MBA from Harvard Business School in 1970. Brooks received his CFA designation in 1977.



### **George R. Anson, Director**

George Anson (age 51) manages HarbourVest Partners (U.K.) Limited, which supports HarbourVest's investment and client service activities

in Europe. George joined the Firm's London subsidiary in 1990 and serves on the advisory boards of a number of European private equity partnerships, including funds managed by BC Partners, Cinven, and IK Investment Partners. He is an inaugural member of the BVCA Limited Partner Committee and an inaugural member of the EVCA LP Platform Council. George's previous experience includes seven years with Pantheon Ventures managing European private equity funds and companies. A U.K. citizen, he was born in Canada and educated in the U.S. George received a BA in Finance from the University of Iowa in 1982.



### **Jean-Bernard Schmidt, Independent Director**

Jean-Bernard Schmidt (age 66) is a former Managing Partner of Sofinnova Partners, a leading European venture capital firm based in Paris.

Jean-Bernard joined Sofinnova in 1973 as an investment manager. In 1981 he became President of Sofinnova Inc. in San Francisco, managing Sofinnova's U.S. venture capital funds until 1987, when he returned to Paris to head the Sofinnova group. He then began focusing on Sofinnova's investments in Europe and on technology and early stage projects in information technologies and life sciences. In 1989, he launched the first Sofinnova Capital fund. He is a past and current board member of many technology companies in the U.S. and France. Between 1998 and 2001, he was a board member of AFIC, the French Venture Capital Association. From June 2003 to June 2004, he was Chairman of EVCA (the European Private Equity and Venture Capital Association). Jean-Bernard is a graduate of Essec Business School in Paris and holds an MBA from Columbia University in New York.



**Andrew W. Moore,  
Independent Director**

Andrew Moore (age 57) is Group Chairman of Cherry Godfrey Holdings Limited and Director of Adam & Company International Limited,

Adam & Company International Trustees Limited, Adam & Company International Nominees Limited, CI Credit Insurance Limited, and Sumo Limited. Andrew joined Williams & Glyns Bank, which subsequently became The Royal Bank of Scotland, after obtaining a diploma in business studies. He moved to Guernsey to establish and act as Managing Director of a trust company for The Royal Bank of Scotland in 1985. During his career, Andrew held a range of senior management positions, including acting as head of corporate trust and fund administration businesses for The Royal Bank of Scotland in Guernsey, Jersey, and Isle of Man, which provided services to many offshore investment structures holding a wide variety of asset classes. Andrew has over 20 years of experience as both an executive and non-executive Director of companies including investment funds and banks.



**Keith B. Corbin,  
Senior Independent  
Director and Chairman  
of the Audit Committee**

Keith Corbin (age 59) is an Associate of the Chartered Institute of Bankers (A.C.I.B.) (1976) and Member of the

Society of Trust and Estate Practitioners (T.E.P.) (1990). He has been involved in the management of international financial services businesses in various international centres during the last 33 years. Currently the Group Executive Chairman of Nerine International Holdings Limited, Guernsey, which also has operations in the British Virgin Islands, Hong Kong, India, and Switzerland, he serves as a non-executive Director on the board of various regulated financial services businesses, including investment funds and other companies, some of which are listed on recognised Stock Exchanges or subsidiaries of listed companies. Those assignments also include the chairmanship of audit and other board committees.



**Paul R.P. Christopher,  
Independent Director**

Paul Christopher (age 39) is a non-practising English Solicitor, Guernsey Advocate, and a partner in the offshore law firm Mourant Ozannes.

He is Managing Partner of the firm's Hong Kong office. Paul specialises in investment, finance, and corporate work. He regularly advises on the establishment of offshore investment funds of all kinds and on the regulatory and commercial issues in relation to them.



# Directors' Report

The directors present their report and financial statements for the year ended 31 January 2012.

## Principal Activity

The Company is a closed-ended investment company incorporated in Guernsey on 18 October 2007 with an unlimited life. The Company has two classes of shares in issue being Class A shares of no par value ("Class A shares") and Class B shares of no par value ("Class B shares"). On 6 December 2007 the Class A shares were admitted to listing and trading on Euronext Amsterdam by NYSE Euronext. On 12 May 2010, the Class A shares were admitted to trading on the Specialist Fund Market of the London Stock Exchange. Please refer to Note 1 in the Audited Consolidated Financial Statements for information on voting rights.

## Investment Objective and Investment Policy

The investment objective and investment policy of the Company is as stated on page 3.

## Shareholder Information

In accordance with Dutch law, the Company announces the estimated net asset value of a Class A share on a monthly basis together with commentary on the investment performance provided by the Investment Manager. These monthly statements are available on the Company's website.

In accordance with the EU Transparency Directive that came into force on 1 January 2009, the Company must publish two Interim Management Statements, once during the first and once during the second half of each financial year, which provide an overview of the important events and transactions that have taken place during the relevant period. The Company published its fifth Interim Management Statement on 15 June 2011 covering the period from 1 February 2011 to 14 June 2011, and its sixth Interim Management Statement on 30 November 2011 covering the period from 1 August 2011 to 29 November 2011. All Interim Management Statements are available on the Company's website.

The last traded price of Class A shares is available on Reuters, Bloomberg, the London Stock Exchange, and Euronext Amsterdam. A copy of the original Prospectus of the Company is available from the Company's registered office and on the Company's website.

All Class A shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. The buying and selling of Class A shares may be settled through Euroclear or CREST.

## Results

The results for the financial year ended 31 January 2012 are set out in the Consolidated Statement of Operations within the Audited Consolidated Financial Statements that begin on page 50. The directors do not propose a dividend for the financial year ended 31 January 2012.

## Directors

The directors as shown beginning on page 42 all held office throughout the reporting period and at the date of signature of these financial statements. Brooks Zug is Senior Managing Director of HarbourVest Partners, LLC, an affiliate of the Investment Manager. George R. Anson is Managing Director of HarbourVest Partners (U.K.) Limited, a subsidiary of HarbourVest Partners, LLC. Paul Christopher is a Partner in the offshore law firm Mourant Ozannes, which provides counsel to HVPE in connection with matters of Guernsey law. Jean-Bernard Schmidt is a former Managing Partner of Sofinnova Partners, which manages partnerships in which HarbourVest fund-of-funds invest. Save as disclosed in these financial statements, the Company is not aware of any other potential conflicts of interest between any duty of any of the directors owed to it and their respective private interests. All directors, other than Mr. Zug and Mr. Anson, are considered to be independent. Mr. Corbin is the Senior Independent Director.

Each director, with the exception of the Chairman, Mr. Corbin, Mr. Zug, and Mr. Anson, is paid an annual fee of \$50,000 per annum. The Chairman receives an annual fee of \$100,000 plus \$10,000 for expenses, and Mr. Corbin receives an annual fee of \$60,000 in recognition of his additional responsibilities as chairman of the Audit Committee. Mr. Anson and Mr. Zug do not receive any fee from the Company. There was no change in fees from the prior year.

## Directors' Interests In Shares

### Directors' Interests as at 31 January (invested directly or indirectly)

Class A Shares	2011	2012
Sir Michael Bunbury	11,500	20,000
Jean-Bernard Schmidt	20,000	20,000
Keith Corbin	15,000	20,000
Paul Christopher	11,500	11,500
Andrew Moore	6,000	9,000

There has been no change in Directors' interests post 31 January 2012.

