

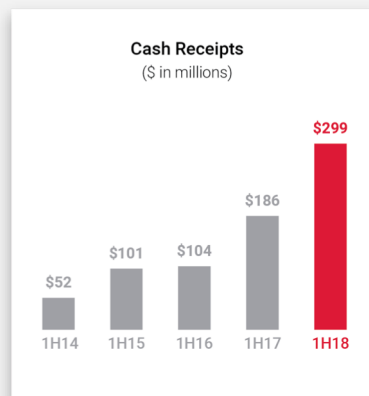
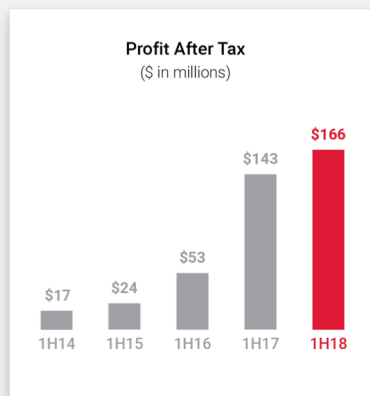
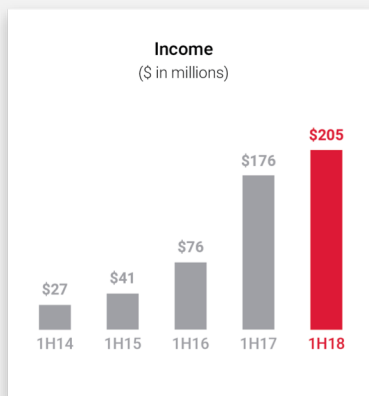


**INVESTOR PRESENTATION**  
**1H 2018 RESULTS**

**25 JULY 2018**

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## Burford delivered another record-breaking first half

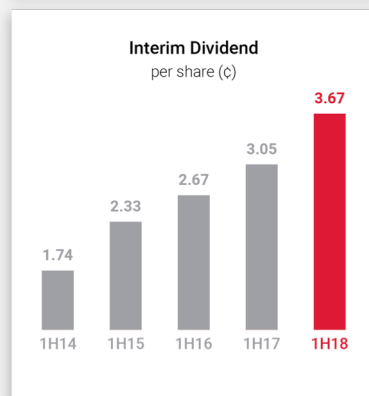
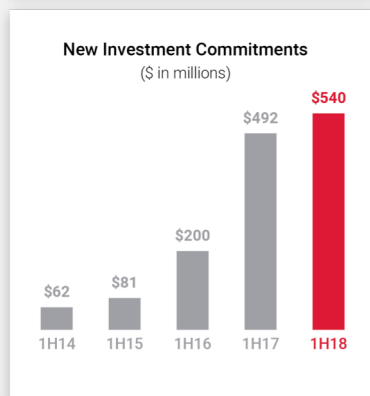
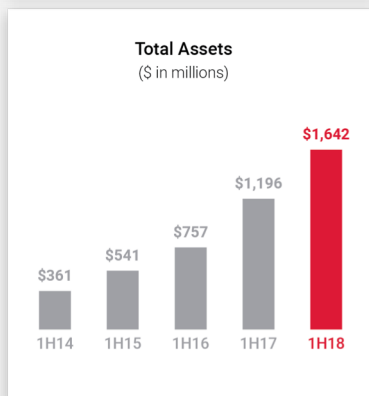


Income up  
**17%**

Profit after tax up  
**17%**

Cash generation up  
**61%**

Total assets up  
**37%**



Unless otherwise specifically indicated, financial and operational data provided throughout this presentation are as of 30 June 2018 or for the first half of 2018 through 30 June. The 1H18 financial and operational data provided are presented without third-party interests in consolidated fund. The data for 1H17 reflect consolidated results shown in the 2017 interim report; the difference in 1H 2017 to Burford's results without third party interests in consolidated funds was immaterial. The figures for profit after tax also exclude the impact of amortisation of the intangible asset relating to the acquisition of GKC Holdings, LLC and investment banking and brokerage fees.

