

# Investor Presentation

Burford Capital

2014 Results

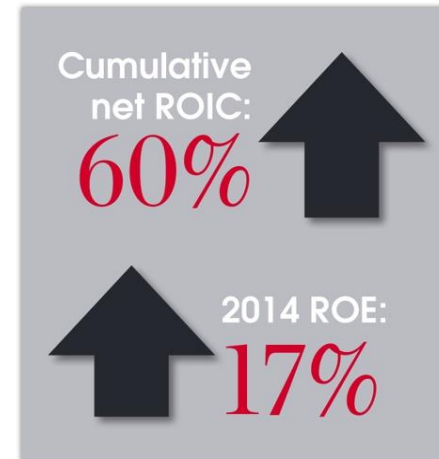
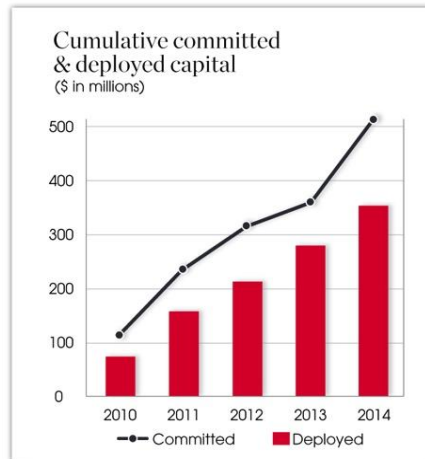
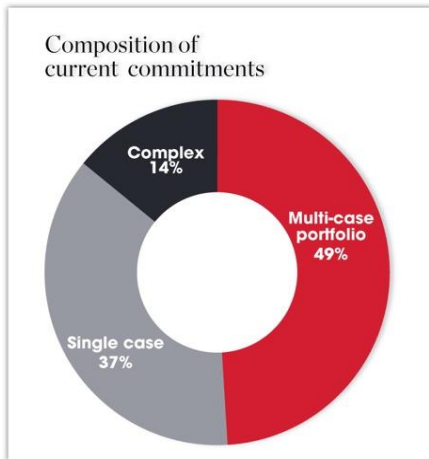
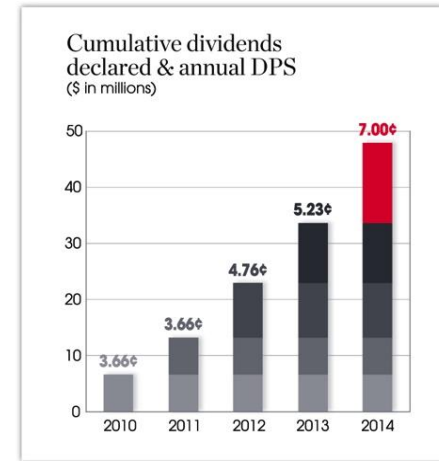
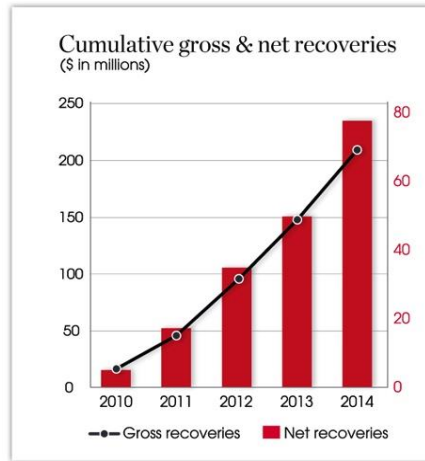
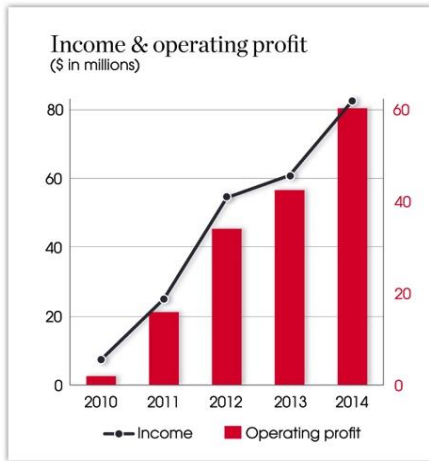
March 2015



“Demand for outside  
funding outstrips supply.  
Returns are impressive.”