## Substantial Shareholders

As at 29 May 2012, insofar as is known to HVPE, the following shareholders were interested, directly or indirectly, in 5% or more of the total issued Class A shares:

Shareholder	Number of Shares	% of Total Shares
State Teachers Retirement System of Ohio	15,327,677	18.53%
Washington State Investment Board	13,563,699	16.40
Oregon Public Employees Retirement Fund	9,573,190	11.58
Blackrock Investment Management UK Ltd.	8,478,700	10.25
Retirement Board of the Policemen's Annuity & Benefit Fund, City of Chicago	6,891,926	8.33
Lothian Pension Fund	4,158,496	5.03
<b>Total</b>	<b>57,993,688</b>	<b>70.13%</b>

## Statement of Directors' Responsibilities In Respect of the Financial Statements

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the gain or loss for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements 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 are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008, the requirements of NYSE Euronext and the London Stock Exchange, and the applicable regulations under Dutch law. 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.

So far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Statement by Responsible Persons in Accordance with the FMSA Transparency Decree Implementation Directive Transparency Issuing Institution

#### The directors confirm:

1. The compliance of the accompanying Audited Consolidated Financial Statements with the requirements of U.S. generally-accepted accounting principles.
2. The fairness of the management review included in the management report.



## Corporate Governance

### Statement of Compliance with the AIC Code

The directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have therefore chosen to comply with the provisions of the AIC Code of Corporate Governance for Investment Companies published in October 2010 (AIC Code).

The Board of HVPE has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as sets out additional principles and recommendations on issues that are of specific relevance to HVPE.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code except as set out below.

### The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions not relevant to the position of HVPE, being an externally-managed investment company. The Company has therefore not reported further in respect of these provisions. Other areas of non-compliance with the AIC Code by the Company, and the reasons therefore, are as follows:

- Each director is appointed for an initial term of three years and is subject to re-election by the holders of Class B shares every third year thereafter. This differs slightly from the requirement of the AIC Code where directors are subject to re-election at the first Annual General Meeting after their appointment.
- There is no separate nomination committee or remuneration committee, which is not in accordance with the AIC Code. Given that the Board is comprised of five independent directors and two directors affiliated with the Investment Manager, it is felt that it is appropriate for the whole Board to consider these matters.
- The Board has not formalised a policy on tenure, which is not in accordance with the AIC Code. The Board has agreed to keep the matter under review.

## Board Responsibilities

The Board meets at least four times a year, and between these scheduled meetings there is regular contact between directors, the Investment Manager and the Company Secretary. Board meetings are always held outside of the U.K. The directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and should be brought to the attention of the directors. The directors also have access, where necessary in the furtherance of their duties, to professional advice at the expense of the Company.

Under the Investment Management Agreement, the Board has delegated to the Investment Manager substantial authority for carrying out the day-to-day management and operations of the Company, including making specific investment decisions. However, the Board can elect to direct the Investment Manager not to make a commitment to any particular investment that would otherwise be required pursuant to the Company's investment strategy. In addition to requiring regular approval by the Board, certain matters require the additional special approval of a majority of all of the HarbourVest-affiliated directors or a majority of the independent directors. Those matters requiring special approval are set out in the Company's Prospectus dated 2 November 2007.

In the financial year ended 31 January 2012, the Board met each quarter to review the activities of the Company for that period and held a meeting devoted solely to strategic issues. An additional six meetings were held at short notice to consider limited objectives; these meetings were attended by those directors available in the jurisdiction to constitute a meeting at the relevant time on limited notification. All directors received notice of the meetings, the agenda, and supporting documents and were able to comment on the matters to be raised at the proposed meeting. Below is a summary of the director attendance at the scheduled Board meetings held in the financial year, compared against those for which they were eligible:

Scheduled and Strategic Board Meetings	
Sir Michael Bunbury	4/5
Mr. Brooks Zug	5/5
Mr. George Anson	4/5
Mr. Jean-Bernard Schmidt	4/5
Mr. Andrew Moore	5/5
Mr. Keith Corbin	5/5
Mr. Paul Christopher	5/5

The Board has a breadth of experience relevant to the Company, and the directors believe that any changes to the Board's composition can be managed without undue disruption. With any new director appointment to the Board, consideration will be given as to whether an induction process is appropriate.

The Board undertakes a formal annual evaluation of its performance and the performance of the Manager and the Secretary. Each director's performance is reviewed annually by the Chairman, and the performance of the Chairman is assessed by the remaining directors.

The Board has an ongoing process in place for identifying, evaluating, and managing the significant risks faced by the Company. A description of the principal risks and uncertainties facing the Company are given on page 67.

## Committees of the Board

An Audit Committee has been established consisting of Mr. Keith Corbin (Chairman), Mr. Andrew Moore, and Mr. Jean-Bernard Schmidt. The Audit Committee examines the effectiveness of the Company's internal control systems, the annual and interim reports and financial statements, the auditor's remuneration and engagement, as well as the auditor's independence and any non-audit services provided by them. The Audit Committee ensures that the Company's contracts of engagement with the Investment Manager, Administrator, and other service providers are operating satisfactorily so as to ensure the safe and accurate management and administration of the Company's affairs and business and are competitive and reasonable for the shareholders. Additionally, the Audit Committee makes appropriate recommendations to the Board and ensures that the Company complies to the best of its ability with applicable laws and regulations and adheres to the tenet of generally-accepted codes of conduct.

The Audit Committee receives information from the Secretary's compliance department and the external auditor.

In the financial year ended 31 January 2012, the Audit Committee met twice. Below is a summary of the director attendance at the committee meetings held in the financial year, compared against those for which they were eligible:

Audit Committee Meetings	
Mr. Keith Corbin	2/2
Mr. Jean-Bernard Schmidt	2/2
Mr. Andrew Moore	2/2

The terms of reference of the Audit Committee are available from the Company Secretary on request.



## Internal Controls

The Board is responsible for the Company's systems of internal control, although the Audit Committee reviews the effectiveness of such systems and reports its findings to the Board. The Board confirms that there is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Audited Consolidated Financial Statements, and is reviewed by the Board.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss. The Investment Manager has received its third report on controls placed in operation, a Type II SSAE 16 (formerly SAS 70) Report - Private Equity Fund Administration Report on Controls Placed in Operation and Tests of Operating Effectiveness for the period from 1 October 2010 to 30 September 2011 from its auditors.

The Company does not have an internal audit facility. All of the Company's management and administration functions are delegated to independent third parties or the Investment Manager and it is therefore felt there is no need for the Company to have an internal audit facility. However, this matter will be reviewed annually.

## Corporate Responsibility

The Company considers the ongoing interests of investors on the basis of open and regular dialogue with the Investment Manager.

The Company keeps abreast of regulatory and statutory changes and responds as appropriate.

## Going Concern

After making enquiries and given the nature of the Company and its investments, the directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Audited Consolidated Financial Statements, and, after due consideration, the directors consider that the Company is able to continue in the foreseeable future. In addition, the Board monitors and manages the ongoing commitments via the criteria set out on page 22. Furthermore, the Board, as part of its regular review of the Balance Sheet and debt position, considers

model scenario outputs that are based on a look-through to the anticipated underlying fund and portfolio cashflows.

## Relations with Shareholders

The Board recognises that it is important to maintain appropriate contact with major shareholders to understand their issues and concerns. Members of the Board have had the opportunity to attend meetings with major shareholders, and the Board accesses major shareholders' views of HVPE via, among other things, direct face-to-face contact and analyst and broker briefings.