***Burford is the largest direct investor AND the largest investment fund manager in the legal finance sector***

- Founded in 2009, Burford is a leading provider of finance to the legal market
- Burford has \$3.3 billion of assets invested in and available for legal and regulatory risk and a global reach with offices in New York, Chicago, London and Singapore
- With the largest team of experts in legal and regulatory risk, Burford has an unparalleled origination platform and the world's most experienced legal underwriting and investment management team
- Burford provides capital and other financing solutions to companies, law firms, and investment funds involved with or invested in complex commercial litigation, arbitration and other matters – addressing a variety of business needs and engaging a range of counterparties across all stages of the legal process
- Focus on legal claims and catalyst-driven investments provides differentiated strategies that help isolate idiosyncratic risk and drive uncorrelated returns

**\$3.3B**

invested in and available  
for legal finance

**100+**

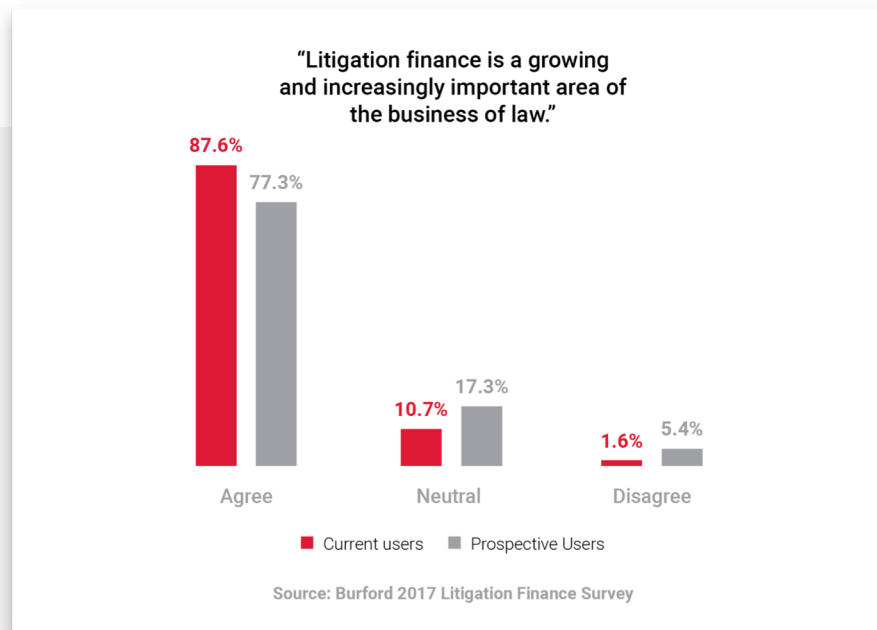
employees around  
the world

**90%**

of AmLaw 100  
firms have worked  
with Burford

## ***Continued strong growth in reported media coverage reflects the increasing importance of litigation finance***

- Growth trajectory of legal media coverage remains steep – there was as much media coverage in the first half of 2018 as in all of 2017
- Users and prospective users alike overwhelmingly agree that litigation finance is a growing and increasingly important area of the business of law



***75% of law firms that had a single case financed by Burford later brought us another investment opportunity***

- Single cases are often the entry level product in our business, the first step in establishing a new relationship with a law firm
  - By building those relationships, Burford sets the stage to become the provider of choice for a range of products maximising our ability to meet the needs of the legal sector
- Since inception, 75% of law firms receiving single case financing from Burford have later brought us additional opportunities
  - More than 40% of these opportunities were portfolio opportunities

Continued growth in new commitments



## *Core litigation finance commitments nearly doubled over the same period last year*

(\$ in millions)

