Annual Report & Audited Consolidated Financial Statements

31 JANUARY 2010

HARBOURVEST
GLOBAL PRIVATE EQUITY

www.hvgpe.com

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 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.

Contents

Financial Highlights

HVPE's primary investment objective is to offer shareholders long-term capital growth by investing in a private equity portfolio that is well diversified by vintage year, geography, industry, and strategy. The Company strives to achieve this objective through investment in a broad range of HarbourVest-managed private equity funds, which in turn make primary partnership, secondary, and direct investments primarily in unquoted companies. HVPE seeks to provide a comprehensive and balanced private equity solution for its shareholders.

Please refer to Key Definitions and Methodologies (beginning on page 40).

HVPE'S Portfolio at a Glance
Highly Diversified by

Investment Type
Primary Partnerships
Secondary Investments
Direct Investments

Vintage
1993 to 2009

Strategy
Venture
Buyout
Debt

Geography
U.S.
Europe
Asia Pacific
Rest of World

(A) Financial Highlights

	31 January 2010	31 January 2009	Change
SUMMARY OF NET ASSET VALUE			
(in millions except Per Share and Last Traded Price data)			
NAV of Investments	$783.4	$668.1	$115.3
Cash and Cash Equivalents	10.6	26.2	(15.6)
Net Other Assets (Liabilities)	(75.8)	(63.0)	(12.8)
NAV	**$718.2**	**$631.3**	**$86.9**
NAV per Share (83.0 million shares outstanding)	$8.65	$7.61	$1.04
Last Traded Price*	$5.00	$9.25	($4.25)
SUMMARY OF COMMITMENTS			
Unfunded Commitments (Allocated to Underlying Partnerships)	$447.7	$487.8	($40.1)
Unfunded Commitments (Not Allocated to Underlying Partnerships)	175.3	194.7	(19.4)
Total Unfunded Commitments	**$623.0**	**$682.5**	**($59.5)**
NAV of Investments + Total Unfunded Commitments	**$1,406.4**	**$1,350.6**	**$55.8**
% Invested	109%	106%	3%
Commitment Level (Total Unfunded Commitments)†	196%	214%	(18%)
Commitment Level (Allocated to Underlying Partnerships)‡	171%	183%	(12%)
Cash + Unused Committed Credit Facility	$435.6	$466.2	($30.6)
Cash + Remaining Available Credit Facility§	$399.6	$352.3	$47.3

* Last trade prior to 31 January 2009 occurred on 28 January 2009; last trade prior to 31 January 2010 occurred on 15 January 2010.
† Reflects the NAV of investments plus total unfunded commitments divided by NAV.
‡ Reflects the NAV of investments plus unfunded commitments (allocated to underlying partnerships) divided by NAV.
§ Available credit facility reflects amount available subject to most restrictive covenant limit applicable.

Chairman's Letter from Sir Michael Bunbury

Dear Shareholder,

Your Company's second full year of operations to 31 January 2010 was conducted in a climate almost as extraordinary as its first year, albeit on this occasion one that was generally improving throughout the year. Stock markets around the world soared in response to the stimulus injected by governments and central banks. The fear that stalked markets up to March 2009 receded. Economies in many countries, particularly those most favourable for business, began to turn the corner. Businesses worked hard at cutting their costs and strengthening their balance sheets. Over-indebted consumers in many western countries also began to save more and to strengthen their personal finances. Although government stimuli were essential in promoting recovery, many western governments still did not begin to lay firm plans for tackling their over-inflated deficits. This has led in recent weeks to a crisis for the euro. Fortunately, the hard work and thrift of emerging economies, particularly in Asia, led the world economy towards recovery.

A year ago, there was a real risk that the world was looking into a 1930s style abyss. However, the policy responses showed that the lessons of the Great Depression had been learned. Interest rates were cut effectively to zero and maintained there throughout the year in major economies – levels that had never been seen before in many countries. Markets were flooded with money, and the world turned back from the abyss.

THE COMPANY AND ITS PORTFOLIO

Although the recovery in the private equity market has not been so dramatic as in listed markets, the tide nevertheless turned in the year to 31 January 2010. Your Company's highly diversified long-term portfolio grew in value and the Net Asset Value ("NAV") per share rose by 13.7% from $7.61 at 31 January 2009 to $8.65 at 31 January 2010. A year ago, the share price of $9.25 was at an unrealistic premium of 21.6% to NAV. In June 2009, this anomaly corrected violently with the price falling for a short time to $3.00 per share on trades of a few thousand shares out of the 83 million outstanding before stabilising in the $4.00 to $5.00 range. At this level, the price relative to NAV was rated alongside the peer group.

The Investment Manager's Review that follows sets out the developments of the year in considerable detail. Throughout the year, the Board has regularly considered the Investment Manager's projections for the possible future shape of your Company's balance sheet. This is not an easy task. There are very many variables that need to be factored in, such as rates of economic growth, drawdowns on commitments already made, and the pace at which investments will be realised and cash returned to your Company. In every scenario that has been modelled, the balance sheet looks to be stable and sustainable, albeit supported by the committed credit facility of up to $500 million arranged with Bank of Scotland plc, now a subsidiary of Lloyds Banking Group plc, and not due to expire until December 2014. Although it is not the intention of the Board or the Investment Manager to manage the Company with substantial levels of permanent debt on our own balance sheet, it is likely that the Company will continue to use its bank facility at least until the realisation market for private equity companies improves further. As you will read in the Investment Manager's Review, the maturity of your Company's portfolio, stretching back as it does to 1987, has resulted in some material disposals during the year, and in December and January our cash flow was indeed positive. Although we ended the year with net gearing of 9.0%, and with the prospect under certain scenarios of this figure rising, our modelling and future commitment strategy is predicated on returning to a position of no net debt on our own balance sheet before the credit facility expires in 2014. We expect this to happen through natural realisations and not through having to realise assets at unfavourable prices.

It is my belief that the U.S. is the most attractive country in the world for entrepreneurs. Time and again it has been demonstrated that it is possible to build businesses from scratch that become world leaders. *Netscape, Google,* and *Facebook* are just three names that come to mind – and all three were backed by managers in which HarbourVest funds had invested.

The Investment Manager's Review carries a section commencing on page 22 that highlights and commends HVPE's relative asset tilt towards investments in venture capital as compared to the Company's listed peers. Venture-backed companies have, by and large, relatively little debt. Although they are affected by economic conditions, many are at the frontiers of new technology and innovation. Many of those are located in the United States with its advantages of being the largest homogeneous global market and a political and economic system that rewards success. It is my belief that the U.S. is the most attractive country in the world for entrepreneurs. Time and again it has been demonstrated that it is possible to build businesses from scratch that become world leaders. *Netscape, Google,* and *Facebook* are just three names that come to mind – and all three were backed by managers in which HarbourVest funds had invested. The Investment Manager believes that the climate for returns in venture and growth equity is attractive and that this exposure is one factor that sets your Company apart from many of its peers.

THE LIQUIDITY PLAN

Dual Listing on the London Stock Exchange and Euronext

In earlier Chairman's Letters, I have highlighted your Board's concern at the relative illiquidity of your Company's shares. Subsequent to 31 January 2010, we have taken several steps to try to address this problem. We have appointed J.P. Morgan Cazenove as joint broker alongside Oriel Securities. Together with the Board and the Investment Manager, a plan was devised to expand the Company's shareholder base and increase its exposure to investors who have made investments elsewhere in the listed private equity sector. This plan has involved listing the Company on the Specialist Fund Market of the London Stock Exchange on 12 May 2010. The Company's shares are therefore now listed jointly in London and also on Euronext Amsterdam by NYSE Euronext and are eligible for settlement and custody through both Euroclear and the CREST system in London.

Secondary Placing

At the same time as the listing, our joint brokers talked to existing shareholders about the possibility of selling shares to allow a Secondary Placing to be effected in order to broaden the shareholding base. Some of our existing shareholders wished to sell owing to changes in their own circumstances since the listing in 2007. However, most of our major shareholders are long-term and experienced investors in private equity and had no urgency to sell at present market prices or discounts to NAV, even though the last of any "lock-up" periods expired in December 2009. Nevertheless, our joint brokers were able to find sufficient sellers to allow 4,763,208 shares, equivalent to 5.74% of the Company, to be bought by new shareholders in a Secondary Placing on 18 May 2010 at a price of $5.75 per share. We welcome those new shareholders and hope they find their investment rewarding. However, even after the Secondary Placing, 58.8% of our shares continue to be held by five major U.S. institutions. Although we hope to see further expansion in our shareholder base, we do expect our shareholder register to remain significantly concentrated for the foreseeable future.

Put Right

At the same time as the Secondary Placing, and in order to give confidence to buyers of our shares, we issued a "Put Right" to buyers, giving them the right to sell their shares back to the Company in November 2011 at the lower of the Secondary Placing price of $5.75 or the estimated economic NAV per share on 31 October 2011. This Put Right is best thought of as a tender for shares announced eighteen months in advance. At worst, such purchases will be NAV neutral for ongoing shareholders and, if the economic NAV per share is in excess of $5.75, will be accretive. The Company has committed $40 million to fund the Put Rights, being sufficient to repurchase 6.96 million shares at $5.75 per share. 4.76 million shares eligible for the Put Right were placed in the Secondary Placing, leaving Put Rights available to attach to up to 2.19 million shares if purchased in the market and duly registered with the Company's registrars. The Company will update shareholders regularly by means of a Regulatory News Service (RNS) announcement through the London Stock Exchange and through Euronext as to the number of possible future Put Rights still available for issue within the $40 million commitment ceiling.

This Put Right is, we believe, innovative. If exercised, the cost of $40 million will be financed from accumulated distributions from HVPE's investments over the next eighteen months or from our Bank of Scotland plc credit facility. The bank is supportive of the plan and has confirmed that such use of the facility would be permitted within its covenants.

The listing of the Company on the Specialist Fund Market of the London Stock Exchange was accompanied by the publication of a Summary Document, which gives further details and is available on the Company's website at **www.hvgpe.com**. Copies of the accompanying press releases relating to the listing, the Secondary Placing, and to the issue of Put Rights are also available on the website.

The Board, its advisers, and the Investment Manager are hopeful that the combination of these actions will lead to increased trading in your Company's shares. We will continue to strive for regular and reliable liquidity. This is important for shareholders. With 83 million shares in issue, albeit with many tightly held at present, a market capitalisation of $477.3 million based on the Secondary Placing price, and new shareholders joining the register, together with the steps we have taken to improve the Company's visibility and marketability, we hope we will now see a gradual increase in turnover.

The Board, its advisers, and the Investment Manager are hopeful that the combination of the Dual Listing, Secondary Placing and Put Right will lead to increased trading in your Company's shares. We will continue to strive for regular and reliable liquidity.

2010 FUND COMMITMENT

In May 2010, HarbourVest launched a new fund, HarbourVest Senior Loans Europe Limited (“HSLE”). HSLE is structured as a Guernsey company, is denominated in sterling, and listed on the main market of the London Stock Exchange. HSLE will invest in primary and secondary senior secured loans of private equity-backed companies in Europe. Under your Company’s management agreement with HarbourVest, HVPE has the right to subscribe for between 5% and 35% of any new HarbourVest fund. In the case of a new strategy, such as HSLE, any recommendation made by our Investment Manager has to be approved by a majority of the Directors. Our Investment Manager duly made a recommendation that HVPE should subscribe for up to 9.9% of HSLE. The Board approved an investment of £10 million after careful consideration of the case made by the Investment Manager. HSLE is completely independent of HVPE, with no common directorships. The company expects to start returning cash to shareholders after 30 June 2012 and will offer a continuation vote at the Annual General Meeting following its seventh anniversary. Although HVPE’s investment will be financed by drawing sterling from the existing Bank of Scotland plc credit facility, the cost of the investment is less than the net positive cash flow over the six months to 30 April 2010.

CONCLUSION

The recent months have been busy for HVPE, and, in particular, I wish to record my thanks to our Chief Financial Officer, Steve Belgrad, for driving our plans forward. Meanwhile, his colleagues at HarbourVest have continued to manage our investments in HarbourVest funds with the aim of achieving top quartile performance over a multi-year investment cycle. That is what HarbourVest has achieved regularly in the past 28 years, and only by doing so in the future will the success of your Company be assured. All of the Independent Directors are shareholders in the Company, and all have indeed increased their shareholdings in the last five months. We look forward to the future with confidence.

All of the Independent Directors are shareholders in the Company, and all have indeed increased their shareholdings in the last five months.

We have further expanded HVPE’s Annual Report and Audited Consolidated Financial Statements with the aim of providing the maximum amount of information to shareholders. We want our shareholders to be extremely well informed. If we are not providing what shareholders require, please let us know. Following the publication of the Annual Report, there will be an informal meeting for shareholders in London on Wednesday 23 June 2010. Shareholders will be advised nearer the date of the time and location of the meeting. I look forward to as many shareholders as possible being at that meeting either in person or by conference call.

Please do not hesitate to contact the Company through our CFO, Steve Belgrad, at **sbelgrad@harbourvest.com**. I may be contacted through the Company Secretary at **reception@anson-group.com**.

Yours sincerely,

Michael Bunbury

Michael Bunbury
26 May 2010

Investment Manager's Review

Investment Strategy

HVPE was established to give public market investors access to the same professionally managed private equity programmes, on the same terms, that HarbourVest offers to institutional investors. The Company seeks to provide a comprehensive private equity solution and deliver top-quartile performance over a multi-year investment cycle. This objective drives HVPE's investment philosophy and approach. With more than 28 years of experience managing private equity funds, HarbourVest believes that these three strategies are critical to the success of a listed private equity programme:

Diversification across Geography, Strategy, Vintage Year, and Industry: Historical data demonstrates the benefits of a well-diversified portfolio. Long-term returns tend to be cyclical across various segments, and a comprehensive private equity portfolio should strive to be consistently exposed to the most successful managers in their areas of expertise.

Ongoing Commitments: An efficient portfolio should be fully and consistently committed to the asset class, regardless of economic cycle. Many of the most successful vintage years for private equity have been during or just after recessionary periods when investments were more attractively priced.

Conservative Balance Sheet: Based on the long-term and often uncertain timing of private equity commitments, listed private equity vehicles should maintain conservative balance sheets with adequate reserves to finance obligations. At its founding in December 2007, HVPE established a highly prudent $500 million, seven-year credit facility as a reserve to finance capital calls during periods of negative cash flows.

Results for the Financial Year Ended 31 January 2010

CHANGE IN NET ASSET VALUE

As at 31 January 2010, HVPE's net asset value ("NAV") was $718.2 million, or $8.65 per share. This represents an increase of $1.04 per share, or 13.7% over the financial year from 31 January 2009 ($7.61). During the financial year, HVPE benefited from a more positive economic environment as public markets experienced an upward revaluation. The 8.2% appreciation of the euro relative to the U.S. dollar from 31 January 2009 through to 31 January 2010 also benefitted HVPE, as approximately 21% of the underlying portfolio is denominated in euros.

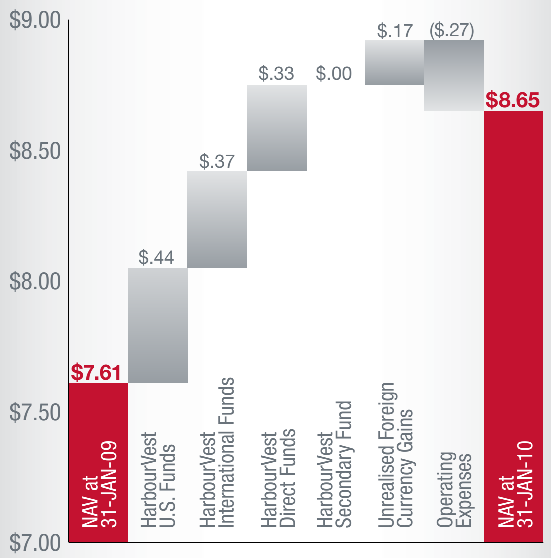
While currency changes had a beneficial impact on HVPE's dollar-based NAV per share during the financial year, the Company's U.K. and Europe-based investors that may value their investments in local currency may have been negatively affected by the U.S. dollar's movement. The NAV per share in euro terms was €6.24 at 31 January 2010, and NAV per share in sterling terms was £5.41. This represented an annual NAV per share increase of 5% in euros and 3% in sterling, as illustrated in the chart below.

	NAV PER SHARE		
	$	€	£
31-Jan-2009	7.61	5.94	5.23
31-Jan-2010	8.65	6.24	5.41
Change	1.04	0.30	0.18
% Increase	**14%**	**5%**	**3%**

When analysing changes in NAV per share, HVPE's Investment Manager reviews realised and unrealised gains and losses by HarbourVest fund category, as well as the impact of foreign currency movement and expenses. As shown in Exhibit B, of the $1.04 increase in NAV per share in the financial year ended 31 January 2010, $0.44 resulted from HarbourVest U.S. fund-of-funds, $0.37 from HarbourVest international fund-of-funds, $0.33 from HarbourVest direct funds, and $0.17 from unrealised foreign currency gains. The performance of the global secondary fund was neutral, and operating expenses resulted in a decrease of $0.27 per share.

Gains for HarbourVest's U.S., international, and direct funds were driven primarily by improving public markets, which increased the value of the public securities held in the portfolios, as well as the value of comparable public companies against which many private company valuations are benchmarked. The largest gain within the HVPE portfolio was generated by HIPEP III Partnership, a mature European and Asian fund-of-funds formed in 1998 that is currently harvesting its investments.

(B) Changes in HVPE NAV Per Share
31 January 2009 to 31 January 2010



VALUE CHANGES BY STRATEGY

The strategic benefit of maintaining a diverse portfolio remains clear in HVPE's performance for the financial year ended 31 January 2010.

The overall change in the value of the portfolio was driven by the varying performance results for venture capital and buyout strategies in the underlying investments. Exhibit C highlights the NAV performance experienced by the venture portfolio (and its sub-segments), the buyout portfolio (and its sub-segments), and the portion of the portfolio invested in other private equity strategies, including mezzanine and distressed debt. Each bar in the chart reflects the twelve-month performance gain in that segment, while the numbers at the top of the chart represent each segment's share of HVPE's NAV at 31 January 2010. For comparison, each segment's NAV performance for the prior year ended 31 January 2009 has been provided at the bottom of each bar.

While venture investments outperformed buyout investments during the Company's prior financial year, during the twelve-month period to 31 January 2010, these trends were reversed. Buyout, which makes up 59% of the portfolio, increased in value by 26%, while venture, representing 38% of the portfolio, increased in value by 7%. Likewise, the large buyout sub-segment, which had the largest decline during the year to 31 January 2009, experienced the largest gain (41%) during the year to 31 January 2010.

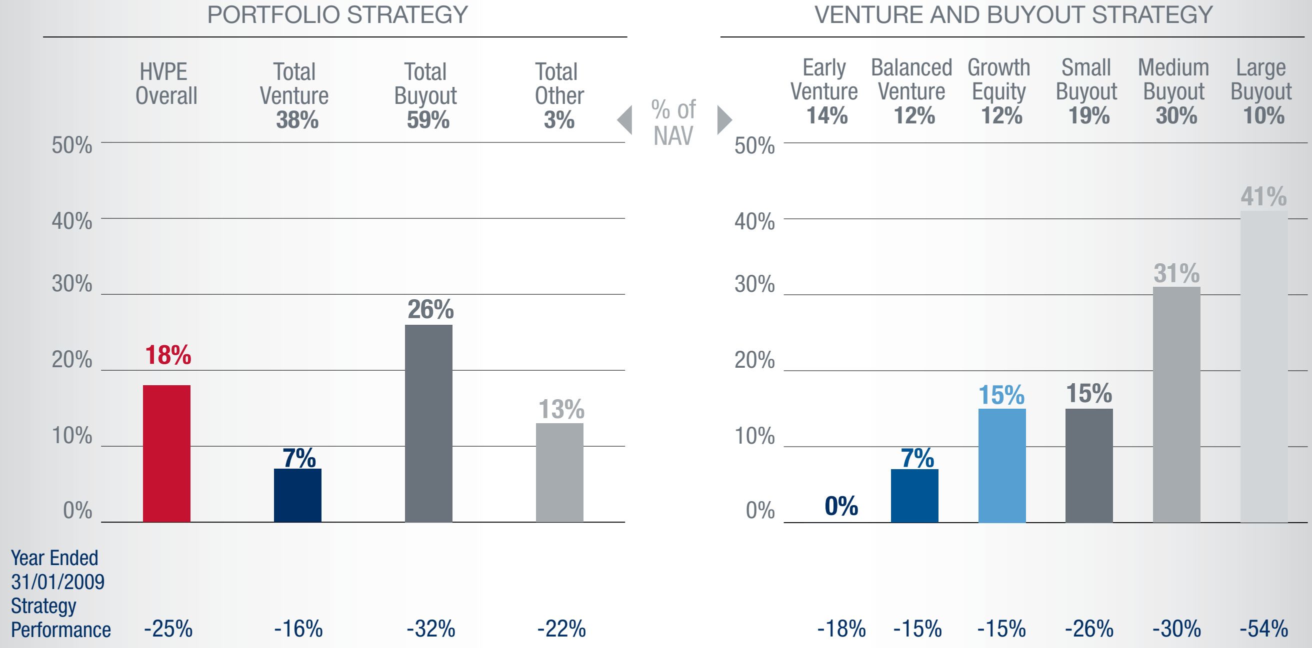
The valuation changes in both the venture and buyout portfolios were modest relative to the appreciation experienced in the public markets, as the MSCI World Index gained almost 38% in U.S. dollar terms during the financial year. Buyout valuations, which tend to be benchmarked to public markets, disproportionately benefited from both currency and market movement during the period to 31 January 2010.