In addition, the Investment Manager maintains dialogue with institutional shareholders, the feedback from which is reported to the Board. The Company has also appointed Oriel Securities Limited and J.P. Morgan Cazenove as its joint corporate brokers to enhance communications with shareholders.


The Board monitors the Company's trading activity on a regular basis.

The Company reports formally to shareholders twice a year. In addition, current information is provided to shareholders on an ongoing basis through the Company's website and monthly newsletters. Shareholders may contact the directors through the Company Secretary.

## Auditors

Ernst & Young LLP has expressed its willingness to continue in office as auditor. A resolution proposing its reappointment will be put to the Class B shareholders at the Annual General Meeting.

By order of the Board



Michael Bunbury  
Chairman



Keith Corbin  
Chairman of the Audit Committee

29 May 2012

# Audited Consolidated Financial Statements



# Independent Auditor's Report to the Members of HarbourVest Global Private Equity Limited

We have audited the consolidated financial statements of HarbourVest Global Private Equity Limited for the year ended 31 January 2012 which comprise the Consolidated Statement of Assets and Liabilities, Consolidated Statement of Operations, Consolidated Statement of Changes in Net Assets, Consolidated Statement of Cash Flows, Consolidated Schedule of Investments, and the related Notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States (US GAAP).

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 46, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the

overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on Consolidated Financial Statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with US GAAP; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

## Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the matters set out below:

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2010 UK Corporate Governance Code specified for our review.

Michael Bane

for and on behalf of Ernst & Young LLP  
Guernsey

29 May 2012

## Notes:

1. The maintenance and integrity of the HarbourVest Global Private Equity Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were approved and signed.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Consolidated Financial Statements

## Consolidated Statement of Assets and Liabilities

31 January 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Investments (Note 4)	\$1,096,161,444	\$928,236,161
Cash and equivalents	2,199,198	13,951,887
Other assets	628,977	460,309
<b>Total assets</b>	<b>1,098,989,619</b>	<b>942,648,357</b>
<b>LIABILITIES</b>		
Notes payable (Note 6)	154,369,003	91,014,000
Accounts payable and accrued expenses	551,774	1,781,506
Accounts payable to HarbourVest Advisers L.P. (Note 9)	47,352	217,510
Put rights (Note 10)	—	2,458,009
<b>Total liabilities</b>	<b>154,968,129</b>	<b>95,471,025</b>
Commitments (Note 5)		
<b>NET ASSETS</b>	<b>\$944,021,490</b>	<b>\$847,177,332</b>
<b>NET ASSETS CONSIST OF</b>		
Class A shares, Unlimited shares authorised, 82,700,000 shares issued at 31 January 2012 and outstanding, and 83,000,000 shares issued at 31 January 2011 and outstanding, no par value	\$944,021,389	\$847,177,231
Class B shares, 10,000 shares authorised, 101 shares issued and outstanding, no par value	101	101
<b>NET ASSETS</b>	<b>\$944,021,490</b>	<b>\$847,177,332</b>
<b>Net asset value per share for Class A shares</b>	<b>\$11.42</b>	<b>\$10.21</b>
<b>Net asset value per share for Class B shares</b>	<b>\$1.00</b>	<b>\$1.00</b>

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

The Audited Consolidated Financial Statements were approved by the Board on 29 May 2012 and were signed on its behalf by:



Michael Bunbury  
Chairman



Keith Corbin  
Chairman of the Audit Committee

## Consolidated Statement of Operations

For the Years Ended 31 January 2012 and 2011

	2012	2011
<b>REALISED AND UNREALISED GAINS (LOSSES) ON INVESTMENTS AND PUT RIGHTS</b>		
Net realised gain (loss) on investments	\$75,193,521	\$27,378,322
Net change in unrealised appreciation (depreciation) on:		
Investments	22,385,510	113,587,460
Put rights (Note 10)	2,458,009	(2,458,009)
Translation of other assets and liabilities denominated in foreign currency	5,494,997	(1,680,000)
Net change in unrealised appreciation (depreciation)	30,338,516	109,449,451
<b>NET GAIN (LOSS) ON INVESTMENTS AND PUT RIGHTS</b>	<b>105,532,037</b>	<b>136,827,773</b>
<b>INVESTMENT INCOME</b>		
Dividends	316,260	169,088
Interest from cash and equivalents	5,678	200
Total investment income	321,938	169,288
<b>EXPENSES</b>		
Interest expense (Note 6)	2,652,272	1,667,996
Non-utilisation fees (Note 6)	1,509,325	1,662,313
Investment services (Note 3)	599,257	1,229,669
Professional fees	569,158	594,675
Management fees (Note 3)	360,602	—
Directors' fees and expenses (Note 9)	350,260	364,069
Other expenses	814,069	725,008
Non-recurring liquidity plan expenses (Note 10)	—	1,809,203
Total expenses	6,854,943	8,052,933
<b>NET INVESTMENT LOSS</b>	<b>(6,533,005)</b>	<b>(7,883,645)</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$98,999,032</b>	<b>\$128,944,128</b>

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

## Consolidated Statement of Changes in Net Assets

For the Years Ended 31 January 2012 and 2011

	2012	2011
INCREASE IN NET ASSETS FROM OPERATIONS		
Net realised gain (loss) on investments	\$75,193,521	\$27,378,322
Net change in unrealised appreciation (depreciation)	30,338,516	109,449,451
Net investment loss	(6,533,005)	(7,883,645)
Net increase in net assets resulting from operations	98,999,032	128,944,128
Retirement of Class A shares	(2,154,874)	—
NET ASSETS AT BEGINNING OF YEAR	847,177,332	718,233,204
NET ASSETS AT END OF YEAR	\$944,021,490	\$847,177,332

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

## Consolidated Statement of Cash Flows

For the Years Ended 31 January 2012 and 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2012</b>	<b>2011</b>
Net increase in net assets resulting from operations	\$98,999,032	\$128,944,128
<b>Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:</b>		
Net realised (gain) loss on investments	(75,193,521)	(27,378,322)
Net change in unrealised (appreciation) depreciation	(30,338,516)	(109,449,451)
Contributions to private equity investments	(167,404,297)	(126,628,160)
Purchase of private equity investment	(83,578,030)	(14,409,000)
Distributions from private equity investments	180,636,075	137,167,715
Change in other assets	(168,668)	14,418
Change in accounts payable to HarbourVest Advisers L.P.	(170,158)	89,992
Change in accounts payable and accrued expenses	(1,229,732)	664,264
Net cash used in operating activities	(78,447,815)	(10,984,416)
<b>FINANCING ACTIVITIES</b>		
Proceeds from notes payable	148,350,000	24,334,000
Payments on notes payable	(79,500,000)	(10,000,000)
Retirement of Class A shares	(2,154,874)	—
Net cash provided by financing activities	66,695,126	14,334,000
<b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	<b>(11,752,689)</b>	<b>3,349,584</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>13,951,887</b>	<b>10,602,303</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>\$2,199,198</b>	<b>\$13,951,887</b>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest paid	\$2,827,021	\$1,587,280

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

## Consolidated Schedule of Investments

at 31 January 2012 (Audited)

