



2019

INTERIM REPORT

Burford



About Burford Capital

Burford Capital is a leading global finance and investment management firm focused on law. Its businesses include litigation finance and risk management, asset recovery and a wide range of legal finance and advisory activities. Burford is publicly traded on the London Stock Exchange, and it works with law firms and clients around the world from its principal offices in New York, London, Chicago, Washington, Singapore and Sydney.

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This report is for the use of Burford's public shareholders and does not constitute an offer of any Burford fund.

First Half 2019 Highlights

Income up 40% to

\$287m

Profit after tax up 36% to

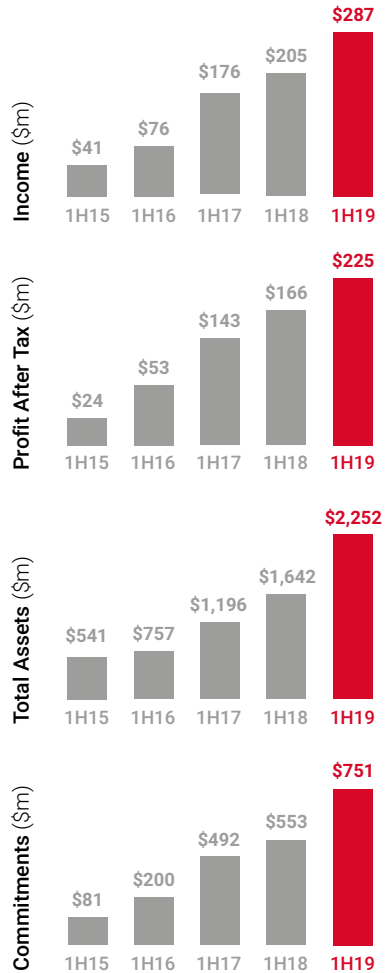
\$225m

Total assets up 37% to

\$2.3bn

New commitments up 36% to

\$751m



Note: As adjusted and defined in each interim report. Please refer to note on page 2 for further details on 1H 2019 figures.

Unaudited IFRS consolidated condensed financial statements can be found in the following pages. Below is a summary of Burford's results without third-party interests in consolidated entities. The figures for operating profit, profit before tax and profit after tax also exclude the impact of amortisation of the intangible asset, shown to assist in understanding the underlying performance of the Company. Without this adjustment, reported profit after tax would have been \$220.5 million (30 June 2018: \$160.8 million), and the increase over the same period in 2018 would have been 37%.

Financial summary

US\$'000	1H 2019	1H 2018	% Change
Litigation investment income	\$264,992	\$195,197	+36%
Investment management income	\$9,708	\$7,190	
Insurance income	\$2,058	\$2,891	
New initiatives income	\$6,291	\$1,003	
Other	\$3,994	(\$1,076)	
Total income*	\$287,043	\$205,205	+40%
Operating expenses - investments	(\$20,344)	(\$13,857)	
Operating expenses - investment management	(\$6,271)	(\$3,014)	
Operating expenses - insurance	(\$757)	(\$940)	
Operating expenses - new initiatives	(\$3,108)	(\$1,016)	
Operating expenses - corporate	(\$5,369)	(\$3,658)	
Operating profit*	\$251,194	\$182,720	+37%
Finance costs	(\$19,733)	(\$18,912)	
Profit before tax*	\$231,461	\$163,808	+41%
Taxation	(\$6,237)	\$1,759	
Profit after tax*	\$225,224	\$165,567	+36%

*Income, operating profit, profit before tax and profit after tax exclude the impact of amortisation of the intangible asset and third-party interests in consolidated entities. Operating expenses – investments for 30 June 2018 now include \$788,000 of banking and brokerage fees that were previously excluded from operating expenses for consistency with prior period. Operating expenses – investments for 30 June 2019 include \$2.2 million of banking and brokerage fees. Refer to pages 16 and 17 for a reconciliation to the corresponding amounts reported on an IFRS basis.



As we approach our tenth anniversary, we have unbridled optimism about the future.

Burford had a great first half, breaking records for income, profits, new commitments and deployments, and exhibiting some momentous business development. As we approach our tenth anniversary, we have unbridled optimism about the future.

Income: Our income rose 40% to \$287 million (2018: \$205 million). Of that income, 49% was from unrealised gains vs. an average of 54% during the last three fiscal years.

Profit: Our profit after tax increased 36% to \$225 million (2018: \$166 million).

Investment returns: Our investment returns on our core balance sheet litigation finance portfolio – the economic engine of our business – increased yet again to a 98% return on invested capital (“ROIC”) net of losses and a 32% IRR. We do not see that increase as a trend – but nor do we see returns being eroded in our business. We have not previously published half-year investment returns, but for comparison our investment returns through 31 December 2018 were an 85% ROIC and a 30% IRR.

New commitments: We built on our market position and the demand for our capital by writing more new business than ever before in a half-year period: \$751 million in new investment commitments, a 36% increase (2018: \$553 million). Looking only at core litigation finance and leaving aside our commitments to our newer business areas, we also saw impressive growth: \$381 million in new commitments, a 47% increase (2018: \$259 million). Demand for Burford’s capital simply continues to grow, and that growth has been significant; four years ago, in the first half of 2015, we committed only \$81 million in total.

Deployments: We continued our substantial deployments to investments. Burford deployed \$448 million to investments in the period (2018: \$413 million, up 8% – and up 40% from 2017). Deployments obviously lag commitments, so looking at the past gives some indication of our future potential; in the first half of 2015, we deployed \$42 million, less than 10% of our current level.

All financial results discussed herein are expressed for the six months ended 30 June 2019 or, where appropriate, as of 30 June 2019, unless specifically identified as relating to a different period. Terms such as “the period” or “the first half” refer to that period. When prior-year comparisons are discussed, those comparisons are similarly for the six months ended 30 June 2018 or, where appropriate, as of 30 June 2018, unless specifically identified as relating to a different period.

We assess the performance of the Group using a variety of alternative performance measures, which are explained on page 15.