Within the sub-segments of the buyout and venture portfolios, there was significant variation in performance. Within buyout, medium (up 31%) and large (up 41%) significantly outpaced small buyout (up 15%). Within venture, which is less correlated to public markets, early stage and balanced venture experienced flat to single digit growth, while growth equity gained 15%.

Details on recent liquidity events that affected HVPE's underlying portfolio NAV is included in the Commitments and Balance Sheet Review section of the Investment Manager's Review.

Exhibit C highlights the NAV performance experienced by the venture portfolio (and its sub-segments), the buyout portfolio (and its sub-segments), and the portion of the portfolio invested in other private equity strategies, including mezzanine and distressed debt.

(C) Performance by Strategy*
31 January 2009 to 31 January 2010



* Based on NAV of Investments, adjusted for cash flows.
Data includes primary, secondary, and direct investments.

EXPENSES

Expenses represented $22.5 million, or a $0.27 per share impact on NAV during the financial year ended 31 January 2010. HVPE has three major categories of expenses: (i) management fees paid to HarbourVest funds; (ii) financing fees and expenses related to its $500 million credit facility; and (iii) operating expenses including compensation, travel, insurance, and directors' fees, as well as third party legal, administrative, accounting, and other expenses.

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 this analysis, they have been reclassified as direct HVPE expenses in order to provide a comprehensive and transparent view of operating costs. For the financial year ended 31 January 2010, management fees totaled $16.1 million, down from $17.1 million for the financial year ended 31 January 2009.

The multi-currency revolving credit facility, which expires in December 2014, bears variable interest at LIBOR plus 150 basis points on drawn amounts and carries an annual commitment fee of 40 basis points on the unused portion. During the financial year ended 31 January 2010, total facility-related expenses were $3.2 million. On average, HVPE had $78.3 million of borrowing outstanding over the period. During the year, the Company benefited from historically low interest rates with one-month U.S. dollar LIBOR costs averaging 16 basis points over the period. For the prior year ended 31 January 2009, HVPE had facility related expenses of $3.1 million as $28.2 million was outstanding on average during the period, and one-month U.S. dollar LIBOR costs averaged 26 basis points.

HVPE's operating costs were approximately $3.2 million in the financial year ended 31 January 2010, compared to $3.5 million during the financial year ended 31 January 2009. HVPE's Investment Manager and Board of Directors remain focused on controlling the Company's operating expenses. However, certain categories of expenses increased due to the 9.9% appreciation of sterling and 8.2% appreciation of the euro relative to the U.S. dollar over the financial year. Some of HVPE's administrative and operating expenses are denominated in sterling and euros.

NET ASSET VALUE METHODOLOGY

HVPE's 31 January 2010 NAV is based on the 31 December 2009 NAV of each HarbourVest fund, adjusted for changes in the value of public securities, foreign currency, known material events, cash flows, and operating expenses during January 2010. The valuation of each HarbourVest fund is presented on a fair market value basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

The 2008 adoption of ASC 820 (formerly FAS 157) in the U.S., which requires managers to present their portfolios on a fair market value basis in accordance with U.S. GAAP, has resulted in some private valuations, particularly buyouts, trending more closely alongside public markets. HVPE's NAV is influenced by public markets in two primary ways. First, the public securities in the portfolio (approximately 13%) are directly influenced by market movements. Second, the private companies in the portfolio whose values are benchmarked against public company comparables can be influenced by market movements in related sectors. In many cases, venture valuations tend to be less correlated to market movements than buyout valuations.

NEW COMMITMENTS

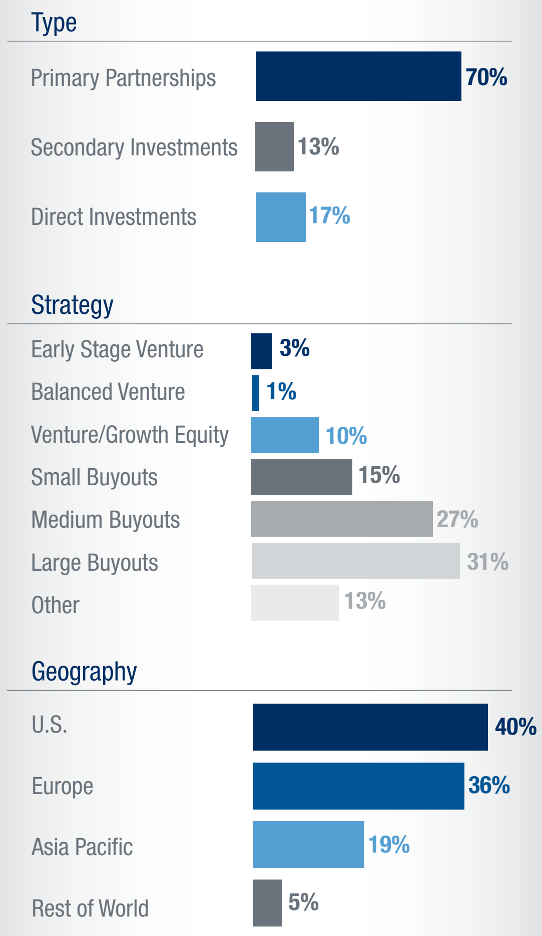
During the financial year ended 31 January 2010, HVPE did not make any new commitments or purchase additional interests in HarbourVest-managed funds, and it did not make any parallel investments alongside HarbourVest funds. However, the Company continued to benefit from the ongoing commitments made by six of the actively-investing HarbourVest funds in the portfolio. In total, these funds made new commitments to 22 private equity managers and 32 partnerships and direct investments (including secondary investments, which can include transactions made up of multiple partnerships) in the financial year ended 31 January 2010. Secondary investments often include managers and partnerships already held in the portfolio. The funds committed a total of approximately $38 million to primary investments and $16 million to secondary and direct investments on HVPE's behalf (see Exhibit D).

HVPE's HarbourVest funds continue to evaluate new opportunities across markets, selecting those with the most attractive return potential.

The largest new primary commitments during the year were to partnerships with the following characteristics:

Manager	Geography	Strategy
ABENEX Capital	France	Small Buyout
Advent International	Latin America	Medium Buyout
CHAMP Private Equity	Australia	Medium Buyout
CITIC Capital Partners	China	Medium Buyout
CVC Capital Partners	Europe	Large Buyout
Hellman & Friedman	U.S.	Medium Buyout
India Value Fund Advisors	India	Medium Buyout
Marlin Equity Partners	U.S.	Small Buyout
TA Associates	U.S.	Growth Equity
Unison Capital	Japan	Medium Buyout

(D) HVPE's Share of HarbourVest Funds' New Commitments*
Year Ended 31 January 2010



* Represents $54 million of new commitments.

Portfolio Review

PORTFOLIO DIVERSIFICATION STRATEGY

Portfolio diversification is a key component of HVPE's strategy. The Investment Manager believes that there are significant benefits to private equity portfolio diversification, including reduced risk, improved performance, and enhanced investment opportunities. The Company achieves its diversification by investing in a broad selection of HarbourVest private equity funds, which in turn make primary investments, secondary investments, and direct investments and provide access to underlying investments that are further diversified in terms of:

Geography: providing exposure to private equity funds investing in the U.S., Europe, Asia, and other private equity markets

Strategy (Stage of Investment): providing exposure to early stage, balanced, and growth equity venture capital; small and middle market leveraged buyouts, large capitalisation leveraged buyouts; mezzanine debt; and special situations, such as restructuring funds or distressed debt

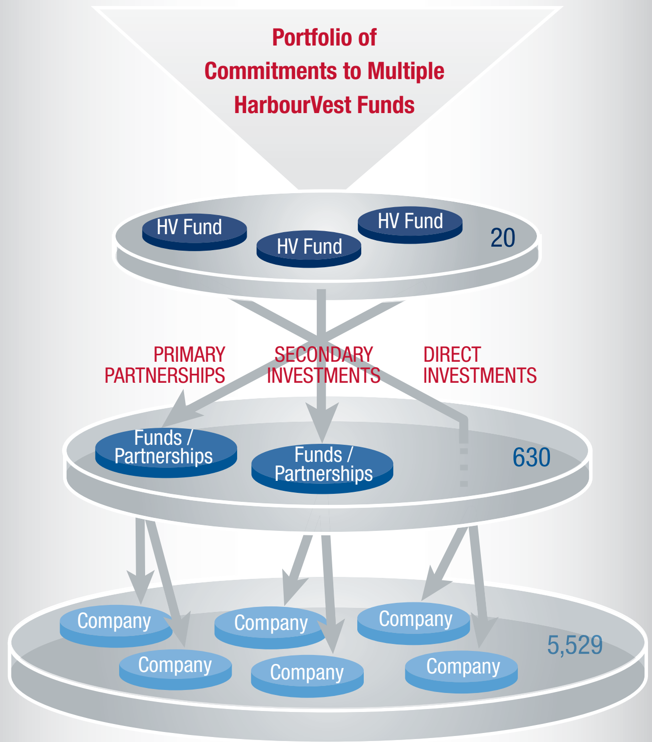
Vintage Year / Year of Investment: providing exposure to investments made across many years via primary, secondary, and direct investment strategies

Industry: providing direct and indirect exposure to a large number of different companies across a broad array of industries

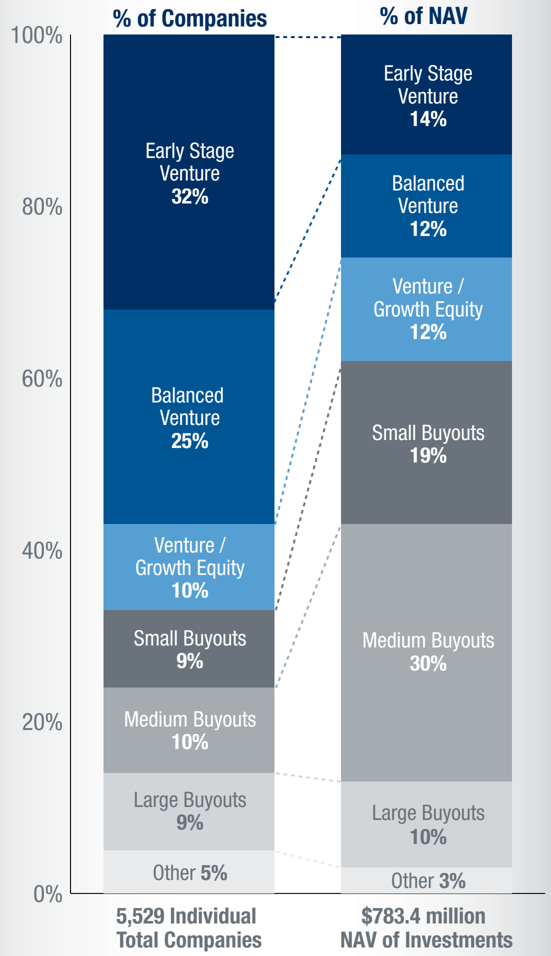
Because of this diversification, the Investment Manager believes that the risks associated with an investment in HVPE may be inherently lower than those of an investment in a single private equity fund or a listed fund managed by a single underlying manager.

Portfolio Diversification At 31 January 2010, HVPE's portfolio includes commitments to 20 HarbourVest funds at various stages of development. These funds, in turn, were invested in 630 underlying partnerships that owned stakes in 5,529 individual underlying companies. At 31 January 2010, no single company represented more than 3.2% of NAV, and the top 25 companies represented approximately 21% of NAV. HVPE has 63% of NAV invested in primary partnerships, 20% of NAV in secondary investments, and 17% of NAV in direct investments.

HVPE Investment Structure



(E) Diversification by Strategy based on Number of Underlying Companies and NAV



Note: Company data is based on the classification of the partnership that holds the company investment. Where company investments are held across multiple partnerships with different classifications, the company has been classified as the strategy of the largest position. NAV data is based on partnership classification.

Exhibit E illustrates the mix of HVPE's portfolio by strategy based on the number of companies and corresponding percentage of NAV of Investments as at 31 January 2010.

Exhibit F illustrates the highly diversified composition of the portfolio as measured by the portion of NAV represented by the top 25 positions in each of several categories, including all managers (30%), buyout managers (24%), and all investments (21%).

(F) Portfolio Concentration by Managers and Investments

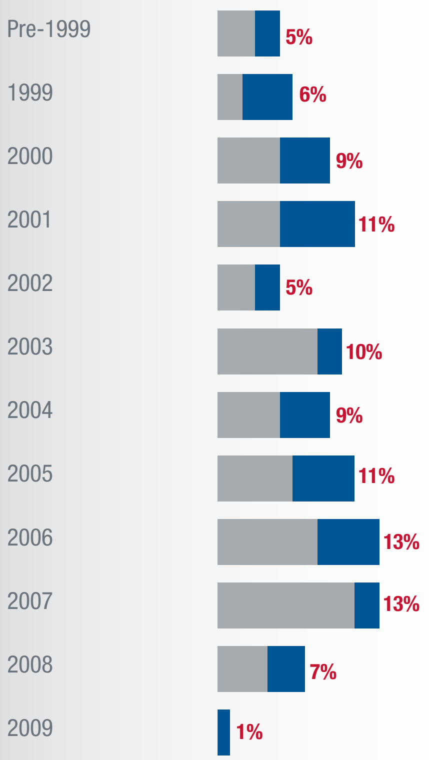
Top 25 of Each Category as a Percentage of NAV

To date, HVPE has analysed its portfolio by strategy, geography, vintage year, and industry and strived to be fully diversified across all of these metrics. The investment objective is to create a comprehensive private equity portfolio that is well positioned across all market cycles.

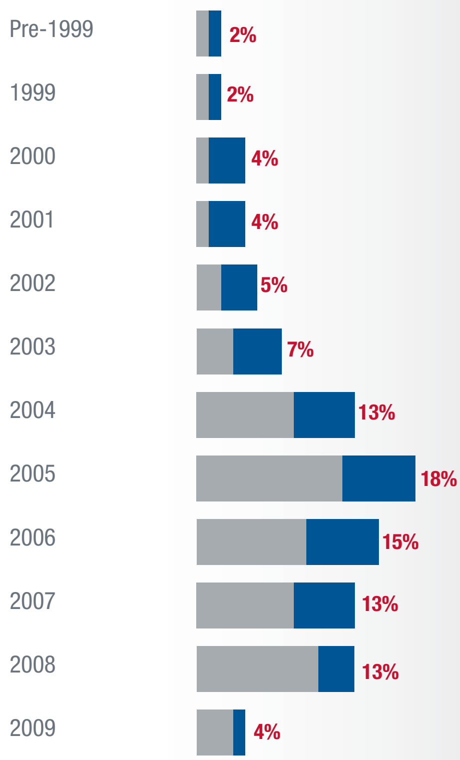
In addition, the Company now analyses its portfolio by the year of investment for all of its underlying companies, including both partnership and direct company investments. Given the pricing and leverage characteristics of investments made during certain periods, the Investment Manager believes that year of investment is a useful metric. Exhibit G illustrates HVPE's diversification by Year of Investment relative to Vintage Year (broken out by strategy), as well as other key elements of diversity. Where appropriate for comparison, the number in parentheses next to each bar represents the prior year percentage of NAV as at 31 January 2009.

(G) Portfolio Diversification by Investment Period
As at 31 January 2010

Vintage Year* (Buyout/Other Venture)

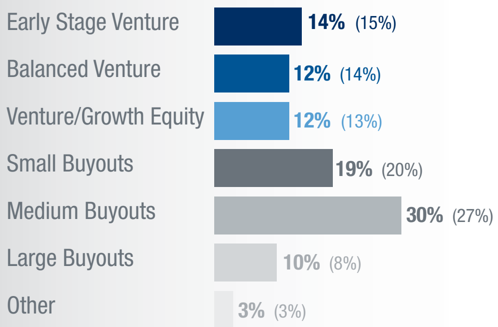


Year of Investment* (Buyout/Other Venture)

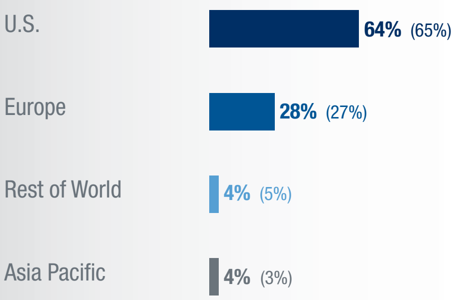


Portfolio Diversification by Strategy, Geography, and Industry
As at 31 January 2010 (and 31 January 2009)

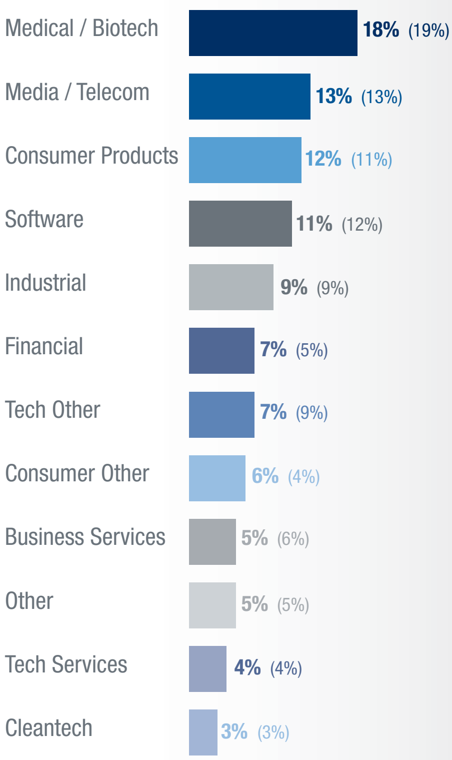
Strategy



Geography



Industry



* Percentages reflect total Vintage Year / Year of Investment.
Diversification charts add to 100% of NAV.
Please refer to Key Definitions and Methodologies.

AT A GLANCE:
KEY PORTFOLIO FACTS AT 31 JANUARY 2010

Vintage Year and Year of Investment

- HVPE's vintage year diversification is measured using the year of initial capital call for primary partnership and direct fund investments and the year of purchase for secondary investments. Year of investment diversification measures the year the underlying investment was made for all underlying portfolio companies.