		Balance Sheet Commitments		Investment Funds Commitments		Total Commitments	% Change PoP
<b>Single case finance</b>	Binary legal risk on a single claim investment	<b>\$33.2</b> \$20.4	<b>10%</b> 9%	<b>\$54.3</b> \$14.2	<b>26%</b> 6%	<b>\$87.5</b> \$34.6	<b>153%</b>
<b>Portfolio finance</b>	Multiple claims or multiple paths to recovery	<b>\$131.8</b> \$57.5	<b>39%</b> 25%	<b>\$73.6</b> \$63.4	<b>36%</b> 24%	<b>\$205.4</b> \$120.9	<b>70%</b>
<b>Recourse finance</b>	Underlying asset value in addition to risk on legal claim mitigates against the possibility of suffering a complete loss upon failure of the claim	<b>\$100.9</b> \$87.5	<b>30%</b> 38%	<b>\$72.1</b> \$173.7	<b>35%</b> 66%	<b>\$173.0</b> \$261.2	<b>(34%)</b>
<b>Legal risk management</b>	Some form of legal risk arrangement, such as providing an indemnity for adverse costs	<b>\$19.0</b> \$60.6	<b>6%</b> 26%	<b>\$6.6</b> \$10.8	<b>3%</b> 4%	<b>\$25.6</b> \$71.4	<b>(64%)</b>
<b>Asset recovery</b>	Enforcement of legal judgments	<b>\$48.8</b> \$4.1	<b>15%</b> 2%	– –	– –	<b>\$48.8</b> \$4.1	<b>1,090%</b>
<b>Total</b>		<b>\$333.7</b> \$230.1	<b>100%</b> 100%	<b>\$206.6</b> \$262.1	<b>100%</b> 100%	<b>\$540.3</b> \$492.2	<b>10%</b>

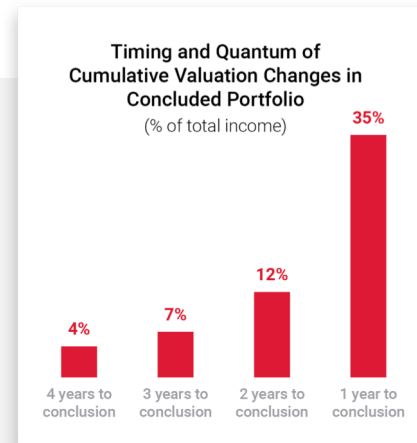
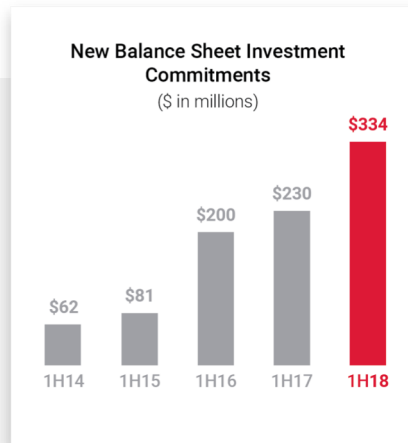
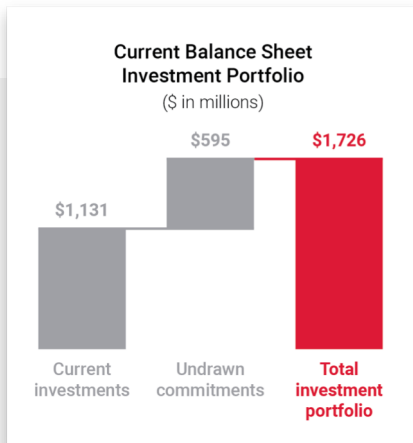
**Total investment commitments in first-half 2018**

**\$540.3 million**

Note: **1H 2018 commitment figures are bolded**, 1H 2017 commitment figures are light gray