Continued

Numbers aside, the period was also one of strong progress for Burford. We detail that progress throughout this report and call out some highlights below:

- In the Petersen case, the US Supreme Court rejected defendants' attempt to appeal prior findings in Petersen's favour on jurisdiction, ending those arguments permanently; the case has now returned to the trial court for merits proceedings. We took advantage of that decision to continue our prudent portfolio management and sold a further 10% interest in our Petersen entitlement into the secondary market that we have pioneered for \$100 million, implying a value of \$1 billion for our entire entitlement of which we now hold 61.25% (plus our interest in the similar Eton Park case); there are now approximately 40 institutional investors that have purchased interests in Petersen. We also invested a further \$5 million in the Eton Park case, which increased our entitlement in that matter by a further 15% of proceeds.
- Burford's largest new commitment in the period was for \$130 million in a new form of portfolio finance that goes well beyond anything seen in the market before and was a transaction over a year in the making with a major global business. The lengthy and complex process of making this investment was a collaborative one with the client, without the involvement of competitors; indeed, we do not believe that any of our competitors would have been able to do such a deal, which required our unique combination of scale, structure and experience. We now have a template for a viable offering to other clients going forward. Strict confidentiality provisions preclude our saying more (although we can say that the return potential from this new structure is consistent with our historical returns), but these kinds of arrangements speak to Burford's unique ability to engage in the kind of large and desirable investments that continue to drive our business forward.
- Our latest market research, this time among CFOs and other corporate financial executives, points to considerable focus on legal spending and strong and growing demand for the kinds of legal finance solutions we offer. A striking 95% of CFOs surveyed said that they would be likely to recommend legal finance to their companies.

- Our newer business lines continue to flourish, with our complex strategies business running at nearly full capital capacity and generating desirable returns and our asset recovery business maturing into making larger and more complex investments.

We are declaring an interim dividend equal to one-third of the prior year's total dividend. That dividend will be 4.17 US cents, a 14% increase from last year's interim dividend, payable on 5 December 2019 to shareholders of record on 15 November 2019.

As usual, this interim report is brief and does not repeat the lengthy narrative provided just a few months ago in our 2018 annual report. Rather, we only comment here on new or key developments in the business.

New business

We saw strong performance in writing new business in the first half of 2019. The chart on the next page provides our usual breakdown of new investment commitments by type and funding source.

Total 1H 2019 investment commitments: \$751 million

\$ in millions	Balance sheet commitments		Fund and other vehicle commitments		Sovereign wealth fund commitments	
Single case finance: Investments subject to binary legal risk, such as financing the costs of pursuing a single litigation claim	\$40.4	11%	\$21.6	8%	\$18.6	17%
	\$33.2	10%	\$11.8	6%	-	-
Portfolio finance: Investments with multiple paths to recovery where Burford's returns come entirely from litigation outcomes, such as financing a cross-collateralised pool of a client's litigation claims	\$132.4	36%	\$81.4	29%	\$86.9	77%
	\$136.6	40%	\$76.9	36%	-	-
Legal risk management: Investments where Burford is providing some form of legal risk arrangement, such as providing an indemnity for adverse costs	\$7.8	2%	\$4.7	2%	\$6.2	6%
	\$19.0	6%	\$6.6	3%	-	-
Asset recovery: Enforcement of legal judgments	\$53.2	15%	-	-	-	-
	\$48.8	14%	-	-	-	-
Complex strategies: Investments where there is an asset value supporting the litigation investment, usually where Burford is a principal	\$128.9	36%	\$57.9	21%	-	-
	\$102.6	30%	\$67.3	32%	-	-
Post-settlement: Investments where litigation risk has been largely removed through settlement or other resolution	-	-	\$110.9	40%	-	-
	-	-	\$49.9	23%	-	-
Total	\$362.7	100%	\$276.5	100%	\$111.7	100%
	\$340.2	100%	\$212.5	100%	-	-
Total new investment commitments	\$751 million					

Note: 1H 2019 commitment figures are bolded, 1H 2018 commitment figures are light grey.

1H 2018 post-settlement figures have been recast from single case finance, portfolio finance and complex strategies.

1H 2018 complex strategies figure has been recast to include capital used to support hedging.

Continued

Core litigation finance – single cases and portfolio investments – saw a significant jump in new commitments to \$381 million, a 47% increase over the prior period of \$259 million. The groundbreaking new \$130 million portfolio investment discussed earlier amounted to about a third of that business. The remaining two-thirds was widely diversified across a range of industries, geographies and claim types, with both single case and portfolio investments well above the prior period. In addition to the new portfolio investment, we saw other innovative structures, including a transaction for a relatively early-stage technology company where we took equity in the business as well as a litigation return in exchange for financing business-critical litigation. In short, the core business is doing just what we want it to be doing.

Our new sovereign wealth fund arrangement is performing exactly as we had planned: it is providing incremental capital – akin to structural leverage – while enabling the balance sheet to increase its investment returns without having to advance every dollar of capital. Thus, we were able to have the balance sheet only modestly increase its commitment of new capital this period, but when considering the fact that we will receive 60% of the profits from the sovereign wealth fund arrangement for our contribution of one-third of the capital, we leveraged our investment capital and increased the efficiency of our capital utilisation.¹

Legal risk management – the business of writing adverse costs insurance or indemnities in cost-shifting jurisdictions – was down 27% from the prior period in terms of new commitments. This business is entirely dependent on the desire of plaintiffs in such matters to seek coverage for the risk of adverse costs and we do not read anything into period-to-period volatility. We view this business as enabling our more profitable litigation finance business, not as a standalone business in its own right.

Our asset recovery business grew new commitments by 9% against the prior period and closed two innovative and compelling investments, one where a major bank contracted us to provide asset recovery services across a significant portfolio of uncollected debts and another where we formed a long and exclusive relationship with a significant law firm in the asset recovery sector. In short, the asset recovery business is following the core litigation finance business in not only doing single matters but also graduating to more complex portfolio arrangements, and we are pleased with its progress.