- Investments spread over a range of 17 vintage years back to 1993, and 23 years of investment back to 1987

  - By vintage year, 63% of NAV is in years prior to 2005 and post 2007

  - By year of investment, 54% of NAV is in years prior to 2005 and post 2007

  - Within the 2005 to 2007 year of investment, the portfolio remains well diversified by strategy with buyouts made during this period representing 29% of total NAV (large buyout investments made during this period represent 9% of NAV)

Strategy (Stage of Investment)

- Venture capital assets (early stage, balanced, and growth equity) make up approximately 38% of NAV

- Buyout investments make up approximately 59% of NAV, with 10% of the total portfolio in large, leveraged buyout transactions

Geography

- Portfolio is invested 64% in the U.S., 28% in Europe, and 8% in the rest of the world with significant geographic variability between venture and buyout

  - Within the venture portfolio (38% of NAV), approximately 80% is held in the U.S., with 16% in Europe and 4% in the rest of the world

  - Within the buyout portfolio (59% of NAV), approximately 53% is held in the U.S., with 36% in Europe and 11% in the rest of the world

- Underlying partnerships are based in 24 countries and denominated in eight different currencies (See next page: Foreign Currency-Denominated Holdings)

Industry

- HVPE's broadly diversified industry allocation is positioned defensively in the current economic environment

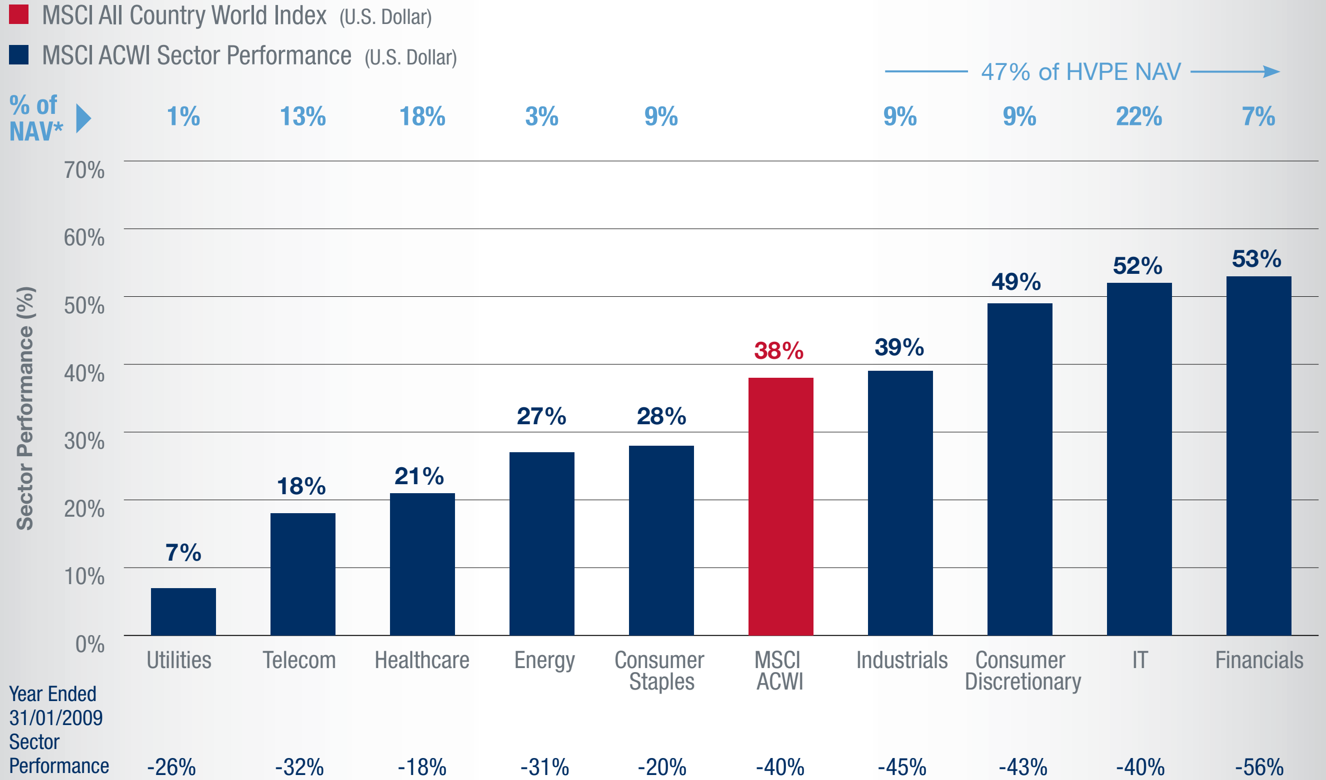
  - Diversification reflects HVPE's significant venture capital allocation with meaningful exposure to technology and software (22%) and medical/biotech (18%)

  - HVPE has relatively modest exposure to the financial sector at 7%

- Approximately 47% of HVPE's NAV is held in sectors that have outperformed the MSCI World Index over the last twelve months, as illustrated in Exhibit H. In many cases, the sectors that had the largest declines in the year ended 31 January 2009 experienced the greatest recovery in percentage terms during the year ended 31 January 2010. Therefore, several categories of HVPE concentration, such as telecom (13% of NAV), healthcare (18%), and consumer staples (9%), which significantly outperformed the market in the financial year ended 31 January 2009, underperformed in the twelve months to 31 January 2010. Particularly encouraging over the last year was the outperformance of IT (22% of NAV), which was one of the strongest performing sectors during the financial year (up 52%), providing the potential for a stronger realisation environment for HVPE's venture portfolio.

Particularly encouraging over the last year was the outperformance of IT (22% of NAV), which was one of the strongest performing sectors during the financial year (up 52%), providing the potential for a stronger realisation environment for HVPE's venture portfolio.

(H) MSCI Sector Performance and HVPE's NAV by Sector
31 January 2009 to 31 January 2010



* 9% of NAV has not been classified in defined MSCI ACWI sectors; HVPE's industry diversification has been modified to align more closely with the MSCI ACWI sectors and may not match HVPE diversification information presented elsewhere in this document.

FOREIGN CURRENCY-DENOMINATED HOLDINGS

At 31 January 2010, HVPE held interests in two euro-denominated funds: HIPEP V 2007 European Buyout and HIPEP VI Partnership. A number of HarbourVest direct funds in the HVPE portfolio have also made investments in companies denominated in foreign currencies, and HarbourVest fund-of-funds have made investments in foreign currency-denominated partnerships. Therefore, HVPE had exposure to the following currencies at 31 January 2010 (approximate, based on NAV): Euro (20.7%), Sterling (2.4%), Australian Dollar (1.7%), and Swedish Krona (0.7%). HVPE's total exposure to foreign currency is approximately 25% at 31 January 2010, which is slightly higher than at 31 January 2009 (22%).

In addition to this currency exposure, HVPE's NAV is also affected by investments in U.S. dollar-denominated partnerships that have made investments in foreign companies or companies that have significant foreign currency-based business activities.

HVPE's total exposure to foreign currency is approximately 25% at 31 January 2010.

Portfolio Listing

The Portfolio Listing illustrates HVPE's diversity and shows the major attributes of the 20 HarbourVest funds in which HVPE is invested.

Fund/Investment Name	Types of Investments			Primary Geographic Focus				Strategy		
	PRIMARY	SECONDARY	DIRECT	U.S.	EUROPE	ASIA	ROW	VENTURE	BUYOUT	MEZZ/ DEBT
U.S. FUND-OF-FUNDS										
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	•	•	•	•	•					•
INTERNATIONAL FUND-OF-FUNDS										
HIPEP II Partnership	•	•			•	•	•	•	•	
HIPEP III Partnership	•	•			•	•	•	•	•	
HIPEP IV Partnership	•	•			•	•	•	•	•	
HIPEP V 2007 European Buyout	•				•				•	
HIPEP VI Partnership	•				•	•	•	•	•	
DIRECT FUNDS										
HarbourVest V Direct			•	•				•	•	
HarbourVest VI Direct			•	•				•	•	
HIPEP II Direct			•		•	•	•	•	•	
HIPEP IV Direct			•		•	•	•	•	•	
2007 Direct Fund			•	•	•	•	•		•	
GLOBAL SECONDARY FUND										
Dover VII		•		•	•	•	•	•	•	•

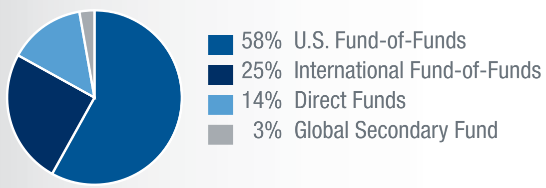
Portfolio Listing
All data shown in U.S. dollars (millions) as at 31 January 2010

Fund/Investment Name (Fund Currency)	Vintage Year(s)	Original Commitment Amount ($)	% of Fund Owned by HVPE	% Called
U.S. FUND-OF-FUNDS				
HarbourVest IV Partnership ($)	1993 – 1996	$56.0	28.5%	95.0%
HarbourVest V Partnership ($)	1996 – 1999	148.0	24.4	98.0
HarbourVest VI Partnership ($)	1999 – 2005	258.8	9.2	94.5
HarbourVest VI Buyout Partnership ($)	1999 – 2003	10.0	0.9	94.0
HarbourVest VII Venture Partnership ($)	2003 – 2006	132.5	6.6	77.5
HarbourVest VII Buyout Partnership ($)	2003 – 2007	70.0	3.5	73.5
HarbourVest VIII Venture ($)	2006 – 2010	50.0	2.4	47.5
HarbourVest VIII Buyout ($)	2006 – 2010	250.0	8.5	37.0
HarbourVest VIII Mezzanine and Distressed Debt($)	2006 – 2010	50.0	10.3	37.5
Total U.S. Fund-of-Funds (9)				
INTERNATIONAL FUND-OF-FUNDS				
HIPEP II Partnership ($)	1995 – 1998	$145.0	18.1%	98.1%
HIPEP III Partnership ($)	1998 – 2001	230.0	13.8	97.0
HIPEP IV Partnership ($)	2001 – 2005	125.0	5.8	91.0
HIPEP V 2007 European Buyout (€)	2007 – 2008	65.8	24.9	38.5
HIPEP VI Partnership (€)*	2008 – 2011	138.6	12.1	1.0
Total International Fund-of-Funds (5)				
DIRECT FUNDS				
HarbourVest V Direct ($)	1997	$48.0	15.8%	100.0%
HarbourVest VI Direct ($)	1999	87.5	17.3	98.5
HIPEP II Direct ($)	1995	21.0	20.8	100.0
HIPEP IV Direct ($)	2001	80.0	21.4	100.0
2007 Direct Fund ($)	2007	100.0	13.6	40.0
Total Direct Funds (5)				
GLOBAL SECONDARY FUND				
Dover VII ($)	2007 – 2010	$100.0	3.4%	21.0%
TOTAL				

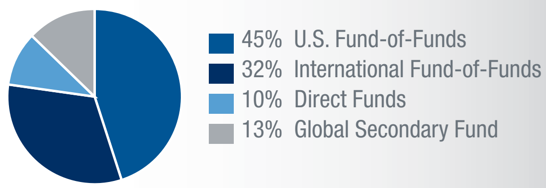
* Fund has not held final close at 31 January 2010.

$ Called During Year Ended 31 January 2010	$ Distributed During Year Ended 31 January 2010	Investment Value (NAV) at 31 January 2010 ($)	Investment Value as % of Total	Amount Unfunded at 31 January 2010 ($)	Amount Unfunded as % of Total	Total Exposure at 31 January 2010 ($)
$0.0	$1.2	$3.5	0.4%	$2.8	0.4%	$6.3
0.0	4.8	27.3	3.5	3.0	0.5	30.3
6.5	17.8	145.3	18.6	14.2	2.3	159.5
0.2	0.6	5.7	0.7	0.6	0.1	6.3
9.3	0.0	103.5	13.2	29.8	4.8	133.3
1.4	1.0	48.1	6.1	18.6	3.0	66.7
6.2	0.0	22.5	2.9	26.2	4.2	48.7
13.7	1.5	83.6	10.7	157.5	25.3	241.1
1.5	0.0	17.2	2.2	31.3	5.0	48.5
$38.8	**$26.9**	**$456.7**	**58.3%**	**$284.0**	**45.6%**	**$740.7**
$0.0	$0.9	$8.4	1.1%	$2.9	0.5%	$11.3
2.3	11.6	87.0	11.1	6.9	1.1	93.9
5.0	3.7	79.3	10.1	11.2	1.8	90.5
6.9	0.0	23.5	3.0	40.5	6.5	64.0
1.3	0.0	0.5	0.1	137.2	22.0	137.7
$15.5	**$16.2**	**$198.7**	**25.4%**	**$198.7**	**31.9%**	**$397.4**
$0.0	$0.0	$4.6	0.6%	$0.0	0.0%	$4.6
0.9	8.0	23.0	2.9	1.3	0.2	24.3
0.0	0.0	0.3	0.0	0.0	0.0	0.3
1.6	0.0	39.1	5.0	0.0	0.0	39.1
13.0	0.0	40.7	5.2	60.0	9.6	100.7
$15.5	**$8.0**	**$107.7**	**13.7%**	**$61.3**	**9.8%**	**$169.0**
$4.0	$0.7	$20.3	2.6%	$79.0	12.7%	$99.3
$73.8	**$51.8**	**$783.4**	**100.0%**	**$623.0**	**100.0%**	**$1,406.4**

(I) Portfolio Allocation Based on:
Investment Value ($783 million)



Amount Unfunded ($623 million)



LARGEST MANAGERS

At 31 January 2010, HVPE's investments provided exposure to 630 fund interests across multiple high-quality managers (compared to 628 at 31 July 2009, 626 at 31 January 2009, and 538 at 31 July 2008).

For each strategy and region, the largest private equity managers based on HVPE's NAV at 31 January 2010 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. At 31 January 2010, no external manager represents more than 2.5% of NAV.

Largest Managers by Strategy Based on Investment Value

Top 25 Venture Capital

- In aggregate, these managers represented 19.9% of investment value
- The five largest managers represented 7.4% of investment value

1.5% to 2.0% of Investment Value

New Enterprise Associates
Oak Investment Partners
TA Associates

1.0% to 1.5% of Investment Value

Sofinnova Partners*

0.5% to 1.0% of Investment Value

Accel Partners
Atlas Venture
Austin Ventures
Battery Ventures
Draper Fisher Jurvetson
Foundation Capital
Highland Capital Partners
Index Ventures
InterWest Partners
Mayfield Fund
Menlo Ventures
Pitango Venture Partners
Polaris Venture Partners
Sanderling Venture Partners
Sequoia Capital
Summit Partners
Tenaya Capital†
Thoma Bravo
Versant Ventures

Up to 0.5% Investment Value

HealthCare Ventures
Tempo Capital Partners†

Top 25 Buyout

- In aggregate, these managers represented 24.4% of investment value
- The five largest managers represented 8.4% of investment value

2.0% to 2.5% of Investment Value

BC Partners

1.5% to 2.0% of Investment Value

Silver Lake Management

1.0% to 1.5% of Investment Value

American Capital
CVC Capital Partners
Doughty Hanson & Co
IK Investment Partners
The Jordan Company
Newbridge Capital Group
Nordic Capital

0.5% to 1.0% of Investment Value

Accretive Exit Capital Partners
Advent International
Alpha Group
Apax Partners
Bain Capital
Berkshire Partners
The Blackstone Group
BS Investments
Clyde Blowers Capital
GTCR Golder Rauner
Hellman & Friedman
Kelso & Company
KKR Associates Europe
Kohlberg Kravis Roberts & Co.†
Leonard Green & Partners†
Providence Equity Partners

Top 10 Mezzanine and Other

- In aggregate, these managers represented 2.2% of investment value
- The five largest managers represented 1.4% of investment value

Up to 0.5% of Investment Value

ABRY Partners
Capital Resource Partners
Clearwater Capital Partners
Falcon Investment Advisors
GSO Capital Partners
Indigo Capital
Levine Leichtman Capital Partners
Oaktree Capital Management
RBS Asset Management
Welsh, Carson, Anderson & Stowe

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

† Manager not included in largest managers at 31 July 2009.

Largest Managers by Region Based on Investment Value

Top 25 U.S.

- In aggregate, these managers represented 23.5% of investment value
- The five largest managers represented 8.1% of investment value

1.5% to 2.0% of Investment Value

New Enterprise Associates
Oak Investment Partners
Silver Lake Management
TA Associates

1.0% to 1.5% of Investment Value

American Capital
The Jordan Company
Thoma Bravo
Welsh, Carson, Anderson & Stowe

0.5% to 1.0% of Investment Value

Austin Ventures
Bain Capital
Battery Ventures
The Blackstone Group
Draper Fisher Jurvetson
GTCR Golder Rauner
Hellman & Friedman
Highland Capital Partners
InterWest Partners
Kelso & Company
Kohlberg Kravis & Roberts Co.†
Leonard Green & Partners†
Menlo Ventures
Polaris Venture Partners
Providence Equity Partners
Sanderling Venture Partners
Summit Partners

Top 25 Europe

- In aggregate, these managers represented 18.6% of investment value
- The five largest managers represented 7.9% of investment value

1.5% to 2.5% of Investment Value

BC Partners

1.0% to 1.5% of Investment Value

CVC Capital Partners
Doughty Hanson & Co.
IK Investment Partners
Nordic Capital
Sofinnova Partners*

0.5% to 1.0% of Investment Value

Alpha Group
Apax Partners
Atlas Venture
BS Investments
Clyde Blowers Capital
Index Ventures
KKR Associates Europe
Permira Advisers
Quadriga Capital†

Up to 0.5% of Investment Value

Accel Partners
Amadeus Capital Partners†
CapVis Limited
Cinven Limited
Encore Ventures†
EQT Managers
Exponent Private Equity†
Galileo Partners
Kennet Venture Partners
Tempo Capital Partners

Top 10 Asia and Rest of World

- In aggregate, these managers represented 5.5% of investment value
- The five largest managers represented 3.7% of investment value

1.0% to 1.5% of Investment Value

Newbridge Capital Group

0.5% to 1.0% of Investment Value

Advent International
Brait Manager Mauritius Limited
Pitango Venture Capital

Up to 0.5% of Investment Value

CHAMP
Clearwater Capital Partners
CVC Capital Partners Asia
Jerusalem Venture Partners
Mid Europa Partners†
Unitas Capital

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

† Manager not included in largest managers at 31 July 2009.

LARGEST UNDERLYING COMPANIES

At 31 January 2010, the HVPE portfolio included interests in 5,529 individual company investments (held by the HarbourVest funds both directly and indirectly), compared to 5,600 at 31 July 2009, 5,705 at 31 January 2009, and 5,612 at 31 July 2008. The 25 largest portfolio company investments based on NAV at 31 January 2010 are listed by percentage of investment value. Companies in bold below are held at least in part in HarbourVest direct funds and represent 16 of the top 25 holdings. In most cases, HarbourVest has access to more complete financial information on these companies, and in some cases, HarbourVest representatives sit on the companies' Boards of Directors.

There are eight companies listed below that were not included in HVPE's top 25 companies at 31 July 2009. Two of the Company's largest holdings at 31 July 2009 (*Birds Eye Foods* and *Datatel, Inc.*) were sold in late 2009. Additionally, *LM Glasfiber A/S* (one of the largest holdings at 31 July 2009) merged with Svendborg Brakes to form *LM Windpower A/S,* which is listed below. The investments in *Falcon Group* and *Invitel Holdings A/S* were made by HarbourVest-managed direct funds during the second half of 2009. The other changes related primarily to valuation changes during the financial year.

- In aggregate, these investments represented 20.6% of investment value
- The five largest investments represented 8.9% of investment value

Largest Underlying Companies Based on Investment Value

Company	% of Investment Value as at 31 January 2010	Location	Status	Description
Nycomed SCA-SICAR	**3.20%**	**Denmark**	**Private**	**Specialty pharmaceuticals**
The Sun Products Corporation	**2.39**	**U.S.**	**Private**	**Private-label household products**
Shenzhen Development Bank*	1.14	China	Public	Banking institution
MYOB Limited	**1.10**	**Australia**	**Private**	**Accounting software**
Avago Technologies, Inc.	1.08	Singapore	Public	Semiconductor components
Legrand Holdings S.A.	0.91	France	Public	Electrical products and systems
AWS Convergence Technologies, Inc.	**0.87**	**U.S.**	**Private**	**Localised convergence content**
Mimeo.com, Inc.	**0.78**	**U.S.**	**Private**	**Online digital printing**
The Hillman Group	**0.74**	**U.S.**	**Private**	**Hardware products and services**
Amadeus Global Travel Distribution†‡	0.73	Spain	Private	Global airline travel and logistics
Acromas Holdings (Saga/AA)	**0.71**	**U.K.**	**Private**	**Financial, insurance, and travel services**
Falcon Group (T-Mobile Czech Republic, Ceske Rakiokomunikace)‡	**0.71**	**Czech Republic**	**Private**	**Telecommunications services**
LM Windpower A/S‡	0.61	Netherlands	Private	Wind power components and systems
Transmode	**0.59**	**Sweden**	**Private**	**Optical solutions for metro telecommunication networks**
Brenntag Group†	0.49	Germany	Private	Industrial and specialty chemicals
Pepkor Holdings	0.48	South Africa	Private	Clothing retailer
PSI Holdings Inc. (Akibia)	**0.48**	**U.S.**	**Private**	**Network integration services**
Radiation Therapy Services	**0.48**	**U.S.**	**Private**	**Radiation therapy for cancer treatment**
Unity Media SCA‡	0.48	Germany	Private	Digital television and telecommunications
Invitel Holdings A/S‡§	**0.47**	**Hungary**	**Public**	**Telecommunications services**
Smurfit Kappa Plc‡	**0.46**	**Ireland**	**Public**	**Paper-based packaging products**
Flexera (Acresso) Software, Inc.	**0.45**	**U.S.**	**Private**	**Enterprise software solutions**
GTS Central Europe	**0.45**	**Hungary**	**Private**	**Digital telecommunications**
Nuveen Investments, Inc.‡	**0.42**	**U.S.**	**Private**	**Financial and investment management**
TDC A/S‡	0.41	Denmark	Private	Telecommunications operator

* Shenzhen Development Bank partially sold in May 2010

† Brenntag Group completed an IPO in March 2010, and Amadeus Global Travel Distribution completed an IPO in April 2010.