## ***Burford's balance sheet portfolio of investments exceeds \$1.7 billion***

- 900+ claims underlie 89 ongoing investments in more than 30 different states and countries
- Working with more than 50 law firms; largest law firm relationship is 13% of investments with 30+ partners involved
- No single case capital loss would exceed 3% of Burford's balance sheet portfolio; every defendant is under 5% of commitments
- Historically, 65% of our total investment income has not been recognised until the investment concluded
- The bulk of valuation changes occur in the year prior to investment conclusion
- Across the total portfolio of fully and partially concluded investments, only 7% of ultimate investment income was ever recognised in investments three or more years prior to their conclusion, rising to a cumulative 12% two years prior to conclusion and a cumulative 35% one year prior to conclusion



## ***Positive appellate decision in the Petersen matter***

- Burford has for some time been financing litigation brought by YPF's second-largest shareholder, the Petersen Group, against Argentina and YPF, and the period saw developments in this litigation
- The procedural posture of the case is that Petersen's claims were filed in US federal court in New York and there has been skirmishing about whether the claims can properly be heard in the US courts
- The trial court decided some time ago that the claims could be held in the US courts, and on 10 July 2018 the relevant appellate court agreed
  - There is the possibility of the defendants seeking a further review by either or both of the full complement of the appellate court or the US Supreme Court; such requests are rarely granted
- As a result, the case will now return to the trial court for substantive proceedings
- Given that the appellate court released its decision on 10 July 2018, Burford did not factor the impact of the court's decision into its investment valuation process for interim figures
  - We will consider its impact, if any, in the investment valuation process at year-end



***Burford acquires a further 70% interest in Eton Park's entitlement maintaining our cash exposure by selling another 3.75% of our Petersen entitlement at an \$800 million valuation***

#### Eton Park

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- Burford has historically provided litigation financing in connection with similar YPF-related claims advanced by Eton Park, the third-largest YPF shareholder, which at the relevant time held approximately 3% of YPF's equity
- Eton Park is now in the process of dissolving and we agreed in June to take on a broader role in the Eton Park matter, comparable to our role in the Petersen claim
- In June 2018, Burford made a \$21 million advance payment to Eton Park in exchange for the right to receive a further 70% of Eton Park's proceeds less various fees and expenses

#### Petersen

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- To hold Burford's cash exposure to the YPF claims relatively constant, we financed the payment to Eton Park by selling some further interests in our Petersen entitlement
- We sold 3.75% of our entitlement for an effective cash price of \$30 million, implying a valuation of \$800 million for the original total Petersen entitlement
  - We carry our Petersen investment at a lower carrying value than that for the reasons we have enunciated previously
  - When also considering prior secondary sales, Burford now owns 71.25% of our original entitlement

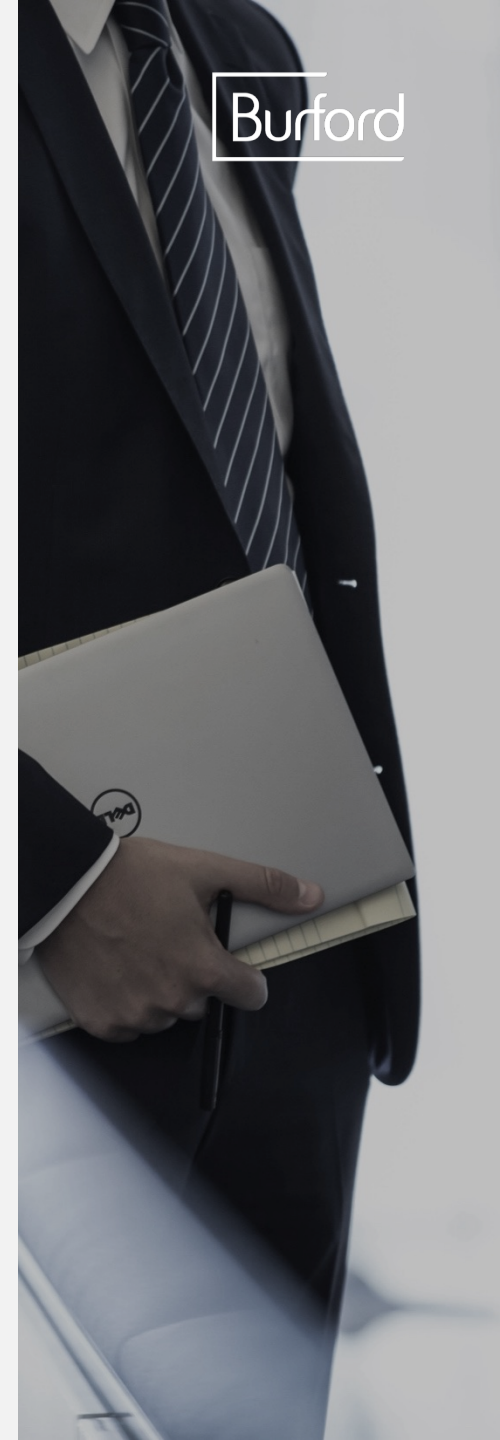
## ***New asset recovery business model underpinning significant investment growth***