Our complex strategies business saw 10% growth in its new commitments², which is impressive given that our fund was significantly committed throughout the period. We continue to be enthusiastic about opportunities to deploy capital in this area with its attractive but different financial characteristics as discussed in depth in our 2018 annual report.

Finally, with our new post-settlement fund in operation for part of the period, we were able to more than double new commitments to this strategy from the prior period when we were essentially between funds.

Overall, our level of growth in new commitments reinforces the continuing expansion of the commercial legal finance opportunity and Burford's global leadership of this speciality finance sector. Every period in our history has been an adventure; the legal finance market is not sitting still but rather changing at a rapid rate, often driven by the pace of our own innovation. We are excited by the sheer scale of our emerging business and the market opportunity, and also about innovations like our new portfolio construct.

1 Investors may notice in the case-specific data some deviation from the investment allocation policy we announced at the time of the sovereign wealth fund deal; the net impact of that policy is generally to have core litigation finance investments allocated 42% to the balance sheet, 33% to the sovereign wealth fund and 25% to the Burford Opportunity Fund ("BOF"). The reason for any deviation is generally because certain categories of investments are excluded from the sovereign wealth fund's participation for comity reasons, and when an exclusion applies, investments are re-allocated 63% to the balance sheet and 37% to BOF. From time to time other deviations may also occur among the three capital sources due to risk limits, historical participation in a prior transaction, concentration limits or other objective factors.

2 Previously, in reporting new commitments to complex strategies matters, we did not include capital deployed when needed on occasion to support our hedging, although we did include that capital in the denominator of our return calculations. On reflection that dichotomy did not make sense and we thus now include that capital in both places, and have recast the prior period data to reflect that change, causing an increase of \$12 million in prior period commitments.

Market research

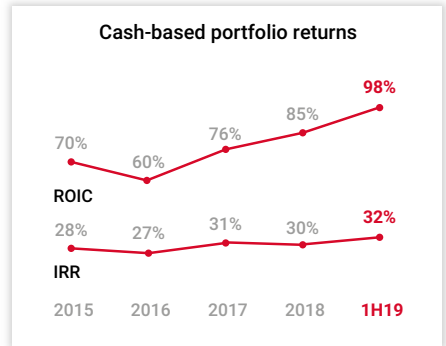
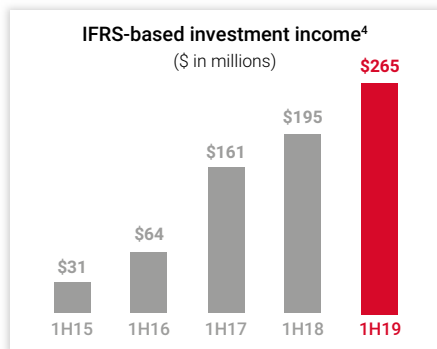
Burford has commissioned independent market research for a number of years among lawyers, both at law firms and in-house at companies. The purpose of that research was not only to understand the changing dynamics of the markets in which we operate but also to show potential users of Burford’s capital that they were contemplating something that had become conventional as opposed to esoteric.

This year, we expanded our research activity to include corporate CFOs and senior finance professionals. The results were striking and are consistent with past research suggesting further growth and expansion of legal finance generally:

- 95% are likely to recommend legal finance at their companies – and 61% are “very likely”.
- 73% of large corporates and 63% of all respondents have chosen to forego claims due to the impact of legal expenses on their profits.
- 86% of US corporates and 71% of all respondents believe that legal cost management is an urgent issue for companies and requires innovative solutions.
- 65% of respondents and 71% of large corporates say they are likely to consider using litigation finance in the next two years (although history shows us that those numbers are unduly optimistic).

Investment performance

Burford provides two different sets of investment performance data – IFRS-based data and cash-based reporting.³ Burford had a strong first half under either metric.



IFRS

On an IFRS basis, Burford posted the highest level of investment income in a six-month period in its history: \$265 million, a 36% increase over the prior period. That income was made up of contributions from 49 different investments.

In addition to our further – and highly profitable – sale of a tranche of our Petersen entitlement, we saw a number of investment resolutions, including two desirable settlements each of which generated recoveries well in excess of \$10 million and produced ROICs of 171% and 98% respectively. We also enjoyed a nice resolution in one of our complex strategies matters, generating an IRR of 46% and a balance sheet profit of \$8 million on a \$48 million investment (not including further income from investment management fees). We saw strong forward progress in several large matters still in the litigation process. It was an unusually quiet period for losses; indeed, while various cases had their ups and downs as always, we did not have any matters conclude at a loss in the period. In short, the business performed very well.

3 We have written extensively in the past about the manner in which Burford values and accounts for its investments and refer readers to our prior annual reports and the alternative performance measures set out on page 15.

4 Our discussion of IFRS results refers to IFRS consolidated results adjusted to eliminate third-party interests and other adjustments as explained on page 16.

Continued

Cash-based reporting

On a cash-on-cash basis, Burford saw another increase in the performance of its core litigation finance investments. Through 30 June 2019, the core balance sheet portfolio generated a 98% ROIC (a 1.98x multiple on invested capital, or MOIC) and a 32% IRR. We do not suggest that these returns on capital are the new normal for Burford. Nevertheless, there is no suggestion in our performance that returns are being eroded; in fact, our second and third largest resolutions this period were new investments from our 2017 vintage, showing that quite recent investments continue to produce desirable returns.

In addition to its IFRS accounts, Burford has – since inception – also provided investors with details about the cash-based performance of its investments. In response to investor feedback, we have regularly expanded our disclosure in this area so that we now provide, between our reports and the data available on our website, an extraordinarily detailed picture of our business.⁵ We have used a consistent methodology for calculating the returns associated with investments⁶, and while the material we provide is not audited, our auditors do read the entire front section of our annual and interim reports that includes these computations consistent with the requirements of auditing standards applicable to review/audit engagements.