‡ Company not included in top 25 at 31 July 2009.

§ Invitel Holdings A/S de-listed in February 2010.

LARGEST UNDERLYING PUBLICLY-LISTED SECURITIES

At 31 January 2010, approximately 13% of the HVPE investment portfolio was made up of publicly-listed securities. The increase in publicly-listed securities from 9% of NAV at 31 January 2009 primarily reflects the impact of improving public markets over 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.

The 25 largest publicly-listed investments based on HVPE's NAV at 31 January 2010 are listed by percentage of investment value.

- In aggregate, these investments represented 7.3% of investment value
- The five largest investments represented 4.1% of investment value

Largest Underlying Publicly-Listed Securities Based on Investment Value

Company	% of Investment Value as at 31 January 2010	Location	Description
Shenzhen Development Bank†	1.14%	China	Banking institution
Avago Technologies, Inc.*	1.08	Singapore	Semiconductor components
Legrand Holdings S.A.	0.91	France	Electrical products and systems
Invitel Holdings A/S*‡	0.47	Hungary	Telecommunications services
Smurfit Kappa Plc	0.46	Ireland	Paper-based packaging products
Adesa, Inc.*	0.30	U.S.	Vehicle auctions
Select Medical Corporation*	0.21	U.S.	Long-term hospital and rehabilitation services
Talecris Biotherapeutics, Inc.*	0.21	U.S.	Blood treatment products
Emeritus Corporation	0.20	U.S.	Assisted living communities
Isilon Systems, Inc.	0.20	U.S.	Video network storage systems
Alpha Radio BV	0.19	France	Radio stations
Ablynx NV	0.18	Belgium	Antibody therapeutics and screening
Dufry AG	0.18	Switzerland	Duty-free retailer
Rockwood Holdings, Inc.	0.17	U.S.	Specialty chemicals
Network Engines, Inc.	0.16	U.S.	Internet content services
Palm, Inc.	0.15	U.S.	Mobile computer systems
Education Management Company*	0.13	U.S.	Post-secondary schools
PartnerRe Ltd.* (acquired Paris Re)	0.13	Bermuda	Global reinsurance
TRW Automotive Holdings	0.13	U.S.	Automotive systems
Zhuhai Zhongfu	0.13	China	Bottle and beverage packaging
Orion Healthcorp, Inc.*	0.12	U.S.	Outsourced business services for physicians
TeamHealth, Inc.*	0.12	U.S.	Outsourced physician services
Whole Foods Market, Inc.*	0.12	U.S.	Organic grocery retailer
Dollar General Corporation*	0.11	U.S.	Discount retailer
MedAssets, Inc.	0.11	U.S.	Procurement and business management for healthcare companies

* Company not included in top 25 public companies at 31 July 2009.

† Shenzhen Development Bank partially sold in May 2010.

‡ Invitel Holdings A/S de-listed in February 2010.

HARBOURVEST VIEWPOINT:

The Benefits of Venture Capital

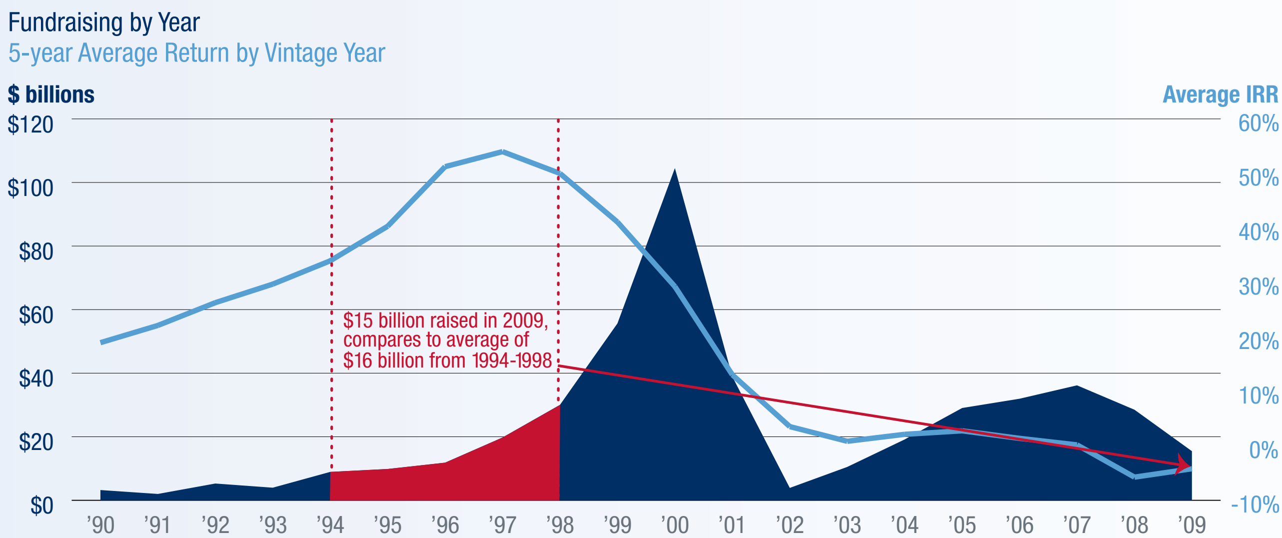
With approximately 38% of HVPE's NAV at 31 January 2010 invested in venture capital, including early stage, balanced, and growth equity investments, the Company has a higher exposure to the asset class than many of its publicly-listed peers. HVPE's Investment Manager remains confident about the potential for strong venture returns for the following reasons:

- Innovation and entrepreneurship are alive and thriving
- The availability of risk capital is moving towards a healthy equilibrium
- The operational performance of venture-backed companies has been less affected by the global credit crisis than other private equity strategies
- The liquidity window has shown signs of life, and the strongest companies are taking advantage
- HVPE has exposure to a recognised portfolio of high quality venture investments

The venture model depends on a blend of innovation, entrepreneurial vision, and risk capital – all encompassed by a large market opportunity that may be ready to be exploited. When all of these inputs exist and the timing is right, there is the potential for major industries and companies to be formed. When they exist in equilibrium in a favourable capital market environment, there is the potential to achieve outsized investment returns.

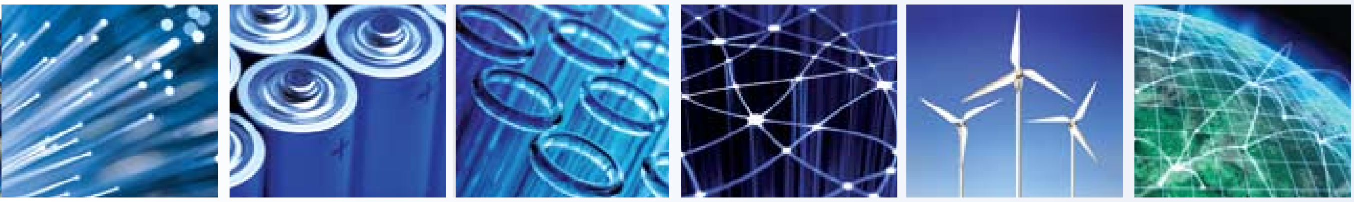
Today's venture capital market is reminiscent of the mid 1990s, a time when investment returns reached record highs. The availability of capital has become increasingly scarce as the global financial and credit crisis has created liquidity challenges for some of the most established institutional limited partners investing in the asset class. Some experts expect the industry to contract by as much as 50% as the strongest managers raise smaller funds and the next tier delay fundraising or close their doors entirely. This shakeout has been building over many years and could pay dividends for those investors that stay the course.

U.S. Venture Capital Fundraising and Returns



Source: Thomson Reuters

5-year Average Return is average of the vintage year returns (pooled IRR) as of September 30, 2009 for the trailing five vintage years.



The operational performance of venture-backed companies has been less affected by the global credit crisis. In the aftermath of the crisis, investors have experienced a global deleveraging that is still under way. Because leverage is generally not part of the venture formula, venture-backed companies have been noticeably less affected than other strategies, especially those with capital efficient business models and a compelling value proposition for customers. As the economy begins to stabilise and emerge from the downturn, many companies across the venture landscape are able to demonstrate growth through economic adversity.

Just prior to the credit crisis, the venture-backed IPO was becoming increasingly viable. In the fourth quarter of 2007, there were 31 U.S. venture-backed IPOs, the largest total since the third quarter of 2000. At that time, the venture industry was perceived by many to be on the verge of a strong liquidity cycle not seen since the late 1990s. However, 2008 marked the beginning of an unprecedented period where the IPO window closed entirely. In fact, prior to two April 2009 IPOs, there was an eight-month period during which there were no venture-backed IPOs. In recent quarters, venture-backed IPO activity has picked up, showing early signs of a possible recovery (see pages 30-31 for HVPE IPO data).

As of 31 December 2009, there were more than 25 venture-backed companies (across the industry) on file to go public, with several others planning to file over the course of the next few quarters. Notable first calendar quarter 2010 venture-backed IPOs include *Calix Networks Inc.* (CALX) and *MaxLinear Inc.* (MXL), both of which are held indirectly in HVPE and both of which have shown strong post-IPO performance. Some analysts have likened today to the period following the recession in the early 1980s. Following that recession, a number of technology companies had very successful IPOs and have since become established leaders in their respective sectors.

In addition to the IPO, the strategic sale has become increasingly viable. Many of the largest acquirers, including *Amazon*, *Cisco*, *Dell*, *EMC*, *Google*, *Medtronic*, and others, have been accumulating cash through the downturn and are increasingly taking the view that now is the time to buy. As the economy firms and these and other companies look for growth, acquisition activity is positioned to increase.

With a return of traditional public markets and increasing interest from strategic acquirers, there is opportunity for the venture capital market to experience increasing liquidity and returns.

The Investment Manager believes that the HVPE venture portfolio is poised to take advantage of these positive trends. In March 2010, the *Wall Street Journal* compiled a list of what it believed to be the top 50 venture-backed companies, 39 of which are held indirectly in the HVPE portfolio.

Innovation and entrepreneurship are as strong today as they have ever been, and risk capital is as scarce today as it has been in the past 15 years. The Investment Manager expects the equilibrium between new ideas and investable dollars to drive venture performance in vintage years of the recent past as well as for vintage years in the current cycle. Venture-backed companies have proven their ability to perform through the current economic downturn. With a return of traditional public markets and increasing interest from strategic acquirers, there is opportunity for the venture capital market to experience increasing liquidity and returns.

Commitments and Balance Sheet Review

COMMITMENTS

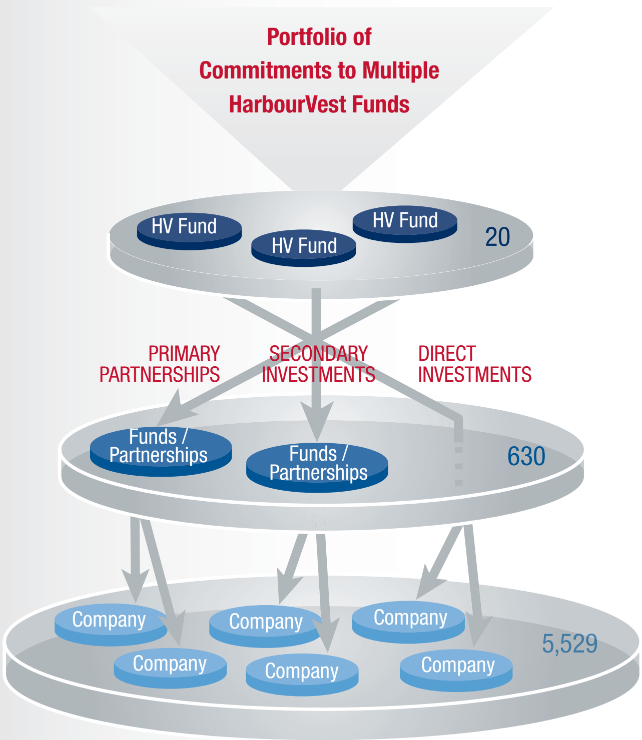
As at 31 January 2010, HVPE had total outstanding unfunded commitments of $623.0 million (compared to $682.5 million at 31 January 2009). The Investment Manager's analysis of the appropriate level of commitments considers various factors, including HVPE's distinct three-tiered fund-of-funds structure, the anticipated pace of capital calls and distributions, and the flexibility provided by HVPE's long-term credit facility.

Exhibit J below illustrates the impact on commitments of HVPE's distinct three-tiered 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 three-tiered investment structure, HVPE's expected drawdown schedule differs significantly from its listed peers. Most listed fund-of-funds vehicles make commitments directly to newly-formed third party partnerships, which are expected to draw down most of their commitments over three to five years.

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

The Investment Manager's analysis of the appropriate level of commitments considers HVPE's distinct three-tiered fund-of-funds structure, the anticipated pace of capital calls and distributions, and the flexibility provided by HVPE's long-term credit facility.

(J) HVPE Investment Structure



PRIVATE EQUITY EXPOSURE*

$175 million Unfunded Commitments
(Not Allocated to Underlying Partnerships)†

$448 million Unfunded Commitments
(Allocated to Underlying Partnerships)

$623 MILLION TOTAL UNFUNDED COMMITMENTS

$783 MILLION NAV OF INVESTMENTS

$1,406 million
Total Private Equity Exposure

* Private Equity Exposure equals the sum of NAV of Investments plus Unfunded Commitments

† At 31 January 2010, $175 million of HVPE's total unfunded commitments of $623 million represent commitments to HarbourVest funds that have not yet been committed to underlying partnerships.

In order to reflect the differences in expected drawdown periods appropriately, the Company divides its total commitments into "allocated" and "not allocated" segments. Of the Company's total outstanding unfunded commitments to HarbourVest funds of $623.0 million at 31 January 2010, approximately $447.7 million (72%) has been allocated by such HarbourVest funds to underlying partnerships, while $175.3 million (28%) 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 more similar 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.

Exhibit K illustrates the change in HVPE's unfunded commitments in the financial year ended 31 January 2010 and the movement of those commitments from "not allocated" to "allocated" to drawn capital (and part of HVPE's NAV). During the financial year, unfunded commitments decreased by $59.5 million, arising from $73.8 million of capital calls, offset by increases in the U.S. dollar value of euro-denominated commitments, primarily as a result of the 8.2% appreciation of the euro against the U.S. dollar. As at 31 January 2009, HVPE had $171.5 million in commitments to euro-denominated HarbourVest funds. Despite €5.7 million ($8.2 million) of capital calls from the euro-denominated HarbourVest funds during the financial year (which would ordinarily have reduced commitments), these commitments increased by $6.2 million over the year to $177.7 million at 31 January 2010.

- At the beginning of the period (31 January 2009), HVPE had $682.5 million of unfunded commitments to HarbourVest funds, of which $487.8 million was allocated to underlying partnerships and $194.7 million was not allocated to underlying partnerships.
- Over the financial year from 31 January 2009 to 31 January 2010, $28.2 million (net), or 14.5% of the unfunded commitments that were not allocated at the beginning of the period, were allocated to underlying partnerships as HarbourVest fund-of-funds made new partnership commitments.
- During the financial year, $73.8 million, or 15.1% of HVPE's allocated but unfunded commitments at the beginning of the period were drawn and became part of the Company's NAV.

(K) Analysis of Unfunded Commitments ($ million)
31 January 2009 to 31 January 2010

COMMITTED – NOT ALLOCATED (31 January 2009)	**$194.7**
New Commitments to HarbourVest Funds	0.0
Commitments Allocated (net)*	(28.2)
FX Change†	8.8
COMMITTED – NOT ALLOCATED (31 January 2010)	**$175.3**
COMMITTED – ALLOCATED (31 January 2009)	**$487.8**
Commitments Allocated (net)*	28.2
Drawdowns	(73.8)
FX Change†	5.5
COMMITTED – ALLOCATED (31 January 2010)	**$447.7**
TOTAL COMMITMENTS (31 January 2009)	**$682.5**
New Commitments to HarbourVest Funds	**0.0**
Drawdowns	**(73.8)**
FX Change†	**14.3**
TOTAL COMMITMENTS (31 January 2010)	**$623.0**

* Commitments allocated during the period are net of (i) timing differences between underlying partnership capital calls and related HarbourVest fund capital calls, (ii) foreign currency changes for underlying partnerships, and (iii) changes in HVPE ownership levels of HarbourVest funds that have not yet held their final close.

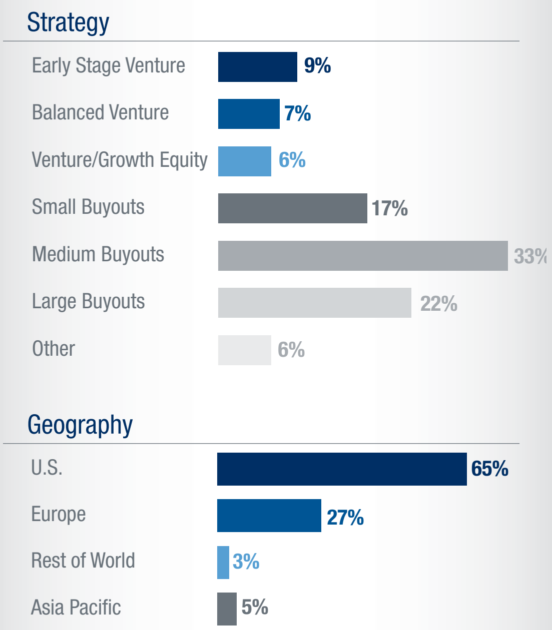
† Foreign Currency (FX) Change relates solely to non-U.S. dollar denominated HarbourVest funds.

During the financial year, unfunded commitments decreased by $59.5 million, arising from $73.8 million of capital calls, offset by increases in the U.S. dollar value of euro-denominated commitments.

Mix of Allocated Commitments

HVPE's allocated (but unfunded) commitments of $447.7 million at 31 January 2010 include commitments to U.S. and foreign partnerships, secondary funds, and direct funds across strategies and geographies. The mix related to the primary fund-of-funds portfolio as well as commitments purchased by secondary funds is shown in Exhibit L.

(L) Diversification of Allocated Unfunded Commitments
As at 31 January 2010*



Diversification charts add to 100%.

* Allocated primary commitments plus commitments purchased by secondary funds, totalling $324.7 million.

CREDIT FACILITY

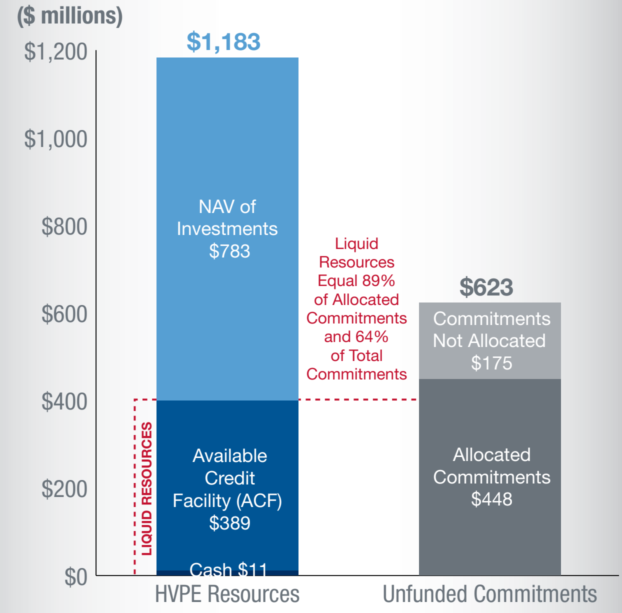
HVPE's commitment strategy is predicated on a typical operating environment for private equity where distributions received are generally at a level sufficient to fund capital calls. However, private equity cash flows can vary greatly in different markets and cannot always be predicted with a high degree of accuracy. In order to address the natural variability between the receipt of distributions and the requirement to fund commitments, HVPE secured its long-term $500 million multi-currency revolving credit facility with Bank of Scotland plc, now a subsidiary of Lloyds Banking Group plc, on 4 December 2007.

