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HARBOURVEST GLOBAL PRIVATE EQUITY LIMITED

("HVPE" or the "Company")

Update on shareholder distribution policy and capital allocation

- Launch of new Distribution Pool to fund future share buybacks or return capital to shareholders by means of special dividends
- New shareholder distribution policy will free up materially more cash for shareholders to bolster their returns through the cycle
- The Distribution Pool will be funded from cash realisations, with 15% of the total to be allocated going forward
- New commitments will be sized to preserve balance sheet strength and liquidity

HVPE, a FTSE 250 investment company with global exposure to private companies, managed by HarbourVest Partners, today announces a new shareholder distribution policy as part of its broader capital allocation approach. The Board and Investment Manager believe that this new policy will help to optimise total shareholder returns through the cycle by ring-fencing capital to be returned to shareholders.

Background

HVPE's investment objective is to generate superior shareholder returns through long-term capital appreciation by investing primarily in a diversified portfolio of private markets investments. The Investment Manager aims to deliver material outperformance of the public markets through the cycle. In the ten years to 31 December 2023, HVPE delivered growth in net asset value ("NAV") per share of 261%, while the FTSE All World Total Return Index returned 127% (all USD). However, the full benefit of this outperformance has not been reflected in the Company's share price, which has traded at a significant discount to NAV for an extended period.

The Board appreciates this has been a challenging time and as a result will be launching a new distribution policy to help bolster returns for shareholders. The Company's first buyback programme was initiated in September 2022 and since then HVPE has repurchased approximately \$57 million worth of shares, with a further \$12 million of cash allocated for repurchases under the current programme. In total, these buybacks resulted in NAV per share accretion of 1.3%.

Further to the announcement of 26 October 2023, the Board has engaged with a large number of shareholders and other stakeholders to explore ways to allow shareholders to participate more directly in NAV growth, including the possibility of distributing on a regular basis some of the proceeds generated by natural cash realisations in HVPE's

portfolio. During these discussions, the Board noted a range of views, with some support for the introduction of a dividend. On balance, shareholders have expressed a preference for share buybacks over dividends at the current level of discount, in view of the potential benefit arising from the resulting NAV per share accretion for continuing shareholders.

Launch of distribution pool for share buybacks or special dividends

The Board has reviewed several options in response to shareholder feedback, taking into account the important considerations of preserving balance sheet strength and managing liquidity risk. As a result, the Board has decided to introduce a new distribution policy and to establish a distribution pool (the "Distribution Pool"). The Distribution Pool will be funded by a proportion of the cash realisations from the Company's portfolio going forward, with this proportion set initially at 15%.

The Distribution Pool will accumulate on a rolling basis, up to a maximum balance set by the Board. The Distribution Pool will be deployed for share buybacks and/or special dividends at the sole discretion of the Independent HVPE Board Directors (the "Distribution Group"). When determining the timing, amount and nature of a shareholder distribution, the Distribution Group will consider the macroeconomic environment, the discount to NAV at which HVPE's shares are trading (both in absolute terms and relative to peers), market sentiment, and the relative merits of distributing capital against the potential benefit of committing to new investment opportunities.

By way of illustration, at times when the discount is deemed especially wide, the Distribution Group may elect to distribute the cash in the form of share buybacks. Alternatively, a special dividend may be the preferred option. Equally, the Distribution Group may choose to retain the Distribution Pool for an extended period to preserve capacity ahead of a future downturn, or allocate some of the cash for reinvestment. If the balance in the Distribution Pool reaches the maximum, the ongoing 15% allocation from portfolio distributions will be diverted to new investment until such time as the balance falls below the maximum, at which point the 15% allocation will once again be used to replenish the Distribution Pool.

In establishing this new distribution policy, the Board's intention is to optimise the long-term total return for shareholders through the cycle while preserving the strength of the balance sheet.

In 2023, total commitments were reduced considerably from the original plan, ending the year at \$295 million, in response to the low level of portfolio exit activity during the year. The Investment Manager has presented a plan for 2024, approved by the Board, based on a prudent level of new commitments with a view to enhancing near-term cash flow. Furthermore, a specific proposed commitment by HVPE has been placed on hold, thereby releasing a material cash sum as an additional, near-term allocation to the Distribution Pool. We expect that the total amount of cash allocated to the Distribution Pool in 2024 will be materially greater than the amount distributed via buybacks since September 2022. For reference, total proceeds received from cash realisations in the portfolio averaged \$568 million per annum over the last three calendar years.

It is the Board's intention that the new distribution policy will take effect from 1st February 2024. Any unspent cash allocated to share buybacks under the current programme will be rolled into the Distribution Pool on that date.

The Distribution Pool will not take the form of a segregated cash account. Rather, in the interests of balance sheet efficiency, the Distribution Pool will be held as part of HVPE's total liquid resources and tracked from month to month.

including more than 200 investment professionals across Asia, Europe, and the Americas. Across our private markets platform, our team has committed more than \$58 billion to newly-formed funds, completed over \$50 billion in secondary purchases, and invested over \$37 billion in directly operating companies. We partner strategically and plan our offerings innovatively to provide our clients with access, insight, and global opportunities.

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This announcement is issued by the Company, whose registered address is BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA

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