We have historically provided cash-based investment data annually; we are now providing it semi-annually as well, and our usual vintage-based chart showing investment performance is on the next page. We have also expanded our

disclosure in this chart to show the division between the concluded and ongoing portions of partially realised investments.⁷

Complex strategies

Our complex strategies business has seen considerable activity this year. Our complex strategies fund averaged 79% deployment during the first half (and 83% deployment in the second quarter). Because complex strategies investments come with much lower risk of principal loss than traditional litigation finance investments (and given our hedging strategies, often virtually no such risk), their returns on capital are understandably lower. However, these investments are not ROIC plays, but rather IRR plays. Unlike traditional litigation finance, we are typically able to deploy all our capital immediately; the investments tend to have shorter durations; and we can often rapidly redeploy capital once freed up from a prior investment.

Investment management

Our investment management business continued to perform well, with investment management income increasing 35% over the prior period.

US securities regulations required us to be taciturn in our 2018 annual report about our post-settlement strategy, because we were at that time in the process of raising a new post-settlement fund. As we subsequently announced, that new fund, the Burford Alternative Income Fund, closed in April 2019 with \$300 million in commitments from institutional investors. There is no Burford balance sheet co-investment with this strategy; we operate it purely as a fund manager. With this new fund, Burford now has a total AUM of \$2.8 billion.

⁵ That new, enhanced level of investment disclosure available on our website has proved to be very popular with investors, with hundreds of downloads of the data since we introduced it just a few months ago. Thus, we will continue to provide that information and in a further significant step we will update it twice each year and not just annually as was our prior practice with respect to investment performance data. However, that disclosure contains considerable information not needed to calculate our financial results and the extensive process of updating that information is such that it is not available concurrently with this report; we expect to update the website data for the period ended 30 June 2019 by 5 August 2019.

⁶ We also adjust our return data if circumstances change. While most of our recoveries are paid at the time of resolution, a few are not and instead are paid over time or are paid in forms other than cash. We currently have six matters that are deemed concluded because they have settled and no longer bear litigation risk but have not yet paid in full. Four of those matters are recent resolutions and we have no reason not to expect full payment. We have this period, however, adjusted the returns associated with the other two. One of the two is Jaguar, a litigation investment discussed in our 2017 annual report where we recovered our invested capital and earned a small profit upon resolution, but also received a quantity of Jaguar stock as further compensation. We reported the stock at its original value when we received it, but since then the stock has underperformed and we have concluded that we would not be able to sell it for much, and we have accordingly reduced the investment recovery we attributed to this matter by \$13 million. (This is purely a portfolio reporting change; we have been marking Jaguar stock to market each period on our income statement.) The other matter is a small investment where a settlement was achieved in a case involving some intellectual property that was dependent on the inventor's continuing activities; regrettably the inventor died unexpectedly, calling into question the ongoing viability of the intellectual property and causing us to reduce our previously-recognised return by \$3 million both in our portfolio reporting and on our income statement. These are rare occurrences, but they do occur (in both directions) and we are focused on making our return calculations as current and reliable as possible. The returns we have reported in this period include the impact of those adjustments.

⁷ The number of investments in the 2015 vintage has declined by one because of a merger of two investments.

Investment performance

Core balance sheet litigation finance investments

\$ in millions	# of investments	Total commitments	Total invested	Total recovered	ROIC	IRR
Concluded investments	3	\$11.5	\$11.5	\$40.1	251%	32%
Partial realisation - concluded portion	-	-	-	-		
Partial realisation - ongoing portion	-	-	-	-		
Ongoing investments	-	-	-	-		
2009 vintage total	3	\$11.5	\$11.5	\$40.1		
Concluded investments	14	\$94.8	\$81.3	\$182.7	125%	21%
Partial realisation - concluded portion	-	-	-	-		
Partial resolution - ongoing portion	-	-	-	-		
Ongoing investments	2	\$22.5	\$22.4	-		
2010 vintage total	16	\$117.3	\$103.7	\$182.7		
Concluded investments	10	\$86.9	\$59.7	\$72.2	20%	8%
Partial realisation - concluded portion	1	\$1.4	\$1.4	\$1.4		
Partial resolution - ongoing portion	-	\$14.2	\$14.2	-		
Ongoing investments	3	\$20.1	-	\$20.1		
2011 vintage total	14	\$122.6	\$95.4	\$73.6		
Concluded investments	8	\$61.5	\$56.7	\$116.2	105%	41%
Partial realisation - concluded portion	-	-	-	-		
Partial resolution - ongoing portion	-	-	-	-		
Ongoing investments	1	\$2.0	\$0.5	-		
2012 vintage total	9	\$63.5	\$57.2	\$116.2		
Concluded investments	9	\$21.9	\$20.8	\$26.5	30%	18%
Partial realisation - concluded portion	2	\$3.1	\$3.1	\$4.7		
Partial resolution - ongoing portion	-	\$4.4	\$1.0	-		
Ongoing investments	1	\$8.6	\$8.5	-		
2013 vintage total	12	\$38.0	\$33.4	\$31.2		
Concluded investments	14	\$75.3	\$55.1	\$95.6	78%	43%
Partial realisation - concluded portion	4	\$11.9	\$11.9	\$23.9		
Partial resolution - ongoing portion	-	\$36.5	\$25.0	-		
Ongoing investments	5	\$40.0	\$29.7	-		
2014 vintage total	23	\$163.7	\$121.7	\$119.5		
Concluded investments	9	\$70.5	\$60.0	\$71.3	352%	179%
Partial realisation - concluded portion	3	\$8.9	\$8.9	\$240.2		
Partial resolution - ongoing portion	-	\$37.4	\$12.6	-		
Ongoing investments	4	\$97.9	\$55.7	-		
2015 vintage total	16	\$214.7	\$137.2	\$311.5		
Concluded investments	6	\$149.6	\$147.4	\$187.2	26%	19%
Partial realisation - concluded portion	4	\$12.4	\$12.4	\$14.0		
Partial resolution - ongoing portion	-	\$55.9	\$19.7	-		
Ongoing investments	10	\$210.2	\$98.2	-		
2016 vintage total	20	\$428.1	\$277.7	\$201.2		
Concluded investments	3	\$28.5	\$26.8	\$40.1	50%	40%
Partial realisation - concluded portion	3	\$22.2	\$22.2	\$33.2		
Partial resolution - ongoing portion	-	\$120.3	\$109.4	-		
Ongoing investments	19	\$358.7	\$95.7	-		
2017 vintage total	25	\$529.7	\$254.1	\$73.3		
Concluded investments	-	-	-	-	43%	101%
Partial realisation - concluded portion	-	\$6.7	\$6.7	\$9.6		
Partial resolution - ongoing portion	6	\$91.7	\$74.3	-		
Ongoing investments	27	\$213.9	\$60.8	-		
2018 vintage total	33	\$312.3	\$141.8	\$9.6		
Concluded investments	-	-	-	-	-	-
Partial realisation - concluded portion	-	-	-	-	-	-
Partial resolution - ongoing portion	-	-	-	-	-	-
Ongoing investments	16	\$119.5	\$6.3	-	-	-
2019 vintage total	16	\$119.5	\$6.3	-		
Concluded investments	76	\$600.5	\$519.3	\$831.9		
Partial realisation - concluded portion*	23	\$66.6	\$66.6	\$327.0		
Total investment recoveries	99	\$667.1	\$585.9	\$1,158.9	98%	32%
Partial realisation - ongoing portion*	23	\$360.4	\$256.2	-		
Ongoing investments	88	\$1,093.4	\$397.9	-		
Total ongoing investments	111	\$1,453.8	\$654.1	-		