Under the terms of the agreement, HVPE may borrow, repay, and reborrow 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. As noted previously, the revolving credit facility bears variable interest at LIBOR plus 150 basis points on drawn amounts and carries an annual commitment fee of 40 basis points 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, non-financial 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. Under the terms of the agreement, Bank of Scotland plc may choose to syndicate the facility.

As at 31 January 2010, $75.0 million of borrowings were outstanding under the credit facility, and HVPE had $10.6 million in cash on its balance sheet.

(M) HVPE Resources Relative to Unfunded Commitments
Resources Total 190% of Unfunded Commitments
As at 31 January 2010



With respect to the credit facility, during the financial year ended 31 January 2010, the Company drew down an additional $30.0 million and repaid $15.0 million. As at 31 January 2010, $75.0 million of borrowings were outstanding under the credit facility, and HVPE had $10.6 million in cash on its balance sheet. Based on the Asset Test Covenant, the remaining maximum amount available to be drawn at 31 January 2010 was $389.0 million, compared to $326.1 million at 31 January 2009. The remaining maximum amount available to be drawn increased during the financial year, despite the $15.0 million net drawdown, as HVPE's NAV of Investments increased and provided more headroom under the Asset Test Covenant. While the Investment Manager expects borrowings under the facility to increase if drawdowns rise, the Company intends to repay the facility as distributions return to more normal levels. HVPE's Investment Manager does not believe that permanent leverage is appropriate for the Company's balance sheet.

COMMITMENT RATIOS

As illustrated in Exhibit M, at 31 January 2010, HVPE had total liquid resources, including cash and the remaining available credit facility, of $399.6 million (compared to $352.3 million at 31 January 2009); and total resources, including NAV of Investments, of $1,183.0 million to meet its commitments (compared to $1,020.4 million as at 31 January 2009). Total resources represent 190% of total unfunded commitments (compared to 149% as at 31 January 2009).

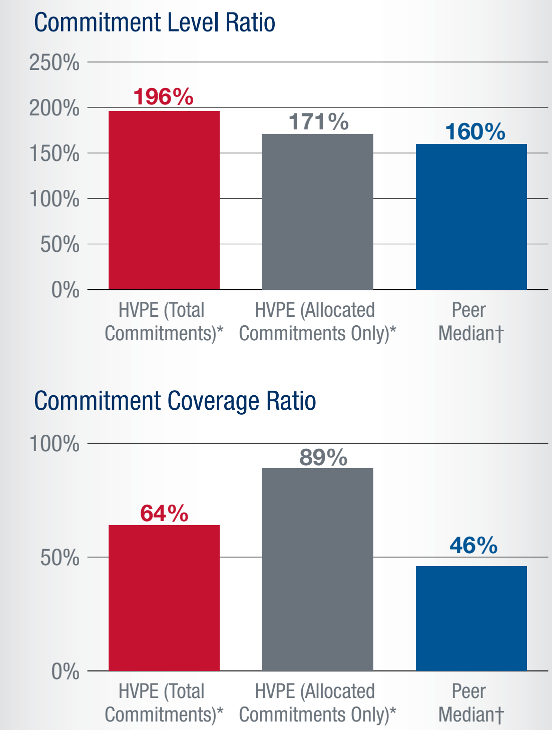
HVPE's Investment Manager considers two ratios to be critical in analysing its balance sheet position and commitment levels relative to peers:

The **Commitment Level Ratio** measures the ratio of private equity exposure (NAV of Investments plus unfunded commitments) relative to NAV.

The **Commitment Coverage Ratio,** calculated as the ratio of liquid resources (cash plus available credit facility) to unfunded commitments, measures the Company's ability to fund its obligations.

When comparing HVPE's commitments and associated ratios to its peers, the Investment Manager believes that it is most appropriate to include only those commitments that have been allocated to underlying partnerships.

(N) Commitment Ratios

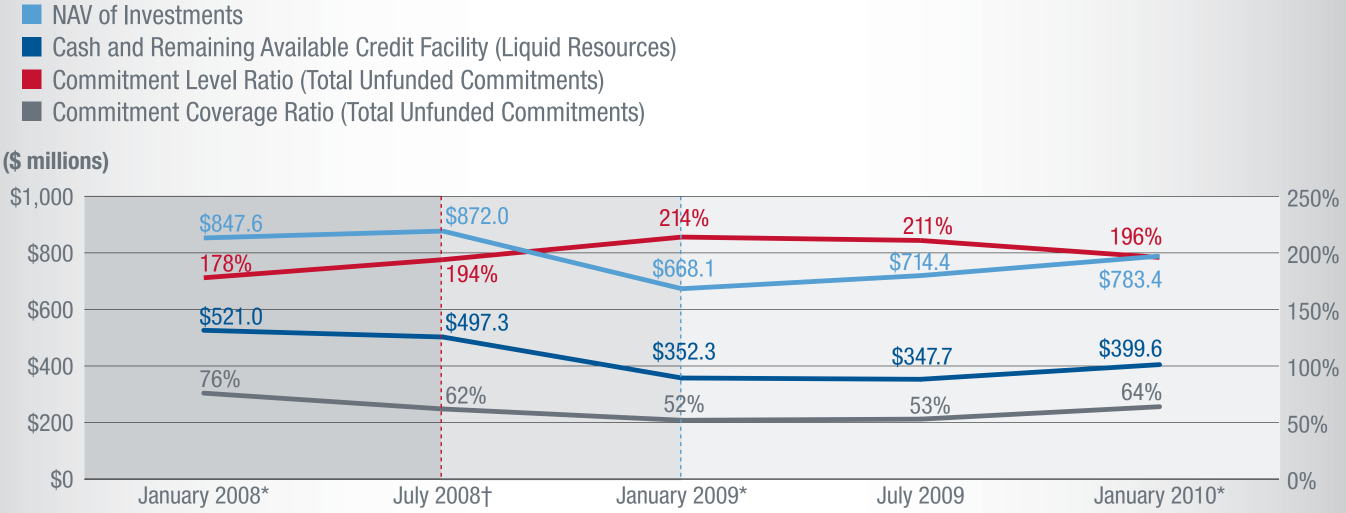


Source: Oriel Securities Limited and company reports

* Reflects data as at 31 January 2010 for HVPE.

† Reflects data as at 31 December 2009 for Absolute Private Equity AG, APEN Ltd., J.P. Morgan Private Equity Ltd, Castle Private Equity AG, Conversus Capital LP, F&C Private Equity Trust PLC, Graphite Enterprise Trust PLC, NB Private Equity Partners, Pantheon International Participations PLC, Princess Private Equity Holdings Ltd, Standard Life European Private Equity PLC, and SVG Capital PLC.

(O) Semi-Annual Balance Sheet Information



* Reflect audited results.

† HVPE made a €100 million commitment to HIPEP VI Partnership in July 2008.

Exhibit N illustrates HVPE's Commitment Level Ratios and Commitment Coverage Ratios relative to its peers. HVPE's Commitment Level Ratio as at 31 January 2010 was 196% based on total unfunded commitments, and 171% based on unfunded commitments that are allocated to underlying partnerships (compared to 214% and 183%, respectively, as at 31 January 2009). The listed peer group's median Commitment Level Ratio was approximately 160% as shown (compared to 170% as at 31 January 2009).

HVPE's Commitment Coverage Ratio as at 31 January 2010 was 64% of total commitments, and 89% of allocated commitments (compared to 52% and 72%, respectively, as at 31 January 2009), a significantly stronger ratio than what the Investment Manager believes is the peer median of 46% (compared to 21% as at 31 January 2009). Over the last year, several listed peers have taken action to strengthen their balance sheets, lower their commitments, and improve their Commitment Coverage Ratios.

Exhibit O illustrates the trend of HVPE's Commitment Level Ratio and Commitment Coverage Ratio since 31 January 2008, as well as the Company's NAV of Investments and liquid resources. These metrics indicate a positive trend since 31 January 2009 as the Company has benefited from rising NAV and more positive cash flow trends during the fourth quarter of its financial year.

The change in the commitment ratios reflects three distinct periods. The first change came in July 2008, indicated by the red dotted vertical line, when HVPE committed €100 million to HIPEP VI Partnership, in line with the Company's investment policy. The commitment is expected to provide attractive investment opportunities.

The second period, to the right of the red dotted line, was the significant NAV decline during the second half of the prior financial year to 31 January 2009. As HVPE's NAV of Investments fell from $872.0 million at 31 July 2008 to $668.1 million at 31 January 2009, the denominator of the Commitment Level Ratio declined, causing this ratio to increase. Similarly, the declining NAV resulted in a reduction of liquid resources as borrowing capacity declined, causing the Commitment Coverage Ratio to decrease.

The third period, to the right of the blue dotted line, reflects the partial recovery of HVPE's NAV in the current financial year, as the NAV of Investments increased from $668.1 million at 31 January 2009 to $783.4 million at 31 January 2010. The increase in NAV of Investments, combined with an increase in distributions in the fourth quarter of the financial year, resulted in increased liquid resources and a higher Commitment Coverage Ratio.

Exhibit O also illustrates the impact of changes in NAV on the Company's balance sheet strength. Given the increase in NAV over the financial year to 31 January 2010, combined with the stabilising economic environment, the Investment Manager believes that the Company has improved financial flexibility relative to 31 January 2009.

CASH FLOWS

From 1 February 2009 to 31 January 2010, HVPE funded $73.8 million of capital calls and received $51.8 million in distributions from HarbourVest funds. Cash flow trends varied significantly over the course of the financial year, as shown in Exhibit P, with significant improvement occurring in the last quarter. During the nine months to 31 October 2009, both new private equity investments and distributions were depressed, significantly decreasing net cash outflow relative to market expectations. However, the three months to 31 January 2010 were characterised by increased liquidity.

HVPE's fourth financial quarter distributions of $25.1 million were almost equal to the entire $26.7 million received in the first three quarters of the financial year. HVPE received more capital in distributions than it funded to investments in December 2009 and January 2010. There is often a lag between liquidity events for underlying companies and distributions received by the HarbourVest funds (and ultimately HVPE). In the case of IPOs, the lag can be more significant as shares are often subject to lock-up following the offering.

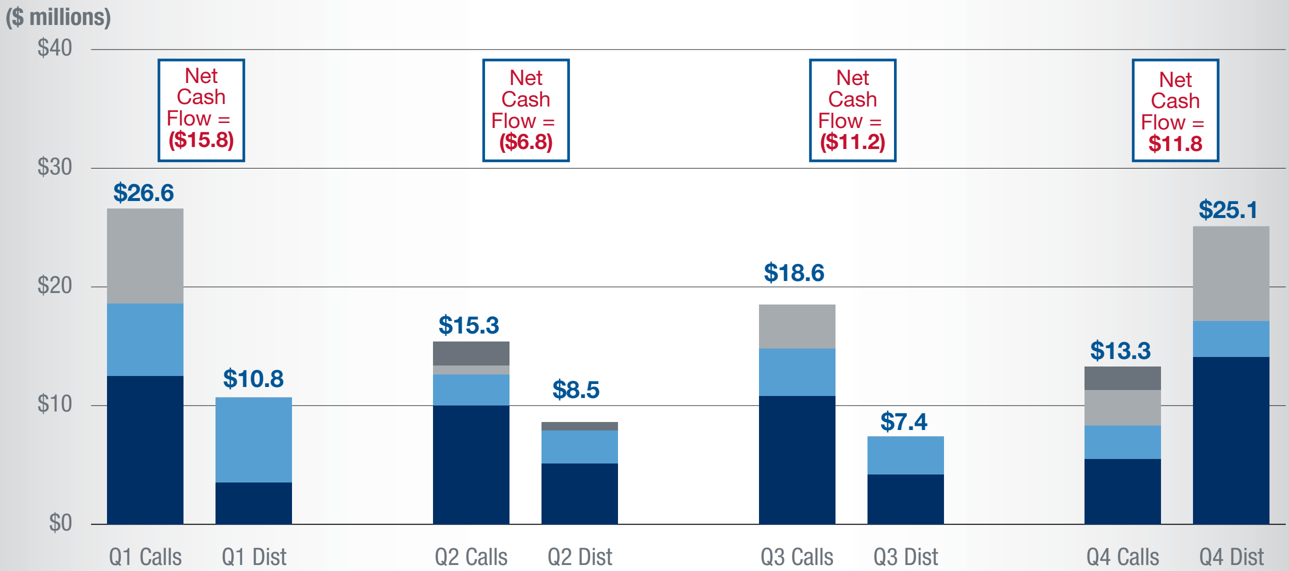
Relative to the financial year ended 31 January 2009, HVPE's capital calls decreased 42.5%, but distributions declined only 37.8%. Net cash outflows (distributions less capital calls) were $22.0 million during the financial year ended 31 January 2010, compared to $45.1 million of outflows in the financial year ended 31 January 2009.

During the financial year ended 31 January 2010, approximately half of the Company's net outflows funded U.S. fund-of-funds, while approximately half funded HarbourVest direct and secondary funds. Funding for HarbourVest direct and secondary funds can vary significantly between periods, depending on transaction activity. This funding activity accounts for some of the variability of capital calls from quarter to quarter.

(P) Total Quarterly Capital Calls and Distributions
1 February 2009 to 31 January 2010

Twelve Months to 31 January 2010

	Capital Calls	Distributions	Net Cash Flow
U.S. Fund-of-Funds	($38.8)	$26.9	($11.9)
International Fund-of-Funds	(15.5)	16.2	0.7
Direct Funds	(15.5)	8.0	(7.5)
Secondary Funds	(4.0)	0.7	(3.3)
	($73.8)	$51.8	($22.0)



Capital Calls

From 1 February 2009 to 31 January 2010, capital was funded to 15 of the 20 HarbourVest funds in the portfolio. The largest capital calls were funded to the following HarbourVest funds, which together represent 82% of the total drawdowns in the financial year ended 31 January 2010.

- HarbourVest VIII Buyout
- 2007 Direct Fund
- HarbourVest VII Venture
- HIPEP V 2007 European Buyout
- HarbourVest VI Partnership
- HarbourVest VIII Venture
- HIPEP IV Partnership

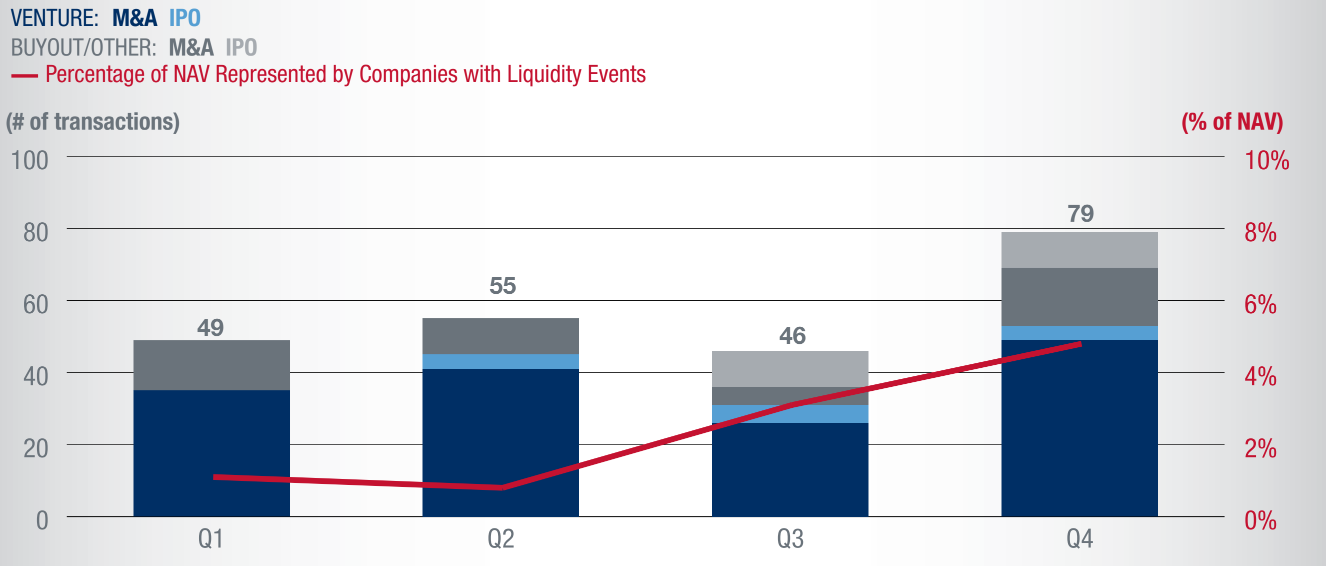
Distributions

From 1 February 2009 to 31 January 2010, distributions were received from 11 of HVPE's 20 HarbourVest funds, including U.S. and international fund-of-funds focused on venture capital and buyout, a direct fund, and the global secondary fund.

- HarbourVest VI Partnership accounted for approximately 34% of total distributions.
  - HarbourVest VI Partnership was formed in 1999 to make primarily U.S.-based venture capital and buyout partnership investments (primary and secondary).
- HIPEP III Partnership accounted for approximately 22% of total distributions.
  - HIPEP III Partnership was formed in 1998 to make European, Asian, and other venture and buyout partnership investments (primary and secondary). The largest liquidity event during the period was the February 2009 sale of *Corevalve, Inc.* to medical devices firm Medtronic.
- HarbourVest VI Direct accounted for approximately 15% of total distributions.
  - HarbourVest VI Direct was formed in 1999 to make direct growth equity and buyout investments in operating companies. The Fund distributed proceeds from the 2009 sales of *Datatel, Inc.* (3.9 times cost) and *Birds Eye Foods* (4.4 times cost), both of which were among HVPE's 25 largest underlying companies at 31 July 2009.

HarbourVest VI Partnership, HIPEP III Partnership, and HarbourVest VI Direct are currently harvesting their partnership and direct investments.

(Q) HVPE Liquidity Events
1 February 2009 to 31 January 2010



LIQUIDITY EVENTS: IPOs AND M&A

The first part of 2009 was characterised by a marked slowdown for private equity liquidity events as ongoing uncertainty in the macroeconomic environment continued to hinder meaningful realisations. However, there were some encouraging exits in the final months of 2009 and early 2010.

Exhibit Q illustrates quarter by quarter liquidity events over the last fiscal year, segmented between venture and buyout and type of liquidity event (M&A or IPO). The bars reflect the number of liquidity events (based on closing date) while the line reflects the percentage of NAV represented by the companies affected by the liquidity events.

Following a near lack of venture-backed IPOs in the second half of 2008 and first quarter of 2009, 13 of HVPE's underlying venture-backed companies went public in the last three quarters of 2009 (and January 2010), including *SolarWinds, Inc.* (SWI), *Medidata Solutions, Inc.* (MDSO), *LogMeIn, Inc.* (LOGM), *A123 Systems, Inc.* (AONE), *Talecris Biotherapeutics* (TLCR), *Fortinet, Inc.* (FTNT), *Echo Global Logistics* (ECHO), and *Ancestry.com* (ACOM). While many shares remain under lockup, these offerings are expected to provide some liquidity to HVPE in the near to medium term.

Within the buyout portfolio, three of HVPE's largest underlying holdings at 31 July 2009 completed realisations during the six months to 31 January 2010. *Avago Technologies, Inc.* (AVGO) (held in partnerships managed by KKR and Silver Lake Partners) completed an IPO in August 2009. In December 2009, *Datatel, Inc.* was acquired by Hellman & Friedman and JMI Equity, and *Birds Eye Foods* was sold to Pinnacle Foods, for 3.9 times cost and 4.4 times cost, respectively. HVPE holds both companies directly in HarbourVest VI Direct and indirectly in U.S. fund-of-funds. HVPE received proceeds from these sale transactions in December 2009 and January 2010. During the third and fourth quarters of 2009 (and January 2010), 19 additional underlying buyout-backed companies and one mezzanine-backed company completed IPOs.