### **Asset recovery**

- Significant level of investment activity in period led to \$49 million of new investment commitments, 11x prior period (1H 2017)
- Business model change to at-risk provision of services, de-emphasising fee-for-service business
- Burford Law – wholly-owned law firm – also growing to support asset recovery demands

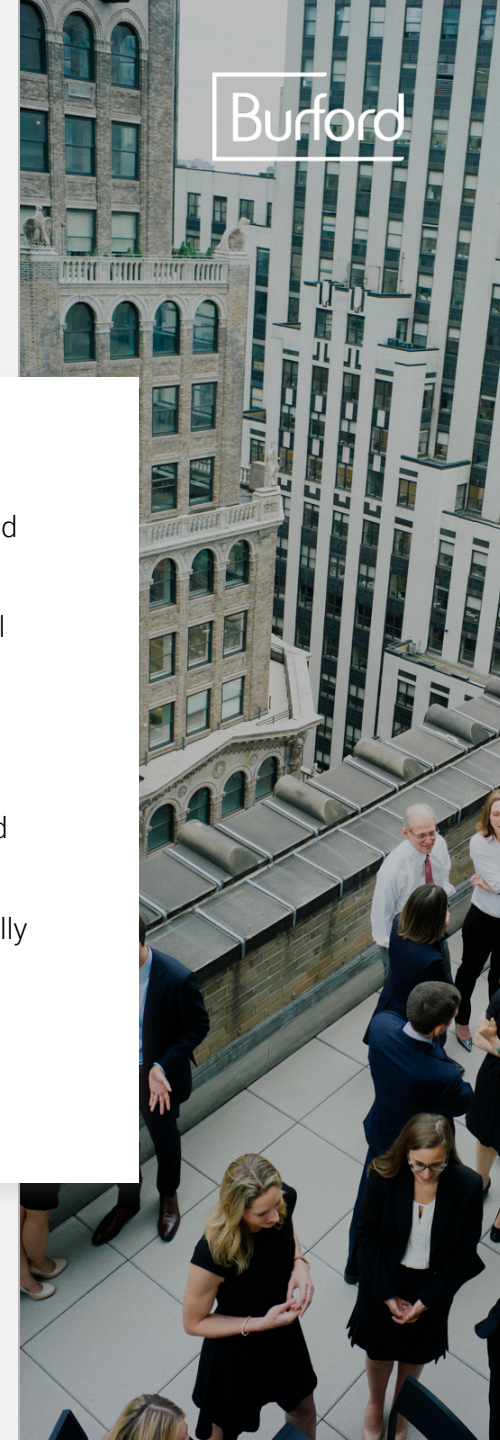
### **Insurance**

- New global insurer fully operational – regulatory approvals granted and reinsurance arranged