*As of 30 June 2019, there are 23 investments with partial realisations. We repeat the number of investments with partial realisations in total investment recoveries to date and total ongoing investments.

Continued

Given the demand for capital in our core litigation finance business, the fund capital we raised in December 2018 is being consumed at a reasonably rapid pace. The \$300 million Burford Opportunity Fund, with a three-year investment period, is already 63% committed after just seven months, and the sovereign wealth fund arrangement, with a four-year investment period, is 25% committed. We continue to consider the role of private funds capital within the optimal capital structure for the business as a whole.

Asset recovery

The asset recovery business had a breakout period as it moved from solely investing in single judgment matters to two novel investments.

The more time we spend publicising an offering that takes risk associated with uncollected judgments, the more demand we find for that offering. Perhaps that is unsurprising given that our latest research suggests that 78% of surveyed companies have uncollected judgments or awards valued at more than \$10 million, and about half of companies have uncollected judgments or awards valued at more than \$20 million.

What is new, however, is the move in asset recovery to portfolio-style transactions, with two completed in the first half. The first is a novel arrangement with an international bank with substantial asset recovery work that exceeds its internal capacity. The solution is a broad outsourcing of its asset recovery work to us, with the ability to structure desirable economics based on recoveries across the portfolio as opposed to on a single-investment basis. The second transaction is an arrangement with a specialist law firm not only to finance a portfolio of matters going forward, but also to enjoy an equity-like participation in the firm's success overall as a part of agreeing to make capital available.⁸

Insurance

Our legacy insurance business, in runoff since 2016, continues stubbornly to insist on generating incremental profits for us. While income at \$2.1 million was down from \$2.9 million in the prior period, this remains the gift that keeps on giving. To be sure, we expect continued declines over time, but we remain pleasantly surprised at the quality of the tail of the business.

As to our new adverse cost insurance and indemnity business, our ability to offer a comprehensive solution certainly drives investment traffic our way, although the ultimate utilisation of this product depends heavily on clients' risk appetite.

Cash and liquidity management

Burford closed the period with \$171 million of cash and cash management investments on our balance sheet and an unusually high \$173 million of litigation finance receivables. That receivables balance was simply due to timing; we had several large payments due in early July and thus those matters were shown as receivables over the period end. Since the period end we have been paid \$126 million of those receivables, as expected. Had those payments been made before 30 June, our closing cash balance would instead have been \$297 million. That is perhaps somewhat more cash than we would ideally have on hand, but the timing of inflows in this business is unpredictable and we only gained visibility on a number of those receivables in the final two weeks of June. On the other hand, our deployments against brand new investments (as opposed to continuing deployments on investments made previously) were reasonably light as some of our larger commitments will only be drawn down in the future, and we can predict the circumstances in which those deployments will be made.

Burford's growth requires ongoing consideration of how best to structure and capitalise the business and that is a process in which we have been engaged for years – leading to our expansion into the fund management business, our regular use of attractively priced and structured debt and most recently our sovereign wealth fund strategic capital relationship. At the same time, as we have demonstrated repeatedly and again in this period, we also generate substantial amounts of cash from operations that we are able to redeploy into new investments. We are comfortable with our cash position and our ability to continue to make use of multiple sources of capital as the need arises.

We have spoken before about the likelihood of raising additional debt and we continue to consider that path actively although we have also demonstrated that we don't face any imperative to make use of any particular capital source. Our debt considerations include a degree of anxiety

⁸ Completion of this transaction is subject to regulatory approval.

about raising Sterling-denominated debt with Sterling at its relatively low level against the US Dollar and are also to some extent bound up in our listing discussion, below, given that if we were to become a SEC registrant we could more easily access the US domestic debt market.

Burford's future ... and its past

Burford turns ten years old in October. It is difficult today to think back to that small, untested start-up, forged in the crucible of the global financial crisis, that is today virtually the size of a FTSE 100 company and just produced almost \$300 million of income in the first six months of the year. We are pleased that our sense of market demand for professional capital was well-placed, and we have enjoyed capitalising on that opportunity and building a substantial industry ever since. We are delighted that in less than ten years we have returned to our shareholders at IPO a return of around 17x, considering share price appreciation and dividends. We regret the recent volatility of our share price, although all we can do is to continue to do our best to perform consistently with the strategy we are pursuing and trust the market to value us appropriately – and continue to be as transparent as we can about the business and our decision-making.

As we look forward to our second decade, we continue to believe that we have just scratched the surface of providing capital to – and thereby transforming – the enormous global legal industry. We have a unique brand and market position to be a meaningful participant in that transformation. And we expect that Burford ten years from now will once again look very little like the Burford of today. We are grateful for the support of our shareholders and other stakeholders on the journey thus far, and we look forward to the decade ahead.