The volume of liquidity events across HVPE's portfolio in the financial year ended 31 January 2010 illustrates its maturity, with a number of HarbourVest funds actively harvesting their investments. Of the 35 M&A liquidity events representing more than $200,000 of NAV in the HVPE portfolio over the last financial year, the average value-to-funded multiple was 4.7 times.

Recent Events

The following events occurred subsequent to HVPE's financial year ended 31 January 2010:

- Implementation of HVPE's Liquidity Plan
- Investment in HarbourVest Senior Loans Europe Limited ("HSLE")
- Publication of monthly NAV estimates
- Appointment of additional corporate broker and new Company registrar

IMPLEMENTATION OF HVPE'S LIQUIDITY PLAN

In April 2010, the Company announced a Liquidity Plan, which was implemented in May 2010.

The intent of the Liquidity Plan is to:

- Diversify HVPE's shareholder base;
- Provide a trading platform that is more easily accessible to U.K.-based investors;
- Raise the Company's profile in the London market;
- Increase liquidity in HVPE's shares; and
- Enhance the long-term marketability of the Company.

As part of the Liquidity Plan:

- The Company has been admitted to the Specialist Fund Market (SFM) of the London Stock Exchange (LSE) as at 12 May 2010.
- HVPE's joint corporate brokers, J.P. Morgan Cazenove and Oriel Securities Limited, have co-ordinated a secondary placing of 4,763,208 shares at $5.75 per share (Secondary Placing). These shares, previously held by existing shareholders, were predominantly placed with new investors.
- HVPE has provided a 'Put Right' to eligible purchasers of its shares both in the Secondary Placing and in the after market (Put Offer). The put right allows shareholders to sell their shares back to HVPE on 15 November 2011 at the lower of $5.75 or estimated economic NAV per share at the time. 4,763,208 puts were issued in connection with the Secondary Placing, with 2,193,314 additional puts expected to be issued to purchasers of shares in the market.
- The Company's maximum obligation under the Put Offer is to fund up to $40 million of share repurchase in November 2011. The share repurchase would be funded through available resources, including the Company's credit facility. Any share repurchase under the Put Offer would be either neutral or accretive to the Company's NAV per share.

- The Company has issued 1,330,378 replacement shares to a certain shareholder who wished to sell shares in the Secondary Placing. The shareholder's existing shares were held in custody by an affiliate of Lehman Brothers International (Europe) (in administration) ("Lehman Brothers") and therefore could not be transferred to purchasers identified by the Joint Brokers. The Lehman Brothers administrator has identified the relevant shares as belonging to the relevant shareholder and once such shares are released, they will be transferred to the Company and cancelled. The Company's auditors have confirmed that, for the purposes of U.S. GAAP, the Company will not be required to show an increase in the number of shares outstanding in its financial statements during the period between the issuance of the replacement shares and the subsequent cancellation of the shares held by Lehman Brothers.
- For additional information on the Liquidity Plan, including the terms of the Put Offer, accounting treatment of the Put Offer, and the issuance of replacement shares, please refer to the press releases related to the Liquidity Plan on HVPE's website at www.hvgpe.com/press_releases.

In April 2010, the Company announced a Liquidity Plan, which was implemented in May 2010. The Company has been admitted to the Specialist Fund Market of the London Stock Exchange as at 12 May 2010.

INVESTMENT IN HARBOURVEST SENIOR LOANS EUROPE LIMITED

In May 2010, HVPE invested £10.0 million ($14.5 million) in HarbourVest Senior Loans Europe Limited (HSLE), a European senior secured loans fund that listed on the London Stock Exchange on 26 May 2010. HVPE's investment represents 9.9% of the fund. HSLE will invest in existing and new senior secured loans of private equity-backed, mid-market companies in Europe, including the U.K. HSLE will seek to provide shareholders with a combination of income and capital growth over time, while preserving capital, and will be managed by an affiliate of HarbourVest Partners.

No management fee will be charged at the HVPE level with respect to this investment. The Investment Manager believes that the HSLE investment provides an attractive opportunity to further diversify the HVPE portfolio with fixed income exposure while providing incremental opportunities for capital appreciation and current cash earnings. This investment was funded using sterling-denominated credit facility borrowings.

PUBLICATION OF ESTIMATED NAV AT 30 APRIL 2010

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.

As at 30 April 2010, HVPE's estimated NAV per share was $8.64, effectively unchanged from the 31 January 2010 NAV per share of $8.65. Increases in the value of publicly-traded holdings to 30 April were partially offset by negative currency movement and ongoing operating expenses.

During the three months from 1 February 2010 to 30 April 2010, HVPE did not make any new commitments or purchase additional interests in HarbourVest funds. During this period, HVPE was cash flow positive in two of the three months of the financial quarter and $4.0 million cash flow positive overall as the Company funded $15.3 million of capital calls and received $19.3 million of distributions. Of HVPE's total unfunded commitments of $600.4 million at 30 April 2010, approximately $437.7 million has been committed by HarbourVest funds to underlying partnerships, while the remaining $162.7 million has not yet been committed.

During the three months from 1 February 2010 to 30 April 2010, the Company did not draw down additional capital against its $500.0 million credit facility, and a total of $75.0 million has been drawn at 30 April. Based on the facility's most restrictive covenant, the remaining amount currently available is $389.9 million. The Company also has $12.8 million in cash on its balance sheet. As at 30 April 2010, HVPE's cash and available credit facility of $402.7 million represents 92% of commitments allocated to underlying partnerships and 67% of total commitments.

APPOINTMENT OF ADDITIONAL CORPORATE BROKER AND NEW COMPANY REGISTRAR

In connection with the Company's Liquidity Plan and admission to trading on the Specialist Fund Market of the London Stock Exchange, in April 2010, HVPE's Board of Directors appointed J.P. Morgan Cazenove to act as Joint Corporate Broker to the Company along with Oriel Securities Limited. Additionally, in May 2010, the Board appointed Capita Registrars to act as Registrar for the Company's shares and put rights.

Investment Manager's Market Commentary

U.S. MARKET OVERVIEW

- GDP growth increased by an estimated 5.7% in the fourth quarter of 2009
- Buyout fundraising and new investments declined by approximately 75% in 2009
- Venture fundraising down 46%; investment activity declined 37% from 2008
- Mezzanine and distressed debt fundraising down significantly
- 2009 buyout-backed M&A and IPO value increased over 2008
- 13 of 16 buyout-backed IPOs completed in fourth quarter
- Eight venture-backed IPOs completed compared to seven in 2008

After experiencing the longest and deepest recession in 70 years, the U.S. economy appeared to reach an inflection point in the second half of 2009. The tangible impact of the American Recovery and Reinvestment Act of 2009, which was passed in February, was realised in the third quarter, when GDP increased by an estimated 2.2%. GDP growth continued to climb in the fourth quarter, reaching 5.7%, representing the highest level of expansion in a quarter since the 5.4% growth seen in the first quarter of 2006. Given continued uncertainty in the economic environment, fundraising and investment activity across the private equity industry remained depressed in 2009.

Venture Capital Activity

U.S. venture fundraising and investment activity in 2009 continued to lag behind 2008 levels. According to *Thomson Reuters*, venture managers raised $15.5 billion in 2009, approximately half of the $28.5 billion raised in 2008. Venture disbursements reached a ten-year low in 2009, with $17.7 billion invested in 2,795 deals. This represents a 37% decrease from the $28.3 million invested in 2008, and the second consecutive year of declines in both investment value and volume. Investment activity continued to be driven primarily by traditional sectors, including software and biotechnology.

The liquidity environment for venture-backed companies began showing signs of life in the second quarter of 2009 and remained encouraging through the end of the year. According to *Dow Jones VentureSource*, 326 venture-backed companies completed M&A exits in 2009, generating $16.2 billion. Notably, fourth quarter exits generated over 40% of the total disclosed value for the year, with 86 exits completed for a combined $7.3 billion. Although the full year totals represent a 37% decline from the $25.6 billion garnered by 380 acquisitions in 2008, the surge in M&A activity in the fourth quarter suggests encouraging progress for 2010.

Venture-backed IPO activity remained weak relative to historic levels, but increased over 2008. *Dow Jones VentureSource* reported that eight venture-backed companies completed IPOs in 2009, raising $904 million, a 39% improvement over the seven venture-backed IPOs completed for $551 million in 2008.

Buyout Activity

Following the downward trend in 2008, buyout fundraising continued to decline in 2009. According to *Thomson Reuters,* the amount raised during the year totaled $65 billion, a fraction of the $264 billion raised the prior year. Given the lack of attractive new deal opportunities, the difficult liquidity environment, and overall reduction in investor interest, many managers reduced their targets for new funds or delayed fundraising altogether. Buyout investment activity also remained slow, given the ongoing shortage of attractively-priced debt, lack of earnings visibility, and uncertainty regarding deal pricing. According to *Thomson Reuters,* U.S. buyout managers closed 553 deals in 2009 for a disclosed value of $39.0 billion, a 72% decline compared to the $137.0 billion of disclosed value in 2008.

Despite continued uncertainty in the macroeconomic environment and a shaky public market, recent data on sponsor-backed M&A and IPO activity has been encouraging. *Thomson Reuters* estimates that through December 2009, 195 buyout-backed companies completed M&A events during the year, with a disclosed value of $39.0 billion. This is a slight increase in value compared to the 252 M&A exits with a total disclosed value of $38.7 billion in 2008. Buyout-backed IPO activity also increased as the public markets began to reopen in the second half of the year. Despite a drought in IPO activity through the first quarter, *Thomson Reuters* reported 16 IPOs by buyout-backed companies through December 2009. These offerings raised over $5.2 billion, four times the $1.3 billion generated by buyout-backed IPOs in 2008.

The U.S. economy began emerging from the recession in the third and fourth quarters of 2009, as GDP growth returned to positive territory. Although the worst of the downturn appears to have passed, unemployment remains near 10%, and economists caution that the recovery will remain slow through at least 2010.

Debt Activity

Mezzanine and distressed debt managers continue to stand by, ready to take advantage of the opportunities created by the constricted credit markets and the recession. Mezzanine managers are poised to benefit from the disappearance of non-traditional credit sources, such as collateralised debt obligations (CDOs) and collateralised loan obligations (CLOs), as well as from an improving pricing environment and tighter covenant terms. Distressed debt managers are well positioned to take advantage of deal flow resulting from rising default rates as over-leveraged companies struggle to meet their debt obligations.

According to *Thomson Reuters*, fundraising activity by distressed debt and mezzanine managers slowed significantly from the record levels of 2008. In 2009, distressed debt managers attracted $12.2 billion of new commitments, while mezzanine managers attracted $4.3 billion. These levels represent steep declines from $30.1 billion raised by distressed debt managers and $23.0 billion raised by mezzanine managers in 2008. Deal activity among distressed debt and mezzanine managers is expected to continue to gain momentum as the private equity industry continues to seek stability alongside the larger economy.

Outlook

The U.S. economy began emerging from the recession in the third and fourth quarters of 2009, as GDP growth returned to positive territory. Although the worst of the downturn appears to have passed, unemployment remains near 10%, and economists caution that the recovery will remain slow through at least 2010. However, many venture and buyout managers are benefitting from proactive efforts taken over the past several quarters to refocus their portfolios and strengthen existing companies. As market conditions continue to stabilise and investors begin to regain confidence in the public and private markets, the Investment Manager expects activity across the private equity industry to gain momentum.

EUROPEAN MARKET OVERVIEW

- Europe emerging from recession with positive GDP growth
- Buyout fundraising down 81%, investment activity doubles in second half of 2009
- Venture fundraising declined by 53%, disbursements down 30%
- Limited liquidity, but some successful M&A exits in 2009
- Liquidity environment improving in the first quarter of 2010, several successful IPOs completed
- Portfolio valuations expected to stabilise due to improved operational performance and public markets

All major economies in Europe experienced recessions in 2009. According to *European Commission*, real GDP in 2009 declined by 4.2% across the EU27 countries. However, initial signs of an economic recovery in Europe began to emerge in the third and fourth quarters of the year, with real GDP growth of 0.3% and 0.1%, respectively. *The Economist Intelligence Unit* is forecasting 0.7% real GDP growth in 2010 and 1.3% in 2011 for the EU27. European equity markets have also recovered after precipitous declines in the latter half of 2008 and the first quarter of 2009. In the U.K., the FTSE 100 Index increased in value by 22% during 2009.

Buyout Activity

Many institutional investors remain over-allocated to European private equity. This factor, combined with reduced investment activity, suppressed fundraising levels in 2009. According to *Thomson Reuters,* European buyout managers raised a total of €9.9 billion in 2009, down 81% from the €51.6 billion raised in 2008. There were no new mega buyout funds raised during 2009, largely due to the high levels of fundraising in the European large buyout market from 2005 to 2008 and the relative lack of large buyout deal activity.

European buyout investment activity also declined significantly in 2009, as global credit markets remained weak. In 2009, €5 billion of leveraged loans were issued in Europe compared to €49 billion in 2008. Despite low interest rates, credit remained tight and margins have significantly increased. In total, 279 private equity deals with a combined value of €27 billion were completed during 2009, representing a 54% decline in volume and 64% decline in value, from 609 deals worth €74 billion in 2008. European buyout funds deployed €21 billion in the second half of 2009, more than double the €6 billion invested in the first half of the year.

2009 was a challenging year for exiting private equity investments. In the first quarter, depressed public markets, a lack of earnings visibility, and a shortage of credit all contributed to a lack of liquidity from private equity portfolios. During the full year, M&A exits were down significantly but were still experiencing some activity, while the IPO market remained virtually shut. According to *Mergermarket*, there were €17.1 billion of buyout-backed M&A exits in 2009, down 70% from the €56.0 billion in 2008. The exit environment is expected to continue to improve in 2010, and some large buyout-backed companies could take advantage of the improving capital markets to go public. Proceeds will most likely be used to de-leverage company balance sheets and provide some liquidity to private equity investors. In April 2010, *Amadeus Global Travel Distribution* went public, representing the largest European buyout-backed IPO since 2008.

Venture Capital Activity

European venture fundraising and investment activity also declined in 2009. According to *Thomson Reuters*, a total of €4.4 billion was raised in 2009, a 53% reduction compared to the €9.4 billion raised in 2008. European venture disbursements by volume and value declined approximately 30% from 390 deals worth €1.6 billion in 2008 to 273 deals worth €1.1 billion in 2009. These declines are less pronounced than in the European buyout market, as venture capital investments are generally not reliant on debt financing.

Outlook

The 2009 industry data illustrates the difficult fundraising and investing climate in Europe, especially for buyout managers reliant on leverage to execute transactions. Assuming a return to more stable markets, European fundraising is expected to pick up from the lows of 2009. The trend of increasing investment activity seen in the second half of 2009, which has continued in the first quarter of 2010, should stimulate fundraising. Managers, particularly in the mid-market, should continue to be well positioned to acquire stable companies posting lower earnings at reasonable valuations. Some attractive deal flow is expected to arise from corporate restructurings and the divestitures of assets, as well as from balance sheet stress, although distressed deals of this sort have not been as prevalent as anticipated. Although Europe's economies have begun to emerge from recession, many portfolio companies will continue to face a difficult operating environment.

ASIA PACIFIC MARKET OVERVIEW

- Asian economies continued to struggle in first half of 2009, but signs of improvement emerged thereafter
- Strong domestic consumption drove recovery in public markets, economic growth, and consumer confidence in second half of 2009
- Weak fundraising environment, with only $23.1 billion raised
- Average private equity fund size has declined over 30% from 2008
- Investment volume declined, with $19.1 billion deployed, driven by growth equity and mid-market deals
- Some managers taking advantage of lower pricing environment, closing deals in the second half of 2009
- Exit activity increased in the second half of 2009, resulting in a gain for the year versus 2008; 216 exits completed in the second half, up from 81 in the first half

Following a turbulent 2008, the Asian private equity market continued to experience challenging economic conditions in early 2009, but showed promising signs of recovery in the latter half of the year. With the U.S. and Europe in recession, export-oriented Asian countries also weakened. In late 2008 and early 2009, governments worldwide, including China, Japan, and Australia, implemented expansionary economic stimulus packages. These decisive measures enabled many Asian economies to stabilise, and in some cases, rebound during 2009. Many Asian public markets have recovered from the lows of March 2009. Signs of improving corporate health indicate that stimulus funding appears to be reaching beyond domestic consumption. In addition, Asian banks continue to be relatively well capitalised.

Growth Equity and Buyout Activity

The private equity market in Asia Pacific has been directly affected by the shifting economic conditions. Fundraising, investment, and exit activity were stalled throughout the first half of 2009. Institutional investors who experienced declining returns due to portfolio volatility tempered their private equity commitments for much of the year. Improving market conditions in the second half of the year spurred an increase in private equity activity. The recovery of the public markets in the third and fourth quarters of 2009 created an opening for new public listings in both developed Asia and the developing economies, and resulted in more realisations in 2009 than 2008.

According to data from the *Asia Private Equity Review,* $23.1 billion of private equity capital was raised during 2009, a 54% decrease compared to the $50.1 billion raised in 2008. Growth and expansion funds, particularly those focused on developing markets, continued to gain favour over buyouts. Of the total capital raised in 2009, approximately 49% represented growth and expansion funds, 33% was raised by buyout funds, and the remainder by early stage venture, mezzanine, and infrastructure managers.

Asia Pacific private equity investment volume in 2009 also declined significantly compared to 2008. According to data from the *Asia Private Equity Review*, Asia Pacific transactions totaled $19.1 billion during 2009, a significant decline from the $44.4 billion invested in 2008. Within this total, investment activity in China retained its leading share, with $6.6 billion invested during 2009.

Following a turbulent 2008, the Asian private equity market continued to experience challenging economic conditions in early 2009, but showed promising signs of recovery in the latter half of the year.

Private equity liquidity remained constrained during the first half of 2009, as IPO markets remained closed and the lack of strategic buyers made exit activity scarce. However, exits gained momentum during the second half of the year alongside improved public markets and economic data. According to data from the *Asia Private Equity Review*, 297 liquidity events were recorded in 2009, representing a 26% increase in number from 2008. By value, $14.7 billion was returned to investors during the year, representing a 44% increase from 2008. IPO realisations doubled from 2008, with a 46% share by value, while trade sales accounted for approximately half of realisations.

Outlook

During the second half of 2009, Asia Pacific managers benefited from a more favourable investing environment and relatively lower valuations. Improving economic conditions and the region-wide public market rally have also led to significant valuation recovery for portfolio companies and helped open the window of opportunity for exits. Investment and exit activity has increased as investors and buyers have responded to greater economic stability over the past few months. As these positive trends continue, the Investment Manager expects a further recovery in fundraising, investment, and exit activity through 2010.

SECONDARY MARKET OVERVIEW

Because there is little accurate data available to track secondary dealflow generally, only HarbourVest's secondary dealflow is described here.

- $69 billion of deals reviewed by HarbourVest in 2009, up 17% from 2008
- Pervasive bid-ask spreads led to fewer completed transactions
- Banks, endowments, and publicly-listed funds were the largest categories of sellers

- HarbourVest invested $163 million in four new transactions during 2009, materially below 2008
- Expect increased activity in 2010 with continued opportunities and a narrowing of bid-ask spreads

The global financial crisis that began in 2008 prompted numerous investors to explore the sale of their private equity interests on the secondary market during 2009. However, many potential sellers ultimately decided to hold their assets when pricing did not meet expectations. HarbourVest evaluated $69 billion in original commitments for sale, up 17% from the $59 billion evaluated in 2008. Pervasive bid-ask spreads between buyers and sellers led to lower transaction volume; sellers were generally those that had the greatest need for liquidity. The largest source of 2009 deal flow came from financial institutions, collectively accounting for 30% of the transactions evaluated. A significant portion of this deal flow was generated in the fourth quarter of 2009, as some banks considered using their private equity portfolios to generate liquidity.