U.S. Funds	Unfunded Commitment	Cumulative Amount Invested Since HVPE's Inception*	Cumulative Distributions Received Since HVPE's Inception*	Fair Value	Fair Value as a % of Net Assets
HarbourVest Partners IV-Partnership Fund L.P.	\$2,800,000	\$13,506,820	\$10,400,326	\$1,357,922	0.1%
HarbourVest Partners V-Direct Fund L.P.	—	4,365,345	4,163,216	955,091	0.1
HarbourVest Partners V-Partnership Fund L.P.	2,220,000	46,709,079	31,052,084	17,683,599	1.9
HarbourVest Partners VI-Direct Fund L.P.	1,312,500	46,722,408	24,372,663	15,612,810	1.7
HarbourVest Partners VI-Partnership Fund L.P.	7,762,500	202,035,549	106,221,448	116,538,844	12.3
HarbourVest Partners VI-Buyout Partnership Fund L.P.	550,000	8,533,048	4,633,066	4,159,214	0.4
HarbourVest Partners VII-Venture Partnership Fund L.P. †	13,250,000	124,359,198	27,679,661	127,106,344	13.4
HarbourVest Partners VII-Buyout Partnership Fund L.P. †	8,750,000	69,517,291	21,433,240	55,722,925	5.9
HarbourVest Partners VIII-Cayman Mezzanine & Distressed Debt Fund L.P.	15,000,000	35,201,553	7,346,622	30,944,309	3.3
HarbourVest Partners VIII-Cayman Buyout Fund L.P.	90,625,000	162,133,801	11,661,247	174,272,658	18.5
HarbourVest Partners VIII-Cayman Venture Fund L.P.	13,750,000	36,441,736	2,155,382	41,740,511	4.4
HarbourVest Partners 2007 Cayman Direct Fund L.P.	16,000,000	84,126,849	14,809,306	84,574,646	9.0
HarbourVest Partners IX-Cayman Buyout Fund L.P.	24,250,000	750,000	—	632,790	0.1
HarbourVest Partners IX- Cayman Credit Opportunities Fund L.P.	4,700,000	300,000	—	295,436	0.0
HarbourVest Partners IX-Cayman Venture Fund L.P.	19,000,000	1,000,000	—	903,072	0.1
<b>Total U.S. Funds</b>	<b>219,970,000</b>	<b>835,702,677</b>	<b>265,928,261</b>	<b>672,500,171</b>	<b>71.2</b>

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



International/Global Funds	Unfunded Commitment	Cumulative Amount Invested Since HVPE's Inception*	Cumulative Distributions Received Since HVPE's Inception*	Fair Value	Fair Value as a % of Net Assets
HarbourVest International Private Equity Partners II-Direct Fund L.P.	—	980,279	908,311	—	—
HarbourVest International Private Equity Partners II-Partnership Fund L.P.	2,900,000	23,463,610	15,848,431	3,069,388	0.3%
HarbourVest International Private Equity Partners III-Partnership Fund L.P.	5,750,000	145,428,557	108,582,106	34,105,500	3.6
HarbourVest International Private Equity Partners IV-Direct Fund L.P.	—	61,452,400	29,650,838	18,600,927	2.0
HarbourVest International Private Equity Partners IV-Partnership Fund L.P.	6,250,000	123,522,051	71,374,434	64,786,891	6.9
Dover Street VII Cayman Fund L.P.	17,250,000	70,504,138	7,439,274	85,460,069	9.1
Dover Street VII (AIV 1) Cayman Fund L.P.	—	12,245,862	—	16,415,379	1.7
HIPEP V - 2007 Cayman European Buyout Companion Fund L.P. ‡	19,556,327	46,368,881	927,762	44,492,973	4.7
HIPEP VI-Cayman Partnership Fund L.P.§	113,830,800	17,579,550	—	15,774,501	1.7
HIPEP VI-Cayman Asia Pacific Fund L.P.	41,000,000	9,187,431	—	7,745,666	0.8
HIPEP VI-Cayman Emerging Markets Fund L.P.	25,350,000	4,709,489	—	4,098,862	0.4
HVPE Avalon Co-Investment L.P.	1,643,962	85,135,136	—	114,656,125	12.2
HarbourVest Senior Loans Europe**	—	14,409,000	474,350	14,454,992	1.5
<b>Total International/Global Funds</b>	<b>233,531,089</b>	<b>614,986,384</b>	<b>235,205,506</b>	<b>423,661,273</b>	<b>44.9</b>
<b>TOTAL INVESTMENTS</b>	<b>\$453,501,089</b>	<b>\$1,450,689,061</b>	<b>\$501,133,767</b>	<b>\$1,096,161,444</b>	<b>116.1%</b>

\* Includes purchase of limited partner interests for shares and cash at the time of HVPE's IPO.

† Includes ownership interests in HarbourVest Partners VII-Cayman Partnership entities.

‡ Fund denominated in euros. Commitment amount is €47,450,000.

§ Fund denominated in euros. Commitment amount is €100,000,000.

\*\* Fund denominated in British pounds. 10,000,000 shares held at 31 January 2012. Cumulative distributions include dividends received which are included as part of dividend income in the Consolidated Statement of Operations.

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

## Consolidated Schedule of Investments

at 31 January 2011 (Audited)

U.S. Funds	Unfunded Commitment	Cumulative Amount Invested Since HVPE's Inception*	Cumulative Distributions Received Since HVPE's Inception*	Fair Value	Fair Value as a % of Net Assets
HarbourVest Partners IV-Partnership Fund L.P.	\$2,800,000	\$13,506,820	\$9,263,413	\$2,345,800	0.3%
HarbourVest Partners V-Direct Fund L.P.	—	4,365,345	3,801,600	1,602,193	0.2
HarbourVest Partners V-Partnership Fund L.P.	2,960,000	45,969,079	21,698,297	25,895,177	3.1
HarbourVest Partners VI-Direct Fund L.P.	1,312,500	46,722,408	24,372,663	18,121,377	2.1
HarbourVest Partners VI-Partnership Fund L.P.	10,350,000	199,448,049	78,204,135	134,156,724	15.8
HarbourVest Partners VI-Buyout Partnership Fund L.P.	600,000	8,483,048	3,266,350	5,232,713	0.6
HarbourVest Partners VII-Venture Partnership Fund L.P. †	21,862,500	115,746,698	13,075,710	117,717,670	13.9
HarbourVest Partners VII-Buyout Partnership Fund L.P. †	12,600,000	65,667,291	13,759,462	54,697,872	6.5
HarbourVest Partners VIII-Cayman Mezzanine & Distressed Debt Fund L.P.	22,250,000	27,951,553	4,366,113	26,109,327	3.1
HarbourVest Partners VIII-Cayman Buyout Fund L.P.	121,875,000	130,883,801	3,820,492	138,464,171	16.3
HarbourVest Partners VIII-Cayman Venture Fund L.P.	20,500,000	29,691,736	—	31,694,094	3.7
HarbourVest Partners 2007 Cayman Direct Fund L.P.	49,750,000	50,376,849	1,054,522	58,417,727	6.9
HarbourVest Partners IX-Cayman Buyout Fund L.P.	25,000,000	—	—	(6,828)	0.0
HarbourVest Partners IX-Cayman Credit Opportunities Fund L.P.	5,000,000	—	—	(1,274)	0.0
HarbourVest Partners IX-Cayman Venture Fund L.P.	20,000,000	—	—	(65,387)	0.0
<b>Total U.S. Funds</b>	<b>316,860,000</b>	<b>738,812,677</b>	<b>176,682,757</b>	<b>614,381,356</b>	<b>72.5</b>