Sir Peter Middleton GCB
Chairman

Christopher Bogart
Chief Executive Officer

Jonathan Molot
Chief Investment Officer

July 2019

Q&A

As we have done before, we set out here some of the questions we have been receiving recently from shareholders along with our comments. We hope our forthright commentary is helpful and we are always available to speak further with investors.

Should I be concerned about the presence of unrealised gains in Burford's financial reporting?

It is sometimes suggested that by including unrealised gains in income, there is a risk that Burford is recognising income associated with ongoing investments that may one day become losses. However, the reality is that both IFRS and US GAAP require a wide swathe of businesses to fair value Level 3 assets and flow unrealised gains through their income statements, including not just Burford but firms like Blackstone and KKR. The fact that Burford holds a significant number of Level 3 assets is not unique to us and does not excuse us from following IFRS's rules, which apply across the entire financial industry. Nor should it cast doubt on Burford's rigorous compliance with those standards following a decade of clean audit opinions and a strong history of unrealised gains turning into realised gains. Moreover, it is notable that during the first half of 2019, only 49% of our income was from unrealised gains, a somewhat lower number than the fairly consistent level in the last three fiscal years (2018: 55%; 2017: 53%; and 2016: 54%).⁹

It is also important to bear in mind that the complexity and illiquidity of legal finance assets is precisely what gives Burford its edge and its historic ability to generate desirable returns. If litigation assets were easy to value, the economics of our business would be very different.

⁹ While much smaller than Burford, the other listed firm operating in the legal finance space and reporting under IFRS, Manolete, similarly has significant amounts of unrealised gain in its income. Indeed, about half of Manolete's income was from unrealised gains in the fiscal year ended 31 March 2019. When Vannin was proposing to go public, it was notable that nearly all of its IFRS income was from unrealised gains.

Continued

Shouldn't we think of your big wins, like Petersen and Teinver, as one-offs?

We often say that our litigation finance investment outcomes have some similarities with venture capital, albeit with fewer losses – we tend to have some outsize successes, some losses and a number of investments that perform at a more conventional level. That is simply the nature of this business. Part of our underwriting skill lies in assessing investment opportunities and assembling a desirable and well-diversified portfolio that performs consistently with the foregoing description. It is thus unsurprising that if one removes our outsize successes and leaves in place our losses, our returns will be lower – but the asymmetry of such an approach is peculiar indeed. Just as one would not invest in venture capital without believing in its capacity to generate the occasional terrific return, so too Burford. And it seems odd to ignore home runs like our investment in Petersen. It is a bit like saying that one should assess venture capital performance without having Accel include Facebook, Sequoia include Google or Softbank include Alibaba. It would be even more peculiar also to remove a matter like Teinver, an investment that was squarely in our sweet spot and one with characteristics shared by a number of comparable international arbitration matters. However, just to illustrate that Burford produces desirable returns regardless, if one removes our largest gain (Petersen) from our return computations and leaves in all our losses, our portfolio ROIC would still be 59%.

Aren't you overstating your investment returns by including partial recoveries in ongoing investments that could still conclude at a loss?

When Burford makes a litigation finance investment, we are putting capital at risk based on the outcome of a dispute resolution process, typically litigation or arbitration. Even if there has been positive progress in the investment such that we have increased the carrying value of the investment under IFRS, we do not treat that investment as concluded for our cash-basis reporting until either we receive cash or the matter has progressed such that there is no longer any litigation risk associated with it.

This is what we have historically said about the computation of our ROICs. It is noteworthy that we have used the same language, and the same computational approach, since we first began reporting ROICs on our investment portfolio in 2012:¹⁰

Return on invested capital ("ROIC") is a measure of financial performance calculated by comparing the absolute amount of investment recoveries from a concluded or partially concluded investment, or a portfolio of investments, relative to the amount of expenditure incurred in making those investments and expressed as a percentage figure. ROIC is a measure of our ability to generate returns on our investments.

We have consistently used concluded investments and investment recoveries as terms to refer to those investments where there is no longer any litigation risk remaining. We use the term to encompass: (i) entirely concluded investments where Burford has received all proceeds to which it is entitled (net of any entirely concluded investment losses); (ii) the portion of investments where Burford has received some proceeds (for example, from a settlement with one party in a multi-party case) but where the investment is continuing with the possibility of receiving additional proceeds; and (iii) investments where the underlying litigation has been resolved and there is a promise to pay proceeds in the future (for example, in a settlement that is to be paid over time) and there is no longer any litigation risk involved in the investment. When we express returns, we do so assuming all investment recoveries are paid currently, discounting back future payments as appropriate. We do not include wins or other successes where there remains litigation risk in the definition of "investment recoveries". We view matters as concluded when there is no longer litigation risk associated with their outcome and when our entitlement is crystallised or well-defined. While concluded matters often produce cash returns rapidly, some concluded matters are still in the process of being monetised.

¹⁰ See, e.g., footnote 1 to Burford's 2012 Annual Report.

So, how does this apply in practice?

- Investments that conclude entirely in one fell swoop are simple: we do not report any recovery until conclusion, and then we report the entire amount recovered as a concluded investment.
- Single case investments that have partial resolutions along the way without the entire case being resolved, most commonly because one defendant settles and the remaining defendant continues to litigate: we report the partial resolution when agreed as a partial realisation and we allocate a portion of the investment to the partial resolution depending on the significance of the settling defendant to the overall claim.
- Portfolio investments when a case (or part of a case) resolves or generates cash: we report the partial resolution when agreed as a partial realisation and we allocate a portion of the investment to the resolution. That allocation depends on the structure of the individual portfolio arrangement and the significance of the resolution to the overall portfolio but it is in essence a method that mimics the way an investor would allocate cost basis across a portfolio of security purchases.¹¹