As sellers, financial institutions were followed closely by endowments (24%) and funds (22%); both represent categories that dominated market activity in the first half of the year. Endowments, which had historically represented only a small portion of deal flow, were active sellers, particularly in the first half of 2009, as the large losses suffered by many endowments across their public equity and fixed income portfolios contributed to the rise in deal flow. With respect to fund deal flow, publicly-listed private equity vehicles accounted for the largest portion of this category. In the years leading up to the credit crisis, these vehicles had employed an over-commitment strategy, relying on the expectation that a private equity portfolio could be self-funding or could use a line of credit to bridge any funding shortfalls. As the exit environment deteriorated, the pace of distributions slowed, and access to credit dried up, many public vehicles were forced to explore the secondary market to solve their liquidity concerns.

Venture-oriented opportunities represented the largest portion of 2009 deal flow at 51% of the total, up from 38% in 2008. Conversely, buyout assets for sale declined from 54% of total deal flow in 2008 to 42% in 2009. The remaining 2009 deal flow came from mezzanine and other assets, representing 7% of the total. Consistent with 2008, approximately two-thirds of deal flow represented U.S.-based assets, and the remaining one-third included a mix of European, Asian, and emerging markets opportunities.

There was a sharp contrast between the number of deals completed and the volume of transactions evaluated in 2009, but the Investment Manager expects 2010 to be an active period for executing attractive secondary investments. An increase in deal activity by general partners could lead to more frequent capital calls and serve as a catalyst for increased secondary market activity. Further, investors could begin to look more closely at rebalancing their portfolios and other strategic initiatives as they recognise that allocation and liquidity issues need to be addressed, leading to increased market activity and completed deals. There is already evidence of this in the first part of 2010 as deal flow begins to gain momentum.

HVPE Outlook

The recovery of the public markets during 2009 has provided a catalyst for NAV growth that the Investment Manager expects will continue in 2010, assuming ongoing positive economic trends. Since 31 January 2009, the MSCI World Index (Local Currency) has increased 30.3% to 31 January 2010 and the index is up 53.5% from its 2009 low on 9 March. The depreciation of the U.S. dollar relative to the euro and sterling during the financial year also benefited HVPE's NAV, although this trend has reversed significantly through May 2010. Recent sovereign debt concerns in Europe caused the euro to decline by 5.4% relative to the U.S. dollar from 30 April 2010 to 21 May 2010, and pushed the MSCI ACWI down 8.7% in local currency over the same period.

During the first three quarters of the Company's financial year, decreased levels of transaction activity resulted in only moderate cash outflows. In the fourth quarter, distributions strongly outpaced capital calls, resulting in positive net cash flows.

The Company's increasing NAV during the last financial year, combined with beneficial cash flow trends, has significantly strengthened the Company's balance sheet and increased financing flexibility. In late 2009, HVPE paid down a portion of its bank borrowing, and, in 2010, has committed up to $40 million of capital to the Put Offer element of its Liquidity Plan (see Recent Events).

The diversification of the HVPE portfolio, which features 38% venture exposure and lower levels of large buyout exposure relative to its peers, leaves the Company well positioned to grow in an improving market. Particularly of note, HVPE has continued to build its portfolio during the downturn. While the Company did not make any new commitments to HarbourVest funds during the financial year, it has continued to benefit from the HarbourVest funds' ongoing allocation of committed capital to newly-formed primary partnerships, secondary investments, and direct investments. HarbourVest's 28 years of experience show that investments made during and just after recessions can produce strong returns, and HVPE's Investment Manager expects the 2009 and 2010 vintage years to generate attractive results for shareholders.

At 31 January 2010, HVPE had cash and available credit facility of $399.6 million to cover capital calls or other cash requirements. While capital calls and net borrowing may increase over the short term as a recovering economy drives increasing private equity activity, the Investment Manager expects an improved economic environment to drive distributions and positive cash flows in the medium term. HVPE is managing its balance sheet to repay its outstanding borrowings in full, while continuing to ensure future diversification of the investment portfolio.

As the global economy continues to recover and transaction activity increases, the Investment Manager is increasingly positive about the long-term potential of private equity markets and HVPE. In particular, the venture market could generate attractive returns as the cyclical downturn experienced earlier in the decade begins to rebound.

In addition to HVPE's recent investment in HSLE, over the course of 2010 the Investment Manager will consider additional opportunities for HVPE to invest in new HarbourVest funds, to purchase existing fund interests for cash or stock, and to co-invest alongside HarbourVest funds. Investment decisions will 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.

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.*

As the global economy continues to recover and transaction activity increases, the Investment Manager is increasingly positive about the long-term potential of private equity markets and HVPE. In particular, the venture market could generate attractive returns as the cyclical downturn experienced earlier in the decade begins to rebound.

Investment Manager

INDEPENDENT, EXPERIENCED, CONSISTENT, FOCUSED

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

HarbourVest is a private equity firm whose history dates back to 1982. HarbourVest has committed more than $30 billion to investments. Over the past 28 years, HarbourVest has grown to 236 employees who are based in Boston and HarbourVest's London and Hong Kong subsidiaries.

- HarbourVest is independently owned by its senior investment professionals. The team of 21 managing directors averages 17 years with HarbourVest.
- The HarbourVest team has a 28-year track record, investing successfully in private equity over numerous market cycles.
- In an era of acquisitions and management changes, the HarbourVest team is characterised by low turnover, which creates continuity of service and retention of expertise.

- The team relies on a consistent, time-tested investment process to source, evaluate, and select private equity opportunities with the strongest potential for returns across private equity markets, which has resulted in a long track record of success.
- The investment process is implemented within a controlled operational environment with a built-in system of checks and balances designed to monitor and minimise risk.

INDEPENDENT PRIVATE EQUITY MANAGER

As an independent, privately-owned firm, HarbourVest is focused on its business and its clients and has control of its future. The benefits of HarbourVest's independent private structure have become particularly clear over the past 18 months. Aligned with the success of its business and its investors, HarbourVest's employee partners have significant incentive to focus on long-term investment performance and continued value creation.

SUCCESS ACROSS MARKET CYCLES AND EXTENSIVE EXPERIENCE IN THE PRIVATE EQUITY ASSET CLASS

The HarbourVest team has invested in private equity since the late 1970s, managing assets through a variety of market cycles and experiencing the ups and downs of venture capital and leveraged buyout investments, stock market volatility, and financial crises. Throughout its history, the team has learned to capitalise on opportunities created from market dislocations and aims to do so in the current cycle.

HarbourVest's expertise encompasses all areas of global private equity. Team members based in key investment regions throughout the world provide an important local perspective and enable HarbourVest to identify and evaluate a broad range of global investment opportunities.

Consistency is a central theme throughout HarbourVest. HarbourVest hires talented investment professionals, and most remain with the firm for the long term – years longer than the industry average. As a result, HVPE benefits from decades of teamwork and investing expertise. HarbourVest's leadership has remained stable, bringing a consistent, proven approach to investing in global private equity.

CONSISTENT STRATEGY AND FOCUSED INVESTMENT PROCESS HAS RESULTED IN STRONG TRACK RECORD

The Investment Manager remains confident about the continued innovation and success of the private equity industry and intends to follow its consistent strategy of striving for top-quartile returns by partnering with high quality managers.

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.

Throughout its history, the HarbourVest investment team has used a consistent, time-tested investment process, following the same rigorous approach to due diligence whether making a primary partnership, secondary, or direct investment and regardless of stage or location. The insights gained over years of primary, secondary, and direct investing enhance the comprehensive evaluation of potential investments. The investment team includes more than 70 professionals who can effectively cover the global private equity markets and are encouraged to communicate within an open and collaborative environment.

The HarbourVest team has one of the longest verifiable track records of investment performance in primary, secondary, and direct investments. This track record demonstrates HarbourVest's historic ability to outperform recognised private equity benchmarks, while also providing diversification. HarbourVest's continued ability to identify and gain access to the top-tier private equity players has been a key factor in establishing this track record. Of course, past performance is no assurance that such results will be achieved in the future, either by HarbourVest generally or by HVPE's Investment Manager.

INVESTMENT PROCESS IMPLEMENTED WITHIN CONTROLLED ENVIRONMENT TO MINIMISE RISK

HarbourVest operates within a strictly-controlled environment with multiple checks and balances in place. In December 2009, the firm successfully completed a SAS 70 Review and issued a Type II SAS 70 Report on its internal control environment and operating effectiveness.

HarbourVest's independent auditor conducted the SAS 70 review, which covered the period from 1 April 2009 to 30 September 2009. The report, Private Equity Fund Administration Report on Controls Placed in Operation and Tests of Operating Effectiveness, documents controls across the firm's operations including investment policy, reporting to clients, capital calls, distributions, cash management, and financial records. HarbourVest is one of the first independent private equity managers to issue a SAS 70 report. The compliance, treasury, finance, partnership performance, tax, reporting, and communications staff is among the largest and most developed in the private equity industry and includes approximately 150 professionals. Teams are focused on:

- Compliance: A dedicated compliance officer is responsible for the overall compliance of the Investment Manager and HarbourVest funds. Outside legal counsel also manages compliance issues.
- Cash Management: A treasury team of more than 15 dedicated professionals manages and monitors cash (including all incoming and outgoing wires) for all HarbourVest funds on a daily basis.
- Finance/Accounting: A finance team of over 25 professionals is responsible for preparing accounts for all HarbourVest funds and reconciling data continuously with the partnership performance group.
- Partnership Performance: A dedicated team of more than 20 professionals tracks all primary and secondary partnership investments, capital calls and distributions, performance, and underlying company investment data (currently more than 6,500 companies).

Key Definitions and Methodologies

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. The Firm has its headquarters in Boston and two wholly-owned subsidiaries, HarbourVest Partners (U.K.) Limited, in London, and HarbourVest Partners (Asia) Limited, in Hong Kong, established in 1990 and 1996, respectively.

THE HARBOURVEST TEAM

- The team originated in the late 1970s when D. Brooks Zug and Edward W. Kane began making primary investments on behalf of John Hancock, a Boston-based insurance company. In 1982, they founded Hancock Venture Partners, Inc. (''HVP Inc.''). On 29 January 1997, the management team of HVP Inc. formed a new management company known as HarbourVest Partners, LLC or HarbourVest, which assumed responsibility for all prior investment activities of HVP Inc. Concurrent with the formation of HarbourVest, all of the employees of HVP Inc. became owners and/or employees of HarbourVest.

PORTFOLIO

Underlying Investments

- Investments in funds or companies in which HVPE has an interest through its investment in HarbourVest fund(s)

Primary Investment

- Investment in a private equity fund during its initial fund-raising

Secondary Investment

- Purchase of interests in private equity funds after their initial fund-raising and after some or all capital has already been invested by those funds in operating companies, as well as the purchase of a portfolio of interests in operating companies

Direct Investment

- Acquisition of equity participation or debt in an operating business

Parallel Investment

- Investment in a primary, secondary, or direct investment alongside a HarbourVest fund on the same terms at the same time

Diversification

- The diversification analysis of HVPE's portfolio is based on the fair value of the underlying investments, as estimated by the Investment Manager.
- Strategy, vintage year, year of investment, and geography diversification are based on the net asset value of Primary and Secondary Investments within HVPE's fund-of-funds and Direct Investments within HVPE's direct funds.

- Industry diversification is based on the reported value of the underlying company investments.
- Large buyout includes funds of more than $7 billion in size, medium buyout includes those between $1 billion and $7 billion in size, and small buyout includes those less than $1 billion in size. Direct investments in operating companies are categorised by deal size.

Vintage Year

- Vintage year is the year in which a private equity fund begins to invest capital. Although a private equity fund ultimately invests capital over several years, it has only one vintage year. For a fund-of-funds, vintage year is presented as the range of vintage years during which it made commitments to underlying partnerships. A fund's vintage year can provide a sense of the market environment during which it made investments. Additionally, grouping similar funds by vintage year allows for performance comparison among those funds.
  - **Primary Investments:** year of first capital call
  - **Secondary Investments:** year of purchase
  - **Direct Investments:** year of first capital call of HarbourVest direct fund

Year of Investment

- Year of partnership's initial investment in a company

COMMITMENTS AND BALANCE SHEET

Net Asset Value (NAV) of Investments

- Total NAV (which represents fair market value) of all Underlying Investments

NAV

- The sum of the NAV of Investments and cash and other assets less the fair market value of HVPE's liabilities

Economic NAV

- NAV excluding the fair market value of liabilities associated with the Put Rights issued as part of the Company's Liquidity Plan

Unfunded Commitments (Allocated to Underlying Partnerships)

- Capital committed to a HarbourVest fund that has been allocated to an underlying partnership but has not yet been called
- Includes all capital committed to secondary and direct HarbourVest funds

Unfunded Commitments (Not Allocated to Underlying Partnerships)

- Capital committed to a HarbourVest fund that has not yet been allocated by such HarbourVest fund to an underlying partnership

Total Unfunded Commitments

- Capital committed to a HarbourVest fund that has not yet been called
- Sum of Unfunded Commitments (Allocated to Underlying Partnerships) and Unfunded Commitments (Not Allocated to Underlying Partnerships)

Total Private Equity Exposure

- Sum of NAV of Investments and Total Unfunded Commitments

Commitment Level Ratio (Total Unfunded)

- Sum of the NAV of Investments and Total Unfunded Commitments divided by NAV

Commitment Level Ratio (Allocated to Underlying Partnerships)

- Sum of the NAV of Investments and Unfunded Commitments (Allocated to Underlying Partnerships) divided by NAV

Available Credit Facility

- Amount of HVPE's $500 million credit facility currently available to be drawn subject to most restrictive covenant limit applicable

Asset Test Covenant

- Covenant in HVPE's credit facility that limits borrowings (and other liabilities) to 40% of the sum of HVPE's NAV of Investments and cash, subject to certain adjustments
- Key borrowing constraint that determines the maximum amount HVPE is able to borrow under its facility

Commitment Coverage Ratio (Total Unfunded)

- Sum of cash on the balance sheet and Available Credit Facility (together, "Liquid Resources") divided by Total Unfunded Commitments

Commitment Coverage Ratio (Allocated)

- Sum of cash on the balance sheet and Available Credit Facility (together, "Liquid Resources") divided by Unfunded Commitments (Allocated to Underlying Partnerships)

Risk Factors

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

- The NAV is at risk of decline, particularly in an uncertain economic environment.
- Commitments or other obligations could be difficult to fund under certain circumstances.
- The Company is reliant on the Bank of Scotland plc credit facility to fund capital calls and the Put Offer (please refer to the Recent Events section of the Investment Manager's Review for details of HVPE's Put Offer and Liquidity Plan).
- HVPE depends on HarbourVest and its investment professionals for core services.
- To date, there has been very limited trading in HVPE's shares. HVPE's Liquidity Plan may not materially increase trading in the Company's shares, resulting in ongoing price volatility and discounts to NAV.

NAV RISKS

Despite encouraging trends, the current economic environment remains uncertain. 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 13% 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 environment fail to recover, 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. Currency movements also affect the Company's NAV. Approximately 25% of the HVPE portfolio is denominated in non-U.S. dollar currencies, primarily euros, which results in NAV declines during periods of U.S. dollar appreciation. From 31 January 2010 to 21 May 2010, the MSCI World Index (U.S. Dollar) was down 4%, while the U.S. dollar has appreciated 12% against the euro.

COMMITMENT AND PUT OFFER RISKS

The **Commitments and Balance Sheet Review** section of this document describes HVPE's commitment strategy and the level of commitments outstanding relative to NAV and liquid resources. While the Company intends to draw on its credit facility to bridge periods of negative cash flow when capital calls are greater than distributions, the borrowing available under the credit facility is negatively affected by declining NAVs. As part of its recently implemented Liquidity Plan, the Company also has the potential obligation to fund up to $40 million of share repurchases in November 2011, should the Put Rights offered under the Liquidity Plan be exercised. In a period of declining NAVs, reduced distributions, and rapid substantial capital calls, the Put Rights are more likely to be exercised, and the Company may be unable to meet all of its financial obligations. In such a situation, the Company could undertake a series of actions, including an asset sale, which could result in further NAV declines.

CREDIT FACILITY

The Company is highly dependent on its Bank of Scotland plc credit facility to meet its capital calls and fund up to $40 million of share repurchases in November 2011, should the Put Rights offered under the Liquidity Plan be exercised. Bank of Scotland plc has consented to the use of the credit facility to fund the Put Offer. However, should Bank of Scotland plc, part of Lloyds Banking Group plc, become unable or unwilling to meet its obligations to fund the credit facility, there would be a negative impact on HVPE's financial condition. The Investment Manager believes that it could be difficult to secure another $500 million credit facility at attractive terms, or even at all, in the current environment. In addition, Bank of Scotland plc has the right to syndicate the facility. Were this to happen, and a syndicate bank subsequently became unable to meet its obligations, HVPE might likewise be at risk.

RELIANCE ON HARBOURVEST

HVPE is dependent on its Investment Manager and HarbourVest's investment professionals. 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

Since listing in December 2007, trading in the Company's stock has been sporadic and its shares have been highly illiquid. While HVPE has recently implemented a Liquidity Plan intended to increase trading in the Company's shares, there is no guarantee that this plan will be successful. Should the shares remain illiquid, HVPE may trade at a discount to its peer group and experience price volatility. 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.

Directors' Report

Board of Directors

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

BIOGRAPHIES

Sir Michael Bunbury, Chairman, Independent Director

Sir Michael Bunbury (age 63) 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, Director of Foreign & Colonial Investment Trust plc (which has been an investor in numerous HarbourVest funds, including two of the seeded funds and three of the new funds in which the Company invested at listing), 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 a range of families on their business and property assets.

Brooks Zug, Director

Brooks Zug (age 64) is a senior managing director of HarbourVest Partners, LLC and a founder of HarbourVest. He is responsible for overseeing HarbourVest's U.S. and non-U.S. partnership and direct investments. He joined the corporate finance department of John Hancock 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 foreign 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.

George R. Anson, Director

George Anson (age 49) manages HarbourVest Partners (U.K.) Limited, which supports HarbourVest's investment and client service activities in Europe. George joined HarbourVest's London subsidiary in 1990 and serves on the advisory boards of a number of European private equity partnerships, including funds managed by Atlas Venture, BC Partners, BS Private Equity, Cinven, Doughty Hanson, Ethos Private Equity, Global Finance, and IK Investment Partners. 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 64) is 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 Sofinnova's investments in Europe 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 55) 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, Channel Islands Development Corporation 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, Independent Director and Chairman of the Audit Committee

Keith Corbin (age 57) 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 30 years. Currently the Group Executive Chairman of Nerine International Holdings Limited, which has operations in Guernsey, Hong Kong, British Virgin Islands, and Switzerland, he also serves as a non-executive Director on the board of various regulated financial services businesses, including investment funds, insurance companies, 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 remuneration committees.

Paul R.P. Christopher, Independent Director

Paul Christopher (age 37) is an English Solicitor, Guernsey Advocate, and a partner in the Guernsey law firm Ozannes. He 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. He has an established trust practice and acts for a number of the leading trust institutions in Guernsey. He is the Bar Council representative on the Guernsey International Business Association's council and is a member of the Guernsey Joint Money Laundering Steering Group.

Directors' Report

The directors present their report and financial statements for the year ended 31 January 2010.

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 Nil Par Value and Class B shares of Nil Par Value. 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.

INVESTMENT OBJECTIVE AND INVESTMENT POLICY

The investment objective and investment policy of the Company is as stated on page 1.

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 a 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 first Interim Management Statement on 18 June 2009 covering the period from 1 February 2009 to 18 June 2009, and its second Interim Management Statement on 25 November 2009 covering the period from 1 August 2009 to 25 November 2009. Both statements are available on the Company's website.

The last traded price of Class A shares is available on Reuters, Bloomberg, and Euronext Amsterdam. A copy of the original Prospectus of the Company is available from the Company's registered office and on the 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 2010 are set out in the Consolidated Statement of Operations within the Audited Consolidated Financial Statements that begin on page 51. The directors do not propose a dividend for the financial year ended 31 January 2010.

DIRECTORS

The directors as shown beginning on page 44 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 Guernsey law firm Ozannes, which provides counsel to HVPE in connection with matters of Guernsey law. Jean-Bernard Schmidt is a 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.

Each director, with the exception of the Chairman, Keith 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.

Each director is appointed for an initial term of three years and is subject to re-election every third year thereafter. Therefore, at the next general meeting of the Company, all directors will be eligible for re-election and subject to the vote of Class B shareholders. This differs slightly from the requirement of provision 7.1 of the Combined Code where directors are subject to re-election at the first Annual General Meeting.