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

International/Global Funds	Unfunded Commitment	Cumulative Amount Invested Since HVPE's Inception*	Cumulative Distributions Received Since HVPE's Inception*	Fair Value	Fair Value as a % of Net Assets
HarbourVest International Private Equity Partners II-Direct Fund L.P.	—	980,279	669,967	241,341	0.0%
HarbourVest International Private Equity Partners II-Partnership Fund L.P.	2,900,000	23,463,610	14,033,639	7,035,873	0.8
HarbourVest International Private Equity Partners III-Partnership Fund L.P.	6,900,000	144,278,557	79,566,168	64,781,992	7.7
HarbourVest International Private Equity Partners IV-Direct Fund L.P.	—	61,452,400	—	40,212,541	4.8
HarbourVest International Private Equity Partners IV-Partnership Fund L.P.	7,500,000	122,272,051	47,238,606	83,172,426	9.8
Dover Street VII Cayman Fund L.P.	52,500,000	47,500,000	1,832,205	58,277,496	6.9
HIPEP V - 2007 Cayman European Buyout Companion Fund L.P. ‡	24,691,651	42,164,360	—	41,609,353	4.9
HIPEP VI-Cayman Partnership Fund L.P.§	132,147,100	4,373,800	—	3,070,273	0.4
HarbourVest Senior Loans Europe**	—	14,409,000	158,090	15,453,510	1.8
<b>Total International/Global Funds</b>	<b>226,638,751</b>	<b>460,894,057</b>	<b>143,498,675</b>	<b>313,854,805</b>	<b>37.1</b>
<b>Total Investments</b>	<b>\$543,498,751</b>	<b>\$1,199,706,734</b>	<b>\$320,181,432</b>	<b>\$928,236,161</b>	<b>109.6%</b>

\* Includes purchase of limited partner interests for shares and cash at the time of HVPE's IPO.

† Includes ownership interests in HarbourVest Partners VII-Cayman Partnership entities.

‡ Fund denominated in euros. Commitment amount is €47,450,000.

§ Fund denominated in euros. Commitment amount is €100,000,000.

\*\* Fund denominated in British pounds. 10,000,000 shares held at 31 January 2011. Cumulative distributions include dividends received which are included as part of dividend income in the Consolidated Statement of Operations.

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

# Notes to Consolidated Financial Statements

## NOTE 1 / Company Organisation and Investment Objective

HarbourVest Global Private Equity Limited (the “Company” or “HVPE”) is a closed-end investment company registered with the Registrar of Companies in Guernsey under The Companies (Guernsey) Law, 2008 and the Netherlands Authority for the Financial Markets (AFM). The Company’s registered office is Anson Place, Mill Court, La Charroterie St. Peter Port, Guernsey GY1 1EJ. The Company was incorporated and registered in Guernsey on 18 October 2007. HVPE is designed to offer shareholders long-term capital appreciation by investing in a diversified portfolio of private equity investments. The Company invests in private equity through private equity funds and may make co-investments or opportunistic investments. The Company is managed by HarbourVest Advisers L.P. (the “Investment Manager”), an affiliate of HarbourVest Partners, LLC (“HarbourVest”), a private equity fund-of-funds manager. The Company is intended to invest in and alongside existing and newly-formed HarbourVest funds. HarbourVest is a global private equity fund-of-funds manager and typically invests capital in primary partnerships, secondary investments, and direct investments across vintage years, geographies, industries, and strategies. Operations of the Company commenced on 6 December 2007, following the initial global offering of the Class A ordinary shares.

### Share Capital

The Company’s Class A shares are listed on the Specialist Fund Market (“SFM”) of the London Stock Exchange and Euronext Amsterdam by NYSE Euronext under the symbol “HVPE”. At 31 January 2011 there were 83,000,000 issued Class A ordinary shares of no par value. On 31 May 2011, the Company bought back 300,000 Class A ordinary shares at \$7.165 which were cancelled. The Class A shares for cancellation are entitled to the income and increases and decreases in the net asset value of the Company, and to any dividends declared and paid, but have limited voting rights. Dividends may be declared by the Board of Directors and paid from available assets subject to the directors being satisfied that the Company will, after payment of the dividend, satisfy a statutory solvency test. Dividends will be paid to shareholders pro rata to their shareholdings. Final dividends must be approved by the holders of the Class B shares.

The Class B shares were issued to HVGPE Holdings Limited, a Guernsey limited liability company, which is owned by affiliates of HarbourVest. The Class B shares have the right to elect all of the directors and make other decisions usually made by shareholders. As at 31 January 2012, 101 Class B shares of no par value have been issued. The Class B shares are not entitled to income or any increases and decreases in the net asset value of the Company or to any dividends declared and paid.

The Class A shareholders must approve any amendment to the memorandum and articles of incorporation except any changes that are administrative in nature, any material change from the investment strategy and/or investment objective of the Company, or the terms of the investment management agreement. These require the approval of 75% of each of the Class A and Class B shares.

There is no minimum statutory capital requirement under Guernsey law.

### Investment Manager, Company Secretary and Administrator

The directors have delegated certain day-to-day operations of the Company to the Investment Manager and the Company Secretary and Fund Administrator, under advice to the directors, pursuant to service agreements with those parties. The Investment Manager is responsible for, among other things, selecting, acquiring, and disposing of the Company’s investments, carrying out financing, cash management, and risk management activities, providing investment advisory services, including with respect to HVPE’s investment policies and procedures, and arranging for personnel and support staff of the Investment Manager to assist in the administrative and executive functions of the Company.

### Directors

The directors are responsible for the determination of the investment policy of the Company on the advice of the Investment Manager and have overall responsibility for the Company’s activities. This includes the periodic review of the Investment Manager’s compliance with the Company’s investment policies and procedures and the approval of certain investments. A majority of directors must be independent directors and not affiliated with HarbourVest or any affiliate of HarbourVest.

## NOTE 2 / Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's consolidated financial position.

### Basis of Presentation

The consolidated financial statements include the accounts of HarbourVest Global Private Equity Limited and its five wholly owned subsidiaries, HVGPE - Domestic A L.P., HVGPE - Domestic B L.P., HVGPE - Domestic C L.P., HVGPE - International A L.P., and HVGPE - International B L.P. Each of the subsidiaries is a Cayman Islands limited partnership formed to facilitate the purchase of certain investments. All intercompany accounts and transactions have been eliminated in consolidation. Certain comparative amounts have been reclassified to conform to the current year's presentation.

### Method of Accounting

The consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), The Companies (Guernsey) Law, 2008, and the Principal Documents. Under applicable rules of Dutch law implementing the EU Transparency Directive, the Company is allowed to prepare its financial statements in accordance with U.S. GAAP instead of IFRS or Dutch GAAP.

### Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

### Recent Accounting Pronouncements

In May 2011, FASB released ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS." ASU No. 2011-04 amends FASB ASC Topic 820, "Fair Value Measurement," to establish common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP. ASU No. 2011-04 is effective for fiscal years and interim periods beginning after 15 December 2011. The Investment Manager is analysing the potential impact upon adoption on the Company's consolidated financial statements.

### Investments

Investments are stated at fair value in accordance with the Company's investment valuation policy. The inputs used to determine fair value include financial statements provided by the investment partnerships which typically include fair market value capital account balances. In reviewing the underlying financial statements and capital account balances, the Company considers compliance with ASC 820, the currency in which the investment is denominated, and other information deemed appropriate. The Company determines whether it is appropriate to value the investments based on the capital account balance provided by the investment partnerships or to adjust such value. This valuation does not necessarily reflect amounts that might ultimately be realised from the investment and the difference can be material.