One analyst has made the derisive suggestion that we should compute the return associated with partial resolutions against the cost of our entire investment, instead of engaging in the allocation process described above; we do not typically discuss analyst views but we discuss this point because of its deliberately sensationalised dissemination in the market. That is akin to saying to an equity investor who bought 200 shares of stock and sold 50 of them that the return on the 50 shares sold should be computed using as the denominator the cost of all 200 shares. To use a real Burford example, we made a multi-case portfolio investment in 2017 in which the Burford balance sheet invested \$127 million. It is early days still for that investment; thus far we have recovered \$21.5 million from that portfolio and we have

allocated \$17.8 million of cost against those recoveries in a classic example of a partial investment resolution. Therefore, we are reporting a \$3.7 million gain from an attributable \$17.8 million investment, with a 21% ROIC to date. That return will form a part of our total return disclosure, on a weighted-average basis. All of this is publicly disclosed on a line-item basis in our investment portfolio reporting. The analyst in question, on the other hand, would include all \$127 million in the denominator of our ROIC computation the moment we have any recovery at all in the portfolio, which would treat the investment at present as generating \$105.5 million of losses for return computation purposes. We are unaware of anyone computing returns like that in any sector of the financial services industry.

Why doesn't Burford move to the LSE Main Market?

We regularly hear three false premises when discussing AIM versus the Main Market: (i) that there are substantial pools of capital that would and could invest in Burford were it to be listed on the LSE's Main Market but that are unable or unwilling to become shareholders while we are listed on AIM; (ii) that a move to the Main Market would give rise to enhanced liquidity or other trading benefits; and (iii) that AIM is a market for small companies and imposes less rigorous standards such that investors' capital is more at risk.

In fact, we hardly ever encounter potential investors who either balk at or have any structural restriction on buying larger AIM stocks like Burford; indeed, companies with market caps above £500 million make up around half of AIM's total value. We have been successful in broadening our shareholder registry over time to include some of the world's largest and most sophisticated investors who are unperturbed by our choice of market. Moreover, for those few who do attach some "seal of approval" to a Main Market listing, all of our public debt already trades on the Main Market.

¹¹ The single largest example in our portfolio of our cost allocation method is Petersen. When we sell a portion of our Petersen entitlement, we allocate the same portion of our invested cost to the sale. So, for example, in our recent sale of 10% of our entitlement, we would allocate 10% of our cost to the sale as well, in an entirely conventional approach.

Continued

There is no evidence that we would see increases in liquidity or other trading benefits from a move to the Main Market; we already have liquidity comparable to or better than Main Market companies with market capitalisations similar to ours. No investment banker or broker we have consulted recommends a move to the Main Market for that reason. And it is notable that much of AIM's trading is for larger companies despite its accommodation of smaller growth companies.

Finally, the reality is that both AIM and the Main Market see corporate and governance failures at companies of all sizes; among larger companies there is no correlation that we can see to listing market. Listing rules and governance codes are not the primary defences against such failures; rather, sound management, an experienced, attentive and involved Board and high-quality external advisers (and especially auditors) are key.

Thus, it is unlikely that we will pursue a Main Market listing in the near term as we do not see the benefits exceeding the costs and disadvantages. If we were to consider any listing change, it is more likely that we would pursue a dual listing by adding a US exchange, either NASDAQ or the New York Stock Exchange, but as it is not something about which the Board has made any decision, there can be no assurance that we would pursue such a listing and in any event it is not something we would envision completing in 2019.

Why don't you add new directors to the Board?

Our Board has served since Burford's IPO in late 2009. Inevitably, we will see rotation on the Board in the near future. Board succession is an active topic of discussion at Board meetings.

The narrow question is whether to do something more dramatic in the short term rather than permitting natural evolution in the Board. We believe adherence to a rigid rule around Board tenure is misplaced.¹² The question of effective governance is a company-specific one, not something that is best done by inflexible prescription. We believe our current Board works well and is best-positioned to challenge

management and to provide independent oversight given its depth of knowledge of the business and the background of its members. Pitching out a number of the current directors and replacing them with new, inexperienced ones, or adding a number of new directors so that the majority of the Board is composed of brand-new directors, seems undesirable to us, either from a governance or a cost perspective. Thus, we favour planned evolution, in line with the needs of the business.

There is also the question of nationality, tax and Burford's Articles. We cannot add more than one American national to the Board without also having to add other non-Americans to balance those additions and keep the number of American nationals below 50%. This is for tax reasons and is enshrined in Burford's Articles. Our CEO and our CIO have forged a tremendous working relationship over the past decade and it is unthinkable that we would put one of them on the Board without the other – and if we added both to the Board for the questionable benefit of having them as directors instead of their present role as attendees of the totality of every Board meeting, we would then need also to enlarge the board further by adding another non-American, and move from a four-member to a seven-member board (and also eliminate our ability to appoint our next non-executive director thereafter from the US). Once again, the benefit seems illusory.

What do the next five years hold for Burford?

Burford is today the world's leading legal finance firm. We intend to maintain that leadership position and grow our core litigation finance business by deepening our current relationships, building new relationships and innovating new structures, while maintaining our discipline around price and quality. We have built the industry-leading litigation risk assessment and management platform. Our goal is to maintain our market position as we continue to exploit the opportunities we have to do other things with that platform, all while remaining true to our core values and expertise.

12 It is inappropriate to judge the independence of Burford's directors by reference to a governance code to which the Company is not subject. It is neither here nor there that the UK Corporate Governance Code (the "UK Code") would classify Burford's directors as non-independent due to their tenure; we are not subject to the UK Code and we reject the idea of a litmus test for director independence based on tenure. Our directors are independent under the governance principles to which we are subject, and codes aside, are manifestly independent and well-qualified for their roles.

We explain the financial performance of the Group using measures that are not defined under IFRS and are therefore referred to as "non-GAAP" or "alternative performance measures". These alternative performance measures are explained further below and in the following reconciliation tables. The alternative performance measures we use may not be directly comparable with similarly titled measures used by other companies.