The Economist

# 2014 Highlights



# Litigation market at a glance

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The law market is enormous and capital starved.

**6 law firms**

in UK would be in the **FTSE 100** if public

**1 million+**

lawyers in US

**\$300 billion**

annual law firm revenue in US

**200**

largest US firms generated **\$36 billion** in annual profits

Law firms lack external capital to enable them to take litigation risk and meet client demands. Burford is the leading institutional solution.

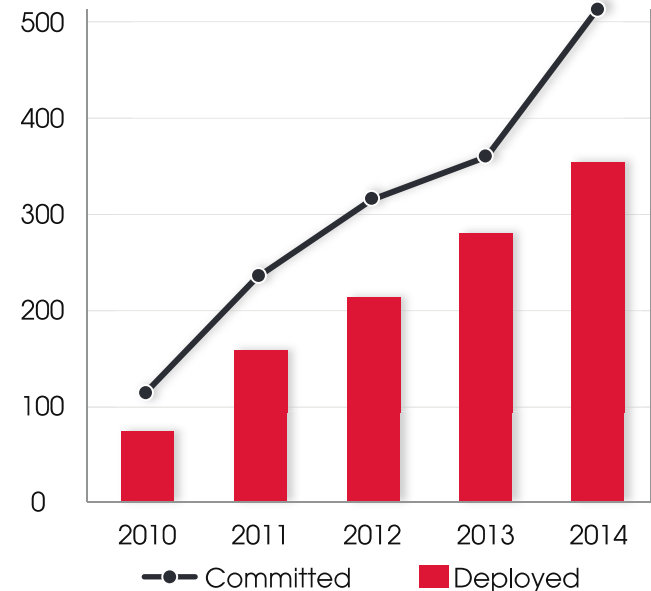
# Litigation: A desirable asset class

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- ❖ *Robust demand for Burford's capital*
- ❖ *Strong investment attributes*

- Investment performance uncorrelated to market or economic activity
- Litigation process automatically provides “exit” in every matter
- Medium duration assets: process averages 3+ years; settlements somewhat faster
- Weighted average duration of Burford's concluded investments: ~2 years

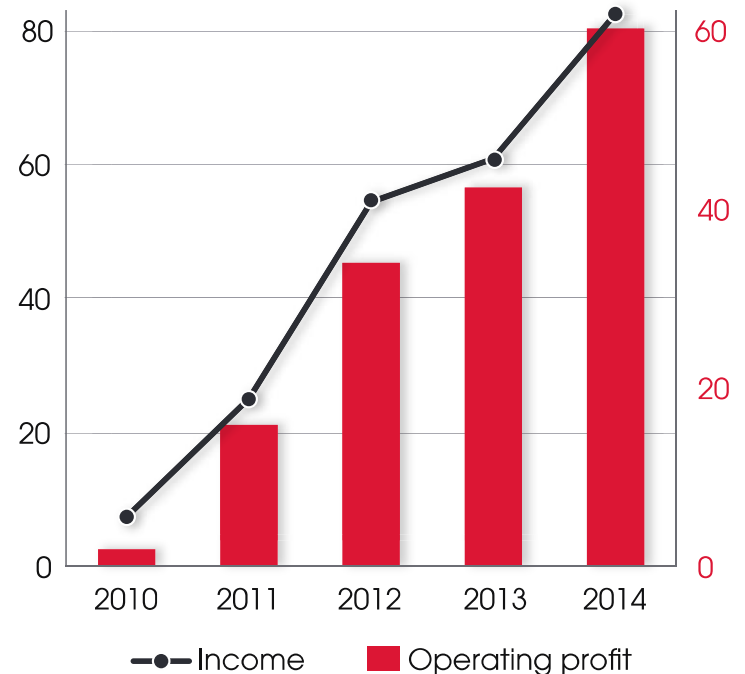
Cumulative committed  
& deployed capital  
(\$ in millions)