Securities for which a public market does exist are valued by the Company at quoted market prices at the balance sheet date. Generally, the partnership investments have a defined term and cannot be transferred without the consent of the General Partner of the limited partnership in which the investment has been made.

### Foreign Currency Transactions

The currency in which the Company operates is U.S. dollars, which is also the presentation currency. Transactions denominated in foreign currencies are recorded in the local currency at the exchange rate in effect at the transaction dates. Foreign currency investments, investment commitments, cash and equivalents, and other assets and liabilities are translated at the rates in effect at the balance sheet date. Foreign currency translation gains and losses are included in realised and unrealised gains (losses) on investments as incurred. The Company does not segregate that portion of realised or unrealised gains and losses attributable to foreign currency translation on investments.

### Cash and Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amount included in the balance sheet for cash and equivalents approximates the fair value. The Company maintains bank accounts denominated in U.S. dollars, in euros, and in pounds sterling. The Company may invest excess cash balances in highly liquid instruments such as certificates of deposit, sovereign debt obligations, and commercial paper as well as money market funds that are highly rated by the credit rating agencies.

### **Investment Income**

Investment income includes interest from cash and equivalents and dividends. Dividends are recorded when they are declared and interest is recorded when earned.

### **Operating Expenses**

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 investment entities.

### **Net Realised Gains and Losses on Investments**

For investments in private equity funds, the Company records its share of realised gains and losses as reported by the investment managers. For investments in publicly-traded securities, the Company records its share of realised gains and losses as the difference between the original cost of the securities and the related market price at the sale.

### **Net Change in Unrealised Appreciation and Depreciation on Investments**

Gains and losses arising from changes in investment values in private equity funds are recorded as an increase or decrease in the unrealised appreciation or depreciation of investments. For investments in publicly-traded securities, the differences between the original cost and the estimated fair value of investment securities owned at the end of the period represent unrealised appreciation or depreciation of investments.

### **Income Taxes**

The Company is registered in Guernsey as a tax 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 (as amended) and the Company will be charged an annual exemption fee of £600.

Income may be subject to withholding taxes imposed by the U.S. or other countries which 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% may be applied on the distributive share of any U.S. source dividends and interest (subject to certain exemptions) and certain other income that is received directly or through one or more

entities treated as either partnerships or disregarded entities for U.S. federal income tax purposes. Furthermore, investments made in entities that generate income that is effectively connected with a U.S. trade or business may also subject the Company to certain U.S. federal and state income tax consequences. The U.S. requires withholding on effectively connected income at the highest U.S. rate (generally 35%). In addition, the Company may also be subject to a branch profits tax which can be imposed at a rate of up to 30% of any after-tax, effectively connected income associated with a U.S. trade or business. However, no amounts have been accrued.

The Company accounts for income taxes under the provisions of ASC 740, "Income Taxes." This standard establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognising the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than fifty percent likely to be realised. For the year ended 31 January 2012, the Investment Manager has analysed the Company's inventory of tax positions taken with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction), and has concluded that no provision for income tax is required in the Company's financial statements.

Shareholders in certain jurisdictions may have individual tax consequences from ownership of the Company's shares. The Company has not accounted for any such tax consequences in these consolidated financial statements.

### **Market and Other Risk Factors**

The Company's investments are subject to various risk factors including market, credit, interest rate, and currency risk. Investments are based primarily in the U.S. and Europe and thus have concentrations in such regions. The Company's investments are also subject to the risks associated with investing in leveraged buyout and venture capital transactions that are illiquid and non-publicly traded. Such investments are inherently more sensitive to declines in revenues and to increases in expenses that may occur due to general downward swings in the world economy or other risk factors including increasingly intense competition, rapid changes in technology, changes in federal, state and foreign regulations, and limited capital investments.



## NOTE 3 / Material Agreements and Related Fees

### Administration Agreement

The Company has retained Anson Fund Managers Limited ("AFML") as Company Secretary and Administrator. Fees for these services are paid as invoiced by AFML and include an administration fee of £22,506 per annum, a secretarial fee of £25,575 per annum, an additional value fee equal to 1/12 of 0.005% of the net asset value of the Company above \$100 million as at the last business day of each month, and reimbursable expenses. During the year ended 31 January 2012, fees of \$127,000 were incurred to AFML and are included as other expenses in the Consolidated Statement of Operations.

### Registrar

As of 6 May 2010, the Company has retained Capita as share registrar. Fees for this service include an annual base fee of £7,500 per annum, a £6,000 put right registration fee over the 18-month life of the put rights, and other expenses. During the year ended 31 January 2012, registrar fees of \$33,238 were incurred and are included as other expenses in the Consolidated Statement of Operations.

### Independent Auditor's Fees

For the year ended 31 January 2012, \$110,000 has been accrued for auditor's fees and is included in professional fees in the Consolidated Statement of Operations. There were no non-audit fees paid for the year ended 31 January 2012.

### Investment Management Agreement

The Company has retained HarbourVest Advisers L.P. as the Investment Manager. The Investment Manager is reimbursed for costs and expenses incurred on behalf of the Company in connection with the management and operation of the Company. During the year ended 31 January 2012, reimbursements for services provided by the Investment Manager were \$599,257. The Investment Manager does not charge HVPE management fees or performance fees other than with respect to parallel investments. As an investor in the HarbourVest funds, HVPE is charged the same management fees and subject to the same performance allocations as other investors in such HarbourVest funds. On 13 September 2011, HVPE purchased approximately 14% of Absolute Private Equity Ltd. ("Absolute") through an acquisition vehicle, HarbourVest Acquisition S.à.r.l. (via HVPE Avalon

Co-Investment L.P.). Management fees paid for the parallel investment made by the Company were consistent with the fees charged by the funds alongside which the parallel investment was made. For the period from 13 September 2011 through 31 January 2012, management fees of \$360,602 were paid for this parallel investment and included in management fees in the Consolidated Statement of Operations.

## NOTE 4 / Investments

Net gain includes the following activity related to the Company's investments:

### For the Year Ended 31 January 2012

Net realised gain (loss) on investments	\$75,193,521
Net change in unrealised appreciation (depreciation) on investments	22,385,510
Net gain (loss) on investments	\$97,579,031

In accordance with the ASC 820, "Fair Value Measurements and Disclosures," the Company reports its investments at fair value.

The hierarchy established under the FASB Fair Value Topic gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). As required by the FASB Fair Value Topic, the partnership investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy under the FASB Fair Value Topic, and its applicability to the Company's investments, are described below:

**Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) on which they trade.

**Level 2** – Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.

**Level 3** – Pricing inputs are unobservable for the asset or liability, that is, inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private investments that are supported by little or no market activity.

Level 3 partnership investments include limited partnership interests in other investment partnerships. The inputs used by the Investment Manager in estimating the value of Level 3 investments include financial statements provided by the investment partnerships which typically include fair market value capital account balances. In reviewing the underlying financial statements and capital account balances, the Company considers compliance with ASC 820, the currency in which the investment is denominated, and other information deemed appropriate. The Company determines whether it is appropriate to value the investments based on the capital account balance provided by the investment partnerships or to adjust such value. This valuation does not necessarily reflect amounts that might ultimately be realised from the investment.