DIRECTORS' INTERESTS IN SHARES

Directors' Interests as at 31 January (invested directly or indirectly)	2010 (Class A Shares)	2009 (Class A Shares)
Sir Michael Bunbury	9,000	4,000
Jean-Bernard Schmidt	20,000	10,000
Keith Corbin	11,500	1,500
Paul Christopher	6,500	1,500
Andrew Moore	3,500	1,500

SUBSTANTIAL SHAREHOLDERS

As at 31 January 2010, 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	18.47%
Washington State Investment Board	13,563,699	16.34
Oregon Public Employees Retirement Fund	9,573,190	11.53
Blackrock Investment Management UK Ltd.	8,196,000	9.87
Retirement Board of the Policemen's Annuity & Benefit Fund, City of Chicago	6,891,926	8.30
TOTAL	**53,552,492**	**64.51%**

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 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 Combined Code

As a Guernsey incorporated company, the Company was not required to comply with the Combined Code on Corporate Governance (the "Combined Code") for the year under review. However, the directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have therefore chosen voluntarily to comply with the provisions of the Combined Code to the extent that they are considered relevant to the Company.

The Company has complied with the main principles set out in Section 1 of the Combined Code, except as set out below.

The Combined Code includes provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

As set out in the preamble to the Combined Code, being an externally-managed investment company, the Board considers these provisions not relevant to the Company's governance. The Company has therefore not reported further in respect of these provisions. Other areas of non-compliance with the Combined Code by the Company, and the reasons therefore, are as follows:

- The Chairman is the senior independent director. This is not in accordance with provision A.3.3 of the Combined Code but is felt to be appropriate for the size and nature of the Company.
- There is no separate nomination committee or remuneration committee, which is not in accordance with provision A.4.1 and B.2.1 of the Combined Code, respectively. Given that the Board is wholly comprised of non-executive directors, the whole Board considers these matters.

The Combined Code is available on the following website: www.frc.org.uk.

BOARD RESPONSIBILITIES

The Board meets at least four times a year and between these formal meetings there is regular contact with the Company Secretary. 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 2010, the Board met six times. 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. The four regular quarterly Board meetings were attended by all directors. The other two meetings were called at short notice with a limited objective. The first meeting was attended by Mr. Brooks Zug, Mr. Keith Corbin, Mr. Jean-Bernard Schmidt, Mr. Paul Christopher, and Mr. Andrew Moore. The second meeting was attended by Mr. Jean-Bernard Schmidt, Mr. Paul Christopher, and Mr. Andrew Moore.

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.

Each director's performance is reviewed annually by the Chairman, and the performance of the Chairman is assessed by the remaining directors.

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 Company Secretary's compliance department and the external auditor.

In the financial year ended 31 January 2010, the Audit Committee met twice with all three directors attending both meetings.

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 a Type 1 SAS 70 Report (Report on Controls Placed In Operation) as of 30 April 2009 and a Type II SAS 70 (Private Equity Fund Administration Report on Controls Placed in Operation and Tests of Operating Effectiveness) covering the period from 1 April 2009 to 30 September 2009 from its auditors.

The Company does not have an internal audit department. 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.

RELATIONS WITH SHAREHOLDERS

The Board recognises the need to maintain sufficient 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 updates. Shareholders may contact the directors through the Company Secretary.

AUDITORS

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

By order of the Board

Michael Bunbury
Chairman

Keith Corbin
Chairman of the Audit Committee

26 May 2010

Audited Consolidated Financial Statements

Independent Auditor's Report HarbourVest Global Private Equity Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARBOURVEST GLOBAL PRIVATE EQUITY LIMITED

We have audited the group's financial statements for the period ended 31 January 2010 which comprise the Consolidated Statement of Assets and Liabilities, Consolidated Schedule of Investments, Consolidated Statement of Operations, Consolidated Statement of Changes in Net Assets, Consolidated Statement of Cash Flows, and the related notes 1 to 11. These consolidated financial statements have been prepared on the basis of the accounting policies set out therein.

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 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

The Directors are responsible for the preparation of the consolidated financial statements in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the company has not kept proper accounting records, the financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the consolidated financial statements and consider whether it is consistent with the audited financial statements. This other information comprises Company Overview, Financial Highlights, Chairman's Letter, Investment Manager's Review, Risk Factors, Forward-Looking Statements, Directors' Report, and Advisors and Contact Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

OPINION

In our opinion the consolidated financial statements give a true and fair view, in accordance with accounting principles generally accepted in the United States, of the state of the group's affairs as at 31 January 2010 and of its income for the year then ended, and have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

Ernst & Young LLP
Guernsey, Channel Islands
26 May 2010

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
31 JANUARY 2010 AND 2009

	2010	2009
ASSETS		
Investments *(Notes 2 and 4)*	$783,400,934	$668,051,759
Cash and equivalents	10,602,303	26,215,322
Other assets	474,727	433,512
Total assets	**794,477,964**	**694,700,593**
LIABILITIES		
Notes payable *(Note 6)*	75,000,000	60,000,000
Accounts payable and accrued expenses	1,117,242	3,072,104
Accounts payable to HarbourVest Advisers L.P. *(Note 9)*	127,518	346,660
Total liabilities	**76,244,760**	**63,418,764**
Commitments *(Note 5)*		
NET ASSETS	**$718,233,204**	**$631,281,829**
Net assets consist of		
Class A shares, Unlimited shares authorised, 83,000,000 shares issued and outstanding, no par value	$718,233,103	$631,281,728
Class B shares, 10,000 shares authorised, 101 shares issued and outstanding, no par value	101	101
Net assets	**$718,233,204**	**$631,281,829**
Net asset value per share for Class A shares	$8.65	$7.61
Net asset value per share for Class B shares	$1.00	$1.00

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

The Audited Consolidated Financial Statements were approved by the Board on 26 May 2010 and were signed on its behalf by:

Michael Bunbury
Chairman

Keith Corbin
Chairman of the Audit Committee

CONSOLIDATED SCHEDULE OF INVESTMENTS
31 JANUARY 2010

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	$6,413,149	$3,502,988	0.5%
HarbourVest Partners V-Direct Fund L.P.	—	4,365,345	—	4,577,029	0.6
HarbourVest Partners V-Partnership Fund L.P.	2,960,000	45,969,079	15,876,869	27,314,394	3.8
HarbourVest Partners VI-Direct Fund L.P.	1,312,500	46,722,408	15,757,664	22,978,848	3.2
HarbourVest Partners VI-Partnership Fund L.P.	14,231,250	195,566,799	40,613,777	145,335,668	20.2
HarbourVest Partners VI-Buyout Partnership Fund L.P.	600,000	8,483,048	1,590,594	5,675,554	0.8
HarbourVest Partners VII-Venture Partnership Fund L.P.*	29,812,500	107,796,698	1,963,198	103,489,782	14.4
HarbourVest Partners VII-Buyout Partnership Fund L.P.*	18,550,000	59,717,291	5,135,830	48,068,705	6.7
HarbourVest Partners VIII-Cayman Mezzanine & Distressed Debt Fund L.P.	31,250,000	18,951,553	—	17,228,979	2.4
HarbourVest Partners VIII-Cayman Buyout Fund L.P.	157,500,000	95,258,801	1,486,488	83,621,111	11.7
HarbourVest Partners VIII-Cayman Venture Fund L.P.	26,250,000	23,941,736	—	22,540,812	3.1
HarbourVest Partners 2007 Cayman Direct Fund L.P.	60,000,000	40,126,849	—	40,709,098	5.7
TOTAL U.S. FUNDS	**345,266,250**	**660,406,427**	**88,837,569**	**525,042,968**	**73.1**

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

CONSOLIDATED SCHEDULE OF INVESTMENTS
31 JANUARY 2010

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	256,310	0.1%
HarbourVest International Private Equity Partners II-Partnership Fund L.P.	2,900,000	23,463,610	12,937,387	8,361,550	1.2
HarbourVest International Private Equity Partners III-Partnership Fund L.P.	6,900,000	144,278,557	44,104,800	87,028,450	12.1
HarbourVest International Private Equity Partners IV-Direct Fund L.P.	—	61,452,400	—	39,086,151	5.4
HarbourVest International Private Equity Partners IV-Partnership Fund L.P.	11,250,000	118,522,051	35,618,477	79,286,973	11.0
Dover Street VII Cayman Fund L.P.	79,000,000	21,000,000	687,427	20,331,740	2.8
HIPEP V - 2007 Cayman European Buyout Companion Fund L.P. †	40,454,660	27,262,450	—	23,551,389	3.3
HIPEP VI-Cayman Partnership Fund L.P.‡	137,243,700	1,303,800	—	455,403	0.1
TOTAL INTERNATIONAL / GLOBAL FUNDS	**277,748,360**	**398,263,147**	**94,018,058**	**258,357,966**	**36.0**
TOTAL INVESTMENTS	**$623,014,610**	**$1,058,669,574**	**$182,855,627**	**$783,400,934**	**109.1%**

* 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.

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

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED 31 JANUARY 2010 AND 2009

	2010	2009
INVESTMENT INCOME:		
Dividends from cash and equivalents	$69,386	$331,632
Interest from cash and equivalents	311	13,057
Total investment income	69,697	344,689
EXPENSES:		
Non-utilisation fees *(Note 6)*	1,719,333	1,929,600
Interest expense *(Note 6)*	1,435,691	987,333
Investment services *(Note 3)*	1,246,649	1,101,235
Professional fees	819,031	995,766
Directors' fees and expenses *(Note 9)*	336,942	351,135
Insurance expense	302,000	350,814
Marketing expenses	158,762	157,799
Administration fees *(Note 3)*	120,423	153,314
Other expenses	268,402	494,081
Total expenses	6,407,233	6,521,077
NET INVESTMENT LOSS	(6,337,536)	(6,176,388)
REALISED AND UNREALISED GAINS (LOSSES) ON INVESTMENTS:		
Net realised gain (loss) on investments	(27,232,274)	1,464,584
Net change in unrealised appreciation (depreciation) on investments	120,521,185	(226,123,117)
Net gain (loss) on investments	93,288,911	(224,658,533)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$86,951,375	($230,834,921)

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 2010 AND 2009

	2010	2009
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment loss	($6,337,536)	($6,176,388)
Net realised gain (loss) on investments	(27,232,274)	1,464,584
Net change in unrealised appreciation (depreciation) on investments	120,521,185	(226,123,117)
Net increase (decrease) in net assets resulting from operations	86,951,375	(230,834,921)
NET ASSETS AT BEGINNING OF YEAR	631,281,829	862,116,750
NET ASSETS AT END OF YEAR	$718,233,204	$631,281,829

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 JANUARY 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets resulting from operations	$86,951,375	($230,834,921)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash used in operating activities:		
Net realised gain (loss) on investments	27,232,274	(1,464,584)
Net change in unrealised appreciation (depreciation) on investments	(120,521,185)	226,123,117
Contributions to private equity investments	(73,811,721)	(128,436,226)
Distributions from private equity investments	51,751,457	83,355,990
Change in other assets	(41,215)	(107,524)
Change in accounts payable to HarbourVest Advisers L.P.	(219,142)	103,835
Change in accounts payable and accrued expenses	(1,954,862)	(3,547,785)
Net cash used in operating activities	(30,613,019)	(54,808,098)
FINANCING ACTIVITIES		
Proceeds from notes payable	30,000,000	87,500,000
Payments on notes payable	(15,000,000)	(27,500,000)
Net cash provided by financing activities	15,000,000	60,000,000
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(15,613,019)	5,191,902
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	26,215,322	21,023,420
CASH AND EQUIVALENTS AT END OF YEAR	$10,602,303	$26,215,322

	2010	2009
SUPPLEMENTAL DISCLOSURE:		
Cash paid during the year for interest	$1,339,638	$980,796

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. The Company's registered office is Anson Place, Mill Court, La Charroterie St. Peter Port, Guernsey GY1 2BE. 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 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 solely on Euronext Amsterdam by NYSE Euronext under the symbol "HVPE" (See Note 11). As of 31 January 2010 there are 83,000,000 issued Class A ordinary shares of no par value. The Class A shares are entitled to the income or 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 2010, 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 association 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

The directors have delegated the day-to-day operations of the Company to the Investment Manager pursuant to an investment management and services agreement. 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 to assist in the administrative functions of the Company.

Directors

The directors are responsible for the determination of the investment policy of the Company 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. The directors have delegated the day-to-day operations of the Company to the Investment Manager. 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. The Company received dispensation from the Netherlands Authority for the Financial Markets allowing the Company to prepare the 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.

Investments

Investments are stated at fair value in accordance with the Company's investment valuation policy. In establishing the fair value of the partnership investments, the Company takes into consideration the information received from those partnerships, including their financial statements, the currency in which the investment is denominated and other information deemed appropriate.

The consolidated financial statements include investments valued at $783,400,934 at 31 January 2010, whose values have been estimated by the Investment Manager in the absence of readily ascertainable market values. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed, and the differences could be material.

Generally, the 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.

Recent Accounting Pronouncements

In 2009, the Financial Accounting Standards Board ("FASB") established the Accounting Standards Codification, as amended (the "ASC"), as the sole reference source of authoritative accounting principles recognised by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with U.S. GAAP.
The Company adopted the codification during the year ended 31 January 2010, which had no impact on the Company's financial position, results of operations or cash flows.

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 and investment commitments 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 and losses on investments as incurred. The Company does not segregate that portion of realised or unrealised gains and losses attributable to foreign currency translation.

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 pound 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 and dividends from cash and equivalents. 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 Manager.

Net Change in Unrealised Appreciation and Depreciation on Investments

Gains and losses arising from changes in investment values are recorded as an increase or decrease in the unrealised appreciation or depreciation of investments.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Company exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (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 is subject to the provisions of ASC 740-10, "Accounting for Uncertainty in Income Taxes" for financial statements for fiscal years beginning after December 15, 2008. 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 fiscal year beginning 1 February 2009, 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 had 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 £22,000 per annum, a secretarial fee of £25,000 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 2010, fees of $120,423 were incurred to AFML.

Registrar

The Company has retained Anson Registrars Limited ("ARL") as share registrar for the year ended 31 January 2010 (See Note 11). Fees for this service are paid as invoiced by ARL and include an annual basic fee of £4,000 per annum and activity fees calculated on a per event basis.

Independent Auditor's Fees

For the year ended 31 January 2010, $100,000 has been accrued for auditor's fees and is included in professional fees in the Consolidated Statement of Operations.

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 2010, reimbursements for services provided by the Investment Manager were $1,246,649. The Investment Manager does not charge HVPE management fees or performance fees other than with respect to parallel investments (of which there are none at 31 January 2010). 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. A management fee will be paid for any parallel investments made by the Company consistent with the fees charged by the fund alongside which the parallel investment is made.

NOTE 4. INVESTMENTS

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

For the year ended 31 January 2010	
Net realised loss on investments	($27,232,274)
Net change in unrealised appreciation on investments	120,521,185
NET GAIN ON INVESTMENTS	$ 93,288,911

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.

Level 2 – Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term 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 that 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 includes the information received from those partnerships, including their financial statements, the currency in which the investment is denominated and other information deemed appropriate.

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

	Level 1	Level 2	Level 3	Total
Balance at 31 January 2009			**$668,051,759**	**$668,051,759**
Contributions to investments			**73,811,721**	**73,811,721**
Net realised loss on investments	—	—	(27,232,274)	(27,232,274)
Net change in unrealised appreciation (depreciation) on investments related to investments still held	—	—	120,521,185	120,521,185
Distributions received from investments	—	—	**(51,751,457)**	**(51,751,457)**
Transfers in and/or (out) of Level	—	—	—	—
Balance at 31 January 2010	—	—	**$783,400,934**	**$783,400,934**
Net change in unrealised gain (loss) on investments related to investments still held at 31 January 2010				**$120,521,185**

Investments include limited partnership interests in private equity partnerships, all of which carry restrictions on redemption.

The investments are non-redeemable and the Investment Manager estimates an average remaining life of 9.2 years.

NOTE 5. COMMITMENTS

As of 31 January 2010, the Company has unfunded investment commitments to other limited partnerships of $623,014,610 which are payable upon notice by the partnerships to which the commitments have been made. Unfunded investment commitments of $177,698,360 within this balance are denominated in Euros.

NOTE 6. NOTES PAYABLE

On 4 December 2007 the Company entered into an agreement with 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 plus 1.5% per annum. At 31 January 2010, interest rates on the outstanding balance ranged from 1.73063% to 1.75063%. 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 2010, $75,000,000 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 2010, $1,719,333 in non-utilisation fees and $1,435,691 in interest expense have been incurred.

NOTE 7. FINANCIAL HIGHLIGHTS*

FOR THE YEARS ENDED 31 JANUARY 2010 AND 2009

Class A Shares	**2010**	**2009**
PER SHARE OPERATING PERFORMANCE:		
Net Asset Value, beginning of year	$7.61	$10.39
Net investment loss	(.08)	(.07)
Net realised and unrealised gains (losses)	1.12	(2.71)
Total from investment operations	1.04	(2.78)
Net asset value, end of year	$8.65	$7.61
Total return:	**13.7%**	**(26.8)%**
RATIOS TO AVERAGE NET ASSETS		
Expenses†	0.95%	0.87%
Net investment income (loss)	(0.94)%	(0.83)%
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 intends to publish the NAV per share or 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 $127,518 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 2010.

One of the directors, Paul Christopher, is a Partner of 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 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 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 $336,942 were paid during the year ended 31 January 2010.

NOTE 10. 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 11. SUBSEQUENT EVENTS

In the preparation of the financial statements, the Company has evaluated the effects, if any, of events occurring after 31 January 2010 through 26 May 2010, which is the date that the financial statements were issued.

In connection with the Company's Secondary Placing and Liquidity Plan, HVPE has been admitted to the Specialist Fund Market (SFM) of the London Stock Exchange (LSE) as of 12 May 2010.

In addition, as part of the Liquidity Plan, HVPE has provided a 'put right' to purchasers of its shares both in the Secondary Placing and in the after market (Put Offer). The put right allows eligible shareholders to sell their shares back to HVPE on 15 November 2011 at the lower of $5.75 or estimated economic NAV per share at the time. 4,763,208 puts were issued in connection with the Secondary Placing, with 2,193,314 additional puts expected to be issued to purchasers of shares in the market.

The Company's maximum obligation under the Put Offer is to fund up to $40 million of stock buyback in November 2011. The stock buyback would be funded through available resources, including the Company's credit facility. Any share repurchase under the Put Offer would be either neutral or accretive to the Company's NAV per share.

In order to facilitate the sale of shares in the Secondary Placing by a shareholder whose shares are currently held by an affiliate of Lehman Brothers International (Europe) (in administration) and therefore cannot be transferred, the Company issued 1,330,378 replacement shares. Once the relevant Shares are released by the Lehman Brothers administrator, they will be transferred to the Company and cancelled. The issuance of the replacement shares will not affect the Company's outstanding shares.

In April 2010, the Company retained J.P. Morgan Cazenove to be its Joint Corporate Broker alongside Oriel Securities Limited, which was retained in May 2009.

As of 6 May 2010, the Company retained Capita as share registrar. Fees for this service include an annual base fee of £7,500 per annum and a £5,000 put right registration fee over the 18-month life of the put rights.

On 26 May 2010, the Company invested £10.0 million ($14.5 million) in HarbourVest Senior Loans Europe Limited (HSLE), a European senior secured loans fund that listed on the London Stock Exchange on 26 May 2010. HVPE's position represents 9.9% of the HSLE fund.

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. 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.

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.

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 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, as amended (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.

Advisors and Contact Information

Key Information

Exchange	London Stock Exchange (May 2010) and Euronext Amsterdam
Ticker	HVPE
Listing Date	6 December 2007 (Euronext)
Fiscal Year End	31 January
Base Currency	USD
ISIN	GG00B28XHD63
Bloomberg	HVPE NA
Reuters	HVPE.AS
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

Management and Administration

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Calendar of Events 2010

Monthly NAV Estimate	Generally within 15 days of month end
Interim Management Statement	June 2010 / November 2010
Semi-Annual Report and Unaudited Consolidated Financial Statements	September 2010
Annual Information Document	June 2010
Informal Meeting for Shareholders	23 June 2010

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