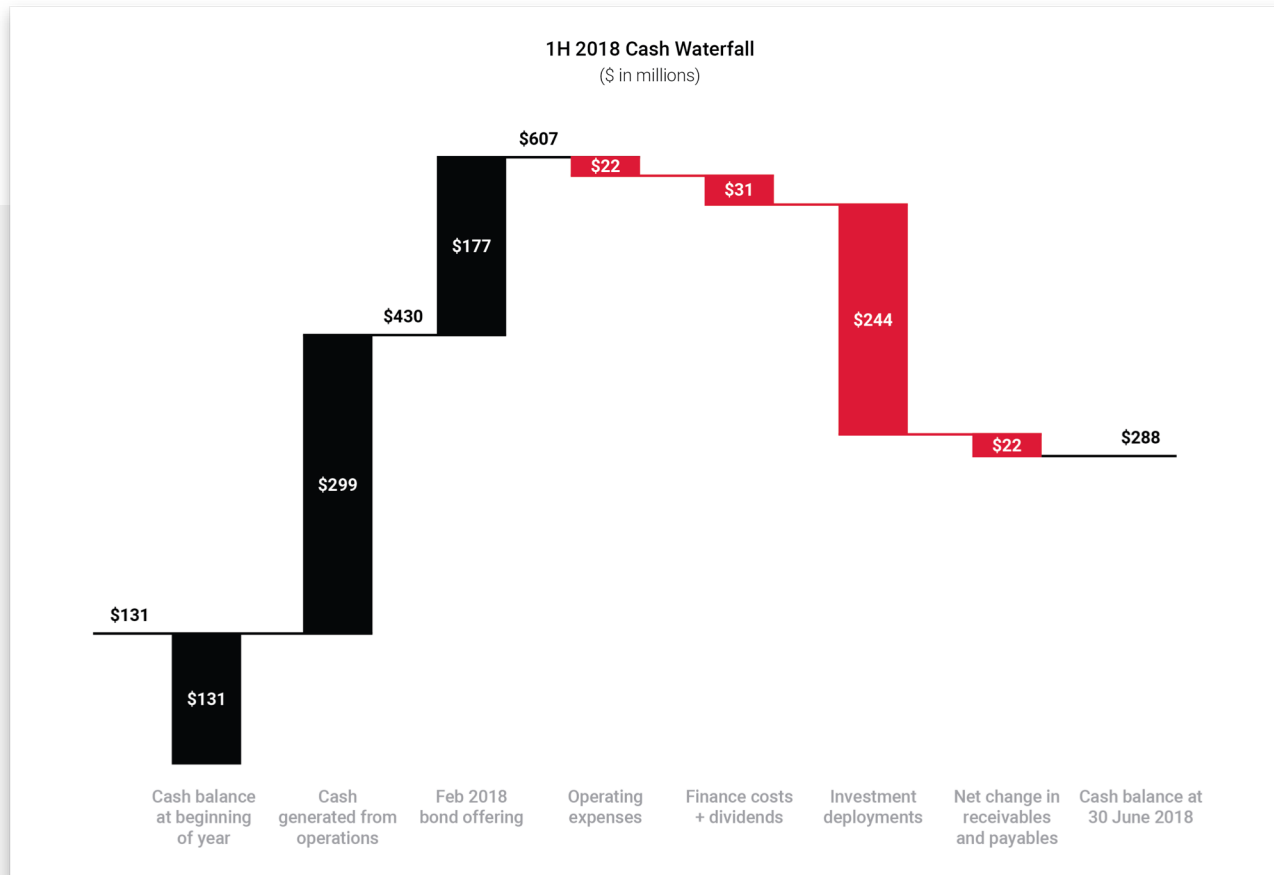


## ***Availability of fund capital has enabled Burford's continued growth***

- Burford is the largest investment manager in our sector
- Significant trial win in Partners III investment could generate more than \$100 million in fund recovery and more than \$20 million in performance fees
  - The fund's European carry structure means that no performance fees are paid until fund investors have had their total called capital repaid
- The \$500 million complex strategies fund raised in 2017 has now had three successful resolutions, the first in 2H 2017 and two more in July 2018
  - Collectively the three resolutions have generated more than \$10 million in fees and direct profits for Burford's balance sheet
- Given the robust commitments in the first half of the year, Partners III now is essentially fully committed, although there is some room for incremental investments given our ability to recycle concluded commitments
- Expect to be in fundraising market again this year