The following table summarises the Company's investments that were accounted for at fair value by Level within the fair value hierarchy under the FASB Fair Value Topic:

	Level 1	Level 2	Level 3	Total
Balance at 31 January 2010	\$ —	—	\$783,400,934	\$783,400,934
Purchase of investment	14,409,000	—	—	14,409,000
Contributions to investments	—	—	126,628,160	126,628,160
Net realised gain (loss) on investments	—	—	27,378,322	27,378,322
Net change in unrealised appreciation (depreciation) on investments related to investments still held	1,044,510	—	112,542,950	113,587,460
Distributions received from investments	—	—	(137,167,715)	(137,167,715)
Transfers in and/or (out) of Level	—	—	—	—
<b>Balance at 31 January 2011</b>	<b>\$15,453,510</b>	<b>—</b>	<b>\$912,782,651</b>	<b>\$928,236,161</b>
Purchase of investment	—	—	83,578,030	83,578,030
Contributions to investments	—	—	167,404,297	167,404,297
Net realised gain (loss) on investments	—	—	75,193,521	75,193,521
Net change in unrealised appreciation (depreciation) on investments	(998,518)	—	23,384,028	22,385,510
Distributions received from investments	—	—	(180,636,075)	(180,636,075)
Transfers in and/or (out) of Level	—	—	—	—
<b>Balance at 31 January 2012</b>	<b>\$14,454,992</b>	<b>—</b>	<b>\$1,081,706,452</b>	<b>\$1,096,161,444</b>

Net change in unrealised gain (loss) on investments related to investments still held at 31 January 2012	\$23,980,029
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Investments include limited partnership interests in private equity partnerships, all of which carry restrictions on redemption. The Company recognises transfers at the current value at the transfer date.

The investments are non-redeemable and the Investment Manager estimates an average remaining life of 9.3 years with 1 to 17 years remaining.

## NOTE 5 / Commitments

As of 31 January 2012, the Company has unfunded investment commitments to other limited partnerships of \$453,501,089 which are payable upon notice by the partnerships to which the commitments have been made. Unfunded investment commitments of \$133,387,127 within this balance are denominated in euros.

## NOTE 6 / Notes Payable

On 4 December 2007 the Company entered into an agreement with Lloyds TSB Bank plc (formerly Bank of Scotland plc) regarding a multi-currency revolving credit facility ("Facility") for an aggregate amount up to \$500 million. Amounts borrowed against the Facility accrue interest at LIBOR/GBP LIBOR/EURIBOR plus 1.5% per annum. For the year ended 31 January 2012, interest rates on the outstanding balance ranged from 1.68% to 2.936%. The Facility expires on 4 December 2014. The Facility is secured by the private equity investments and cash equivalents of the Company, as defined in the agreement. Availability of funds under the Facility and interim repayments of amounts borrowed are subject to certain covenants and diversity tests applied to the investment portfolio of the Company. At 31 January 2012 and 2011, \$154,369,003 and \$91,014,000 respectively was outstanding against the Facility. The Company is required to pay a non-utilisation fee calculated as 40 basis points per annum on the daily balance of the unused Facility amount. For the year ended 31 January 2012, \$2,652,272 in interest expense and \$1,509,325 in non-utilisation fees have been incurred.

## NOTE 7 / Financial Highlights\*

For the Years Ended 31 January 2012 and 2011

Class A Shares	31 January 2012	31 January 2011
PER SHARE OPERATING PERFORMANCE:		
Net Asset Value, beginning of period	\$10.21	\$8.65
Net realised and unrealised gains	1.28	1.65
Net investment loss	(.08)	(.09)
Net increase from repurchase of Class A shares	0.01	—
<b>Total from investment operations</b>	<b>1.21</b>	<b>1.56</b>
Net asset value, end of period	\$11.42	\$10.21
<b>Total return:</b>	<b>11.9%</b>	<b>18.0%</b>
RATIOS TO AVERAGE NET ASSETS		
Expenses†	0.77%	1.03%
Expenses-excluding non-recurring expenses†	0.77%	0.80%
Net investment income (loss)	(0.73)%	(1.01)%
PORTFOLIO TURNOVER‡	0.0%	0.0%

\* The class B shares are not entitled to any income or increases and decreases in the net asset value of the Company.

† Does not include operating expenses of underlying investments.

‡ The turnover ratio has been calculated as the number of transactions divided by the average net assets.

## NOTE 8 / Publication and Calculation of Net Asset Value

The Net Asset Value ("NAV") of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class is calculated by dividing the net asset value of the relevant class account by the number of shares of the relevant class in issue on that day. The Company publishes the NAV per share of the Class A shares as calculated, monthly in arrears, as at each month-end, generally within 15 days.

## NOTE 9 / Related Party Transactions

The shareholders of HVGPE Holdings Limited are members of HarbourVest Partners, LLC, and are the partners or members of the General Partner entities of each of the HarbourVest funds in which the Company owns an interest.

Other amounts payable to HarbourVest Advisers L.P. of \$47,352 represent expenses of the Company incurred in the ordinary course of business, which have been paid by and are reimbursable to HarbourVest Advisers L.P. at 31 January 2012.

One of the directors, Paul Christopher, is a Partner of Mourant Ozannes, which acts as Guernsey counsel to the Company. HarbourVest fund-of-funds invest in partnerships managed by Sofinnova Partners, of which Director Jean-Bernard Schmidt is a former Managing Partner.

Each director, with the exception of the Chairman, Keith Corbin, D. Brooks Zug, and George R. Anson, is paid an annual fee of \$50,000 per annum, paid quarterly. The Chairman of the Board receives an annual fee of \$100,000 plus \$10,000 for expenses. The Chairman of the Audit Committee (Keith Corbin) receives an annual fee of \$60,000. George R. Anson and D. Brooks Zug do not receive any fee from the Company. Board-related expenses, primarily compensation, of \$350,260 were incurred during the year ended 31 January 2012.

## NOTE 10 / Put Rights

On 12 May 2010, HVPE was admitted to the Specialist Fund Market of the London Stock Exchange. In conjunction with the listing, on 18 May 2010, HVPE's joint corporate brokers coordinated a secondary placing of 4.8 million shares of HVPE held by existing shareholders. HVPE provided a put right to purchasers of the shares for both shares purchased in the secondary placing and for shares purchased thereafter, in the public markets. The put right allowed shareholders to sell their shares back to HVPE on 15 November 2011 at the lower of \$5.75 or estimated Economic NAV per share as at 31 October 2011. 4,763,208 puts were issued in connection with the secondary placing, with 2,193,313 additional puts available to be issued to eligible purchasers of shares in the market. On 6 October 2010, HVPE closed the market put right offer and the remaining 105,035 put rights remained

unissued. As of 31 January 2011, the fair value of the liability associated with the put rights was \$2,458,009. On 15 November 2011, the put rights expired. The Investment Manager had used a binomial option pricing model to value the put liability. Non-recurring expenses of \$1,809,203 associated with the liquidity plan were expensed in prior year.

## NOTE 11 / Indemnifications

### General Indemnifications

In the normal course of business, the Company may enter into contracts that contain a variety of representations and warranties and which provide for general indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. Based on the prior experience of the Investment Manager, the Company expects the risk of loss under these indemnifications to be remote.

### Investment Manager Indemnifications

Consistent with standard business practices in the normal course of business, the Company has provided general indemnifications to the Investment Manager, any affiliate of the Investment Manager and any person acting on behalf of the Investment Manager or such affiliate when they act in good faith, in the best interest of the Company. The Company is unable to develop an estimate of the maximum potential amount of future payments that could potentially result from any hypothetical future claim, but expects the risk of having to make any payments under these general business indemnifications to be remote.