# Significant profit growth

- 43% increase in 2014 operating profit to \$60.7 million (2013: \$42.5 million)
- 17% ROE
- While all components of the business contributed to 2014's strong profit, the litigation investment portfolio – with its 78% margin – provided well over half our profit, growing at more than 25%
  - Conservative accounting suggests future upside: holding steady at 11% of asset value unrealized

Income & operating profit  
(\$ in millions)

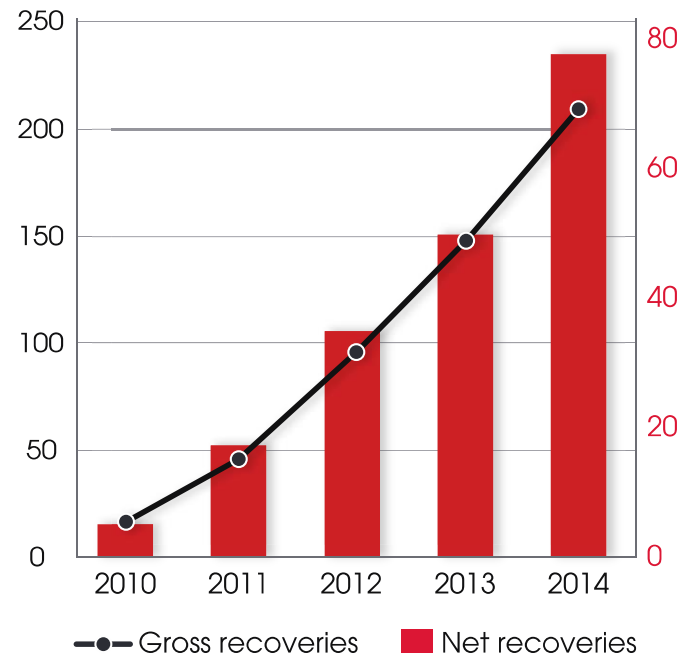


# Strong portfolio returns

## ❖ *Burford has the industry's largest diversified portfolio*

- Burford has committed \$510 million to investments since inception, constructing a widely diversified portfolio
- \$150 million capital committed in 2014 alone – 3x 2013
- 32 investments have generated \$209 million in gross investment recoveries, \$78 million net of invested capital
- 60% ROIC (an increase from 52% at YE 2013)

Cumulative gross & net recoveries  
(\$ in millions)

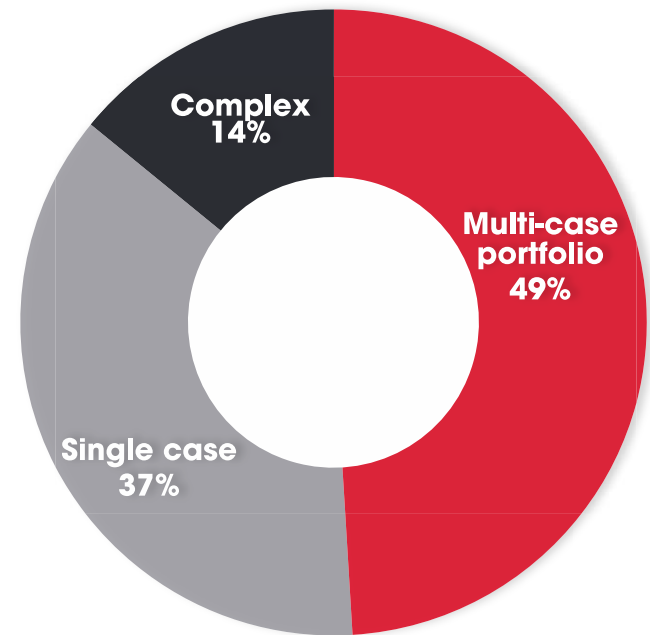


# Leading rapid evolution of the market

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- From a standing start in 2009, where 100% of our activity was single case financing, the litigation finance market has evolved with dramatic speed
- The market today is composed of widely disparate transactional structures, many of which increase diversification and risk management
- Burford's portfolio has now evolved to be only a minority of single case matters
- Burford is uniquely positioned to succeed in this market as many private funds do not have broad enough investment mandates to capture all of the evolving business