***Burford's robust cash generation covered investment deployments, operating expenses and financing costs during the period***



## ***As Burford grows it continues to consider its optimal capital structure***

### **INTERNALLY GENERATED CAPITAL**

#### **Recycling and secondary market capital**

- Significant cash receipts from investment resolutions are an increasingly potent source of financing for new investments
- Access to burgeoning secondary market adds further capital dimension

### **EFFICIENT DEBT FINANCING**

#### **Low-cost, long-term debt is an efficient way of financing growth – and Burford’s leverage remains low**

- Weighted average life of debt = 6.9 years, considerably longer than average duration of investments
- Weighted average interest rate = 5.8%
- Net debt / equity leverage = 0.39x
- Successfully issued 4<sup>th</sup> listed bond in February 2018
  - Raised US\$180 million 7.5 year debt, 6.125% coupon

### **GREATER FLEXIBILITY**

#### **Investment fund and other sources of capital can offer greater flexibility and high returns on capital – but at a cost**

- Burford’s investment returns have historically been quite high
- Thus, financing Burford’s investments with low-cost, on-balance sheet capital has preserved the bulk of Burford’s investment returns for its equity investors
- The use of leverage has been profit-maximising and Burford certainly has the capacity to take on more debt – while not wanting to become highly leveraged
- However, the availability of multiple capital sources will permit further expansion of the business and improve capital efficiency, although more of our investment returns will go to the providers of that capital

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*Appendix*

## ***Multiple levels of risk oversight at the enterprise level and within business units***



### **PORTFOLIO RISK MANAGEMENT**

Burford approaches litigation as it would any other investable asset class, by examining at the individual and aggregated level:

- Single-position risk limits and general diversification considerations
- Detailed scenario analyses
- Durational targets balanced between settlement and litigation opportunities
- Party-specific financial, credit and counterparty risk reviews
- Concentration limits
- Overall asset coverage ratios
- Robust post-consummation systems
- Monthly risk review and assessment of every investment
- Quarterly presentation to the Board about portfolio risk
- Semi-annual investment review and revaluation with auditors and audit committee



### **STRUCTURAL OVERSIGHT AT MULTIPLE LEVELS**

Investment Committee (Weekly)

- Reviews and approves every investment

Portfolio Committee (Monthly)

- Detailed analysis of current portfolio, including individual investment performance, portfolio composition and exposures, specific action items if any under-performing investments; implementation and documentation of valuation process

Operations Committee (Monthly)

- Senior management review of business operations including legal, compliance, marketing, origination, finance and HR

Board of Directors (Quarterly)

- Entirely independent and non-executive board
- Chairman – former Chairman and CEO of Barclays; Vice Chairman – former Managing Partner of Tennenbaum Capital Partners
- Meet quarterly for full day review of entire business

## ***Firm-wide dedication to risk management, internal controls, and compliance***



### **INTERNAL CONTROLS**

- Under the direction of the Chief Compliance Officer, Burford maintains a comprehensive compliance program consisting of policies and procedures, monitoring, and training to ensure adherence to all applicable laws and rules, including FCA and SEC regulations
- Compliance partners with consultants and outside counsel to stay abreast of best practices and new regulations
- Extensive and experienced 13-member finance team
- IT infrastructure is cloud-based and business continuity provisions ensure key personnel can access systems remotely and can scale
- IT and compliance teams work together to ensure adequate controls are in place for cybersecurity, including testing, monitoring, policy development and employee training
- Strong focus on process with a dedicated team enables ability to ensure quality and tight controls as business scales



### **EXTERNAL CONTROLS**

- Manager of third-party capital has been a registered investment adviser with the U.S. Securities and Exchange Commission since 2014
- Engagement of best in class service providers



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