## NOTE 12 / Subsequent Events

In the preparation of the financial statements, the Company has evaluated the effects, if any, of events occurring after 31 January 2012 through 29 May 2012, the date that the financial statements were issued.

During May 2012, the Company committed \$60 million to Dover Street VIII L.P.

# Risk Factors

HVPE's Investment Manager believes that there are four principal risks related to an investment in HVPE:

- The NAV is at risk of decline, particularly if the economic recovery or equity markets falter.
- HVPE's Net Leverage is likely to fluctuate, and obligations could be difficult to fund under certain circumstances.
- HVPE depends on HarbourVest and its investment professionals for core services.
- HVPE could continue to experience periods of share illiquidity, ongoing price volatility, and discounts to NAV.

## NAV Risks

Despite positive trends, the economic and stock market recovery remains fragile with persistent levels of unemployment in many markets. HVPE makes venture capital and buyout investments in companies where operating performance is affected by the economy. While these companies are generally privately owned, their valuations are influenced by public market comparables. In addition, approximately 14% of the Company's portfolio is made up of publicly-traded securities whose values increase or decrease alongside public markets. Should the global public markets decline, or the economic recovery falter, it is likely that HVPE's NAV could be negatively affected. There is also a risk that leveraged buyout investments could breach debt covenants, resulting in writedowns in value.

Approximately 20% of the HVPE portfolio is denominated in non-U.S. dollar currencies, primarily euros. Foreign currency movement affects HVPE's investments, borrowings on the credit facility, and unfunded commitments. HVPE has exposure to foreign currency movements through the foreign currency-denominated assets within the portfolio and through foreign currency-denominated unfunded commitments. The Company's most significant currency exposure is to euros. HVPE attempts to hedge its euro exposure by maintaining a portion of its drawn debt in euros so that this and the euro unfunded investment commitments are broadly equal to the euro-denominated assets.

## Balance Sheet Risks

The **Balance Sheet Management and Commitment Ratios** section of this document describes HVPE's balance sheet strategy and a willingness to temporarily increase leverage to finance the share buyback arrangement and new investments, including the September 2011 purchase of Absolute. The Company also continues to maintain its over-commitment strategy and may draw on its credit facility to bridge periods of negative cash flow when investments are greater than realisations. The level of potential borrowing available under the credit facility is negatively affected by declining NAVs. Therefore, in a period of declining NAVs, reduced realisations, and rapid substantial investments, the Company's Net Leverage Ratio could increase beyond an appropriate level. In such a situation, the Company could undertake a series of actions, including an asset sale, which could result in further NAV declines.

## Reliance on HarbourVest

HVPE is dependent on its Investment Manager and HarbourVest's investment professionals. With the exception of the 2011 Absolute investment, nearly all of HVPE's assets are invested in HarbourVest funds. Additionally, HarbourVest employees play key roles in the operation of the Company. The departure or reassignment of some or all of HarbourVest's professionals could prevent HVPE from achieving its investment objectives.

## Trading Illiquidity and Price

While trading in HVPE shares has increased as a result of the Company's 2010 Liquidity Plan, the stock continues to experience periods of illiquidity. Without liquidity, it could be very difficult or impossible for a shareholder to sell shares without having a significant negative impact on the share price and possibly causing the shares to trade at an even greater discount to NAV. While HVPE's share price has increased 15.7% from 31 December 2011 to 30 April 2012, and its discount has narrowed to 37.4% as of 30 April, as HVPE's share price moves closer to NAV, it may encourage sellers to enter the market, causing the share price to become more volatile and subsequently decline.

# Disclosures

## Forward-Looking Statements

### **This report contains certain forward-looking statements.**

Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, forward-looking statements can be identified 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 the Investment Manager’s beliefs, assumptions, and expectations of future performance and market developments, taking into account all information currently available. These beliefs, assumptions, and expectations can change as a result of many possible events or factors, not all of which are known or are within the Investment Manager’s control. If a change occurs, the Company’s business, financial condition, liquidity, and results of operations may vary materially from those expressed in forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Any forward-looking statements are only made as at the date of this document, and the Investment Manager neither intends nor assumes any obligation to update forward-looking statements set forth in this document whether as a result of new information, future events, or otherwise, except as required by law or other applicable regulation.

In light of these risks, uncertainties, and assumptions, the events described by any such forward-looking statements might not occur. The Investment Manager qualifies any and all of its forward-looking statements by these cautionary factors.

Please keep this cautionary note in mind while reading this report.

### **Some of the factors that could cause actual results to vary from those expressed in forward-looking statements include, but are not limited to:**

- the factors described in this report;
- the rate at which HVPE deploys its capital in investments and achieves expected rates of return;
- HarbourVest’s ability to execute its investment strategy, including through the identification of a sufficient number of appropriate investments;
- the ability of third-party managers of funds in which the HarbourVest funds are invested and of funds in which the Company may invest through parallel investments to execute their own strategies and achieve intended returns;
- the continuation of the Investment Manager as manager of the Company’s investments, the continued affiliation with HarbourVest of its key investment professionals, and the continued willingness of HarbourVest to sponsor the formation of and capital raising by, and to manage, new private equity funds;
- HVPE’s financial condition and liquidity, including its ability to access or obtain new sources of financing at attractive rates in order to fund short-term liquidity needs in accordance with the investment strategy and commitment policy;
- changes in the values of, or returns on, investments that the Company makes;
- changes in financial markets, interest rates or industry, general economic or political conditions; and
- the general volatility of the capital markets and the market price of HVPE’s shares.



## Publication and Calculation of Net Asset Value

The Net Asset Value of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class is calculated by dividing the net asset value of the relevant class account by the number of shares of the relevant class in issue on that day. The Company intends to publish the estimated NAV per share and the NAV per share for the Class A shares as calculated, monthly in arrears, as at each month-end, generally within 15 days.

## Certain Information

HVPE is subject to the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht, “FMSA”) and is registered with the Netherlands Authority for the Financial Markets as a closed-end investment company pursuant to section 1:107 of the FMSA. It is also authorised by the Guernsey Financial Services Commission as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the “POI Law”). HVPE is subject to certain ongoing requirements under the FMSA and POI Law and certain rules promulgated thereunder relating to the disclosure of certain information to investors, including the publication of annual and semi-annual financial statements.

# Company Advisors

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\* J.P. Morgan Securities Ltd., which conducts its U.K. investment banking activities as J.P. Morgan Cazenove.

## Key Information

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Exchanges	Euronext Amsterdam & London Stock Exchange
Ticker	HVPE
Listing Date	6 December 2007 (Euronext) 12 May 2010 (LSE)
Fiscal Year End	31 January
Base Currency	U.S. Dollars
ISIN	GG00B28XHD63
Bloomberg	HVPE NA, HVPE LN
Reuters	HVPE.AS, HVPE.L
Common Code	032908187
Amsterdam Security Code	612956
Investment Manager	HarbourVest Advisers L.P. (affiliate of HarbourVest Partners, LLC)
Registration	Netherlands Authority for the Financial Markets
Fund Consent	Guernsey Financial Services Commission
Issued Shares	82,700,000 Class A Ordinary Shares

## 2012 Calendar

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Monthly NAV Estimate  
**Generally within 15 days of Month End**

Interim Management Statement  
**June and November**

Semi-Annual Report and  
Unaudited Consolidated Financial Statements  
**September 2012**

Annual Information Document  
**June 2012**