Composition of current commitments



*“Burford are super-savvy financial sharpies.”*

Delaware Vice Chancellor Laster



# Performance shows benefit of diversification

## Concluded investment performance

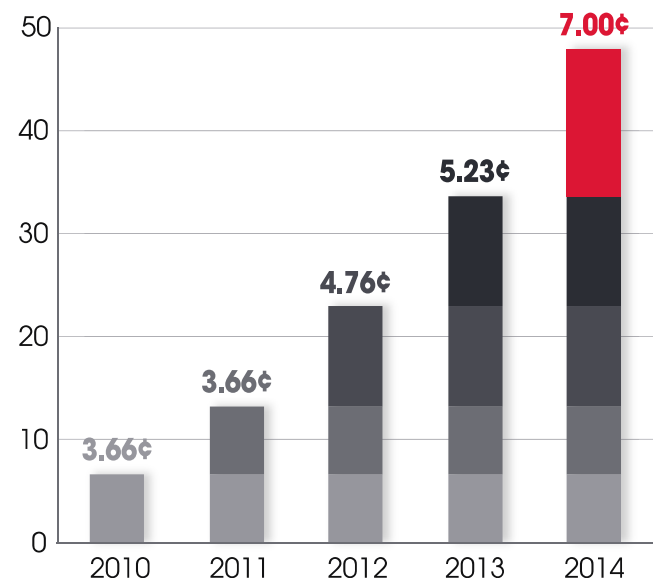
\$ in millions	Total investment	Total recovered	Return on invested capital	IRR
<b>Total investment recoveries to date</b>	<b>130.6</b>	<b>208.6</b>	<b>60%</b>	<b>24%</b>
Concluded investments made in 2009 • 100% of vintage	7.0	31.7	355%	53%
	2.0	2.0	(1%)	(3%)
	2.5	0.0	(100%)	0%
2009 performance to date	11.5	33.7	193%	35%
Concluded investments made in 2010 • 63% of vintage	2.1	4.5	119%	52%
	1.4	2.5	76%	32%
	6.1	10.5	71%	75%
	4.8	7.8	62%	23%
	2.6	3.5	33%	11%
	9.1	10.2	13%	15590%
	4.5	4.0	(12%)	0%
	3.2	0.2	(95%)	0%
	3.9	0.03	(99%)	0%
	5.6	0.0	(100%)	0%
2010 performance to date	43.3	43.2	0%	(2%)
Concluded investments made in 2011* • 54% of vintage	5.5**	26.1	371%	124%
	7.4	21.3	189%	55%
	3.5	6.7	92%	34%
	4.9	6.5	32%	29%
	10.0	7.5	(25%)	0%
	4.0	0.2	(94%)	0%
	4.4	0.0	(100%)	0%
2011 performance to date	39.7	68.3	72%	27%
Concluded investments made in 2012 • 56% of vintage	1.0	2.4	150%	436%
	4.3	7.8	82%	13%
	2.9	5.2	76%	156%
	15.0	26.3	75%	34%
	3.3	4.4	35%	14%
2012 performance to date	26.5	46.1	74%	30%
Concluded investments made in 2013 • 43% of vintage	0.3**	1.1	276%	2050%
	1.0	2.3	135%	89%
	0.5	1.1	122%	586%
	2.6**	5.5	109%	169%
	1.0	2.0	104%	92%
	0.2	0.0	(100%)	0%
2013 performance to date	5.6	12.0	115%	146%
Concluded investments made in 2014 • 4% of vintage	4.0	5.3	32%	275%
2014 performance to date	4.0	5.3	32%	275%
<b>Total investment recoveries to date</b>	<b>130.6</b>	<b>208.6</b>	<b>60%</b>	<b>24%</b>

\* Investments with immaterial performance excluded, such as rapidly terminated investment agreements \*\* Ongoing matters with partial recoveries

# Progressive increase in dividends

- 34% dividend increase proposed to 7.00¢ per share (2013: 5.23¢) composed of 1.74¢ paid in December and 5.26¢ to be paid in June
- \$48 million in declared dividends since inception
- Doubling of dividend payout in 5 years
- Yield 3x AIM 50 average and almost 2x average S&P 500

Cumulative dividends declared & annual DPS  
(\$ in millions)



*“Only nine AIM companies with both a larger market capitalisation and a higher dividend yield are being traded on the market today”.*

AIMprospector

Burford

# Approach to Capital Management

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- Balance sheet strengthened with \$150 million retail bond - eight year, fixed 6.5% interest rate
- More robust balance sheet spurred investment activity - closed 2014 having committed three times as much capital to new investments as in 2013
- Formalisation of revised dividend policy:

*“... It will be Burford’s goal to pay a dividend that provides an appealing dividend yield but that also encourages reinvestment in the business to produce capital appreciation.*

*While the dividend is expected to be progressive as the company grows, it also should not be expected that it will necessarily be raised every year that there is earnings growth.*

*Once a dividend level (expressed in US dollars, the company’s reporting currency) is set, the Board will recommend a reduction in the dividend level in subsequent years only in unusual circumstances, even if a single year’s earnings decline due to the inherent volatility of Burford’s business.*

*Extraordinary successes may be celebrated through either special dividends or share repurchases, again depending on the company’s other cash needs and potential to invest for further capital appreciation.”*

# UK Insurance

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## ❖ *Surpassing expectations*

- Insurance business continues to outperform expectations
- Acquisition purchase price long ago recovered
- Income up 16% in 2014 vs. expectations of decline; costs reduced by 25%
- 2014: \$19 million contribution to operating profit
- Hidden asset on MunichRe's balance sheet: stands at \$11.7 million currently
- New business coming in - \$25m REME in 2014 vs average \$90m in pre-Jackson years

# New Initiatives

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- New initiatives segment allows Burford to explore new opportunities and invest in growth and expansion transparently
- 2014: Law firm lending
  - Recourse, interest rate lending to litigation law firms in US
  - Underserved, unprofessional market
- 2015: Judgment enforcement
  - Pernicious problem for corporate plaintiffs
  - Burford uniquely positioned to offer services and capital
  - Strong demand for our solution since launch

# The leading team in the industry

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50 people in offices on two continents—litigators, investment bankers, and veterans of the world’s top law firms, financial institutions, and corporations.



Sir Peter Middleton GCB  
Chairman  
Former Chairman, Barclays



Christopher P. Bogart  
Chief Executive Officer  
Former EVP & General Counsel,  
Time Warner Inc.



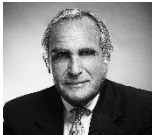
Hugh Steven Wilson  
Vice Chairman  
Former Senior Partner,  
Latham & Watkins



Jonathan T. Molot  
Chief Investment Officer  
Professor of Law,  
Georgetown University



Aviva O. Will  
Managing Director  
Former Assistant General  
Counsel, Time Warner Inc.



Peter Benzian  
Managing Director  
Former Senior Partner,  
Latham & Watkins



Elizabeth O'Connell, CFA  
Managing Director  
Former Director, Credit Suisse



Jack Blackburn  
Managing Director  
Former Managing Director,  
Merrill Lynch



Emily O. Slater  
Director  
Former Senior Litigator,  
Debevoise & Plimpton



Ernie Getto  
Managing Director  
Former Senior Partner,  
Latham & Watkins



Peter Haje  
Investment Committee Member  
Former Managing Partner,  
Paul Weiss



Nick Rowles-Davies  
Managing Director  
Author, Third Party Litigation Funding  
(Oxford University Press)

*“This is a group with a glittery  
stack of resumes.”*

*American Lawyer*

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