Assets under management ("AUM")

Consistent with its status as a registered investment adviser with the SEC, Burford reports publicly on its investment management business on the basis of regulatory assets under management. For the benefit of non-US investors, the SEC's definition of AUM may well differ from that used by European investment managers. AUM as we report it means the fair value of the capital invested in funds and individual capital vehicles plus the capital that we are entitled to call from investors in those funds and vehicles pursuant to the terms of their capital commitments to those funds and vehicles. Our AUM will fluctuate as we raise new funds and other investment vehicles, and as existing funds and vehicles mature and no longer represent sources of callable capital in the future; there is no direct translation from AUM to investment management income.

Return on invested capital ("ROIC")

ROIC is a measure of financial performance calculated by comparing the absolute amount of investment recoveries from a concluded or partially concluded investment, or a portfolio of investments, relative to the amount of expenditure incurred in making those investments and expressed as a percentage figure. ROIC is a measure of our ability to generate returns on our investments.

We have consistently used concluded investments and investment recoveries as terms to refer to those investments where there is no longer any litigation risk remaining. We use the term to

encompass: (i) entirely concluded investments where Burford has received all proceeds to which it is entitled (net of any entirely concluded investment losses); (ii) the portion of investments where Burford has received some proceeds (for example, from a settlement with one party in a multi-party case) but where the investment is continuing with the possibility of receiving additional proceeds; and (iii) investments where the underlying litigation has been resolved and there is a promise to pay proceeds in the future (for example, in a settlement that is to be paid over time) and there is no longer any litigation risk involved in the investment. When we express returns, we do so assuming all investment recoveries are paid currently, discounting back future payments as appropriate. We do not include wins or other successes where there remains litigation risk in the definition of "investment recoveries". We view matters as concluded when there is no longer litigation risk associated with their outcome and when our entitlement is crystallised or well-defined. While concluded matters often produce cash returns rapidly, some concluded matters are still in the process of being monetised.

Multiple on invested capital ("MOIC")

MOIC is calculated the same way as ROIC above except that the return is instead expressed as a multiple of the amount of expenditure incurred in making those investments.

Internal rate of return ("IRR")

IRR is a discount rate that makes the net present value of a series of cash flows equal to zero and is expressed as a percentage figure. The Group computes IRR by treating our entire investment portfolio (or, when noted, a subset thereof) as one undifferentiated pool of capital and measuring inflows and outflows from that pool. IRRs are computed only as to concluded investments and do not include unrealised gains. IRR is an indicator of the profitability of our investments expressed on an annualised basis.

Burford manages a number of investment funds, some of which are required under IFRS to be consolidated. In our view, it is confusing to include the interests of investors other than Burford in our discussion of performance, and we have thus generally excluded the non-Burford portion of such funds from our presentation of our financial performance. The tables below provide a full reconciliation of the consolidated statement of comprehensive income and consolidated statement of financial position so that investors are able to relate our performance discussion with our published accounts.

Reconciliation of consolidated statement of comprehensive income

For the six months ended 30 June 2019

US\$'000	Consolidated IFRS	Elimination of third-party interests*	Other adjustments**	Burford
Investment income	\$277,272	(\$12,280)	-	\$264,992
Investment management income	\$7,639	\$2,069	-	\$9,708
Insurance income	\$2,058	-	-	\$2,058
New initiatives income	\$6,291	-	-	\$6,291
Other	\$4,687	(\$693)	-	\$3,994
Third-party (gain)/loss in consolidated entities	(\$6,130)	\$6,130	-	-
Total income	\$291,817	(\$4,774)	-	\$287,043
Operating expenses	(\$40,623)	\$4,774	-	(\$35,849)
Amortisation of intangible asset	(\$4,747)	-	\$4,747	-
Operating profit	\$246,447	-	\$4,747	\$251,194
Finance costs	(\$19,733)	-	-	(\$19,733)
Profit before tax	\$226,714	-	\$4,747	\$231,461
Taxation	(\$6,237)	-	-	(\$6,237)
Profit after tax	\$220,477	-	\$4,747	\$225,224
Other comprehensive income	\$1,795	-	-	\$1,795
Total comprehensive income	\$222,272	-	\$4,747	\$227,019

* Elimination of third-party interests is the net of the entities and adjustments and eliminations figures shown in Note 16 to the consolidated financial statements.

** Other adjustments exclude the impact of amortisation of the intangible asset to assist in understanding the underlying performance of the Company.

Reconciliation of consolidated statement of financial position

As at 30 June 2019

US\$'000	Consolidated IFRS	Elimination of third-party interests*	Burford
Assets			
Non-current assets			
Investments	\$1,768,413	(\$202,163)	\$1,566,250
Due from settlement of investments	\$4,485	-	\$4,485
New initiatives investments	\$65,195	-	\$65,195
Investment income receivables	\$13,040	(\$13,040)	-
Other non-current assets	\$186,701	-	\$186,701
	\$2,037,834	(\$215,203)	\$1,822,631
Current assets			
Due from settlement of investments	\$120,378	\$47,983	\$168,361
Receivables and prepayments	\$9,275	\$77,914	\$87,189
Taxation receivable	\$252	-	\$252
Due from broker	\$75,922	(\$73,709)	\$2,213
Cash management investments	\$43,810	-	\$43,810
Cash and cash equivalents	\$232,467	(\$104,842)	\$127,625
	\$482,104	(\$52,654)	\$429,450
Total assets	\$2,519,938	(\$267,857)	\$2,252,081
Liabilities			
Current liabilities			
Investments payable	\$3,634	(\$1,615)	\$2,019
Payables	\$16,333	(\$2,018)	\$14,315
Financial liabilities at fair value through profit and loss	\$71,570	(\$69,354)	\$2,216
Loan interest payable	\$9,196	-	\$9,196
	\$100,733	(\$72,987)	\$27,746
Non-current liabilities			
Other non-current liabilities	\$657,299	-	\$657,299
Third-party interest in consolidated entities	\$194,870	(\$194,870)	-
	\$852,169	(\$194,870)	\$657,299
Total liabilities	\$952,902	(\$267,857)	\$685,045
Total net assets	\$1,567,036	-	\$1,567,036

* Elimination of third-party interests is the net of the entities and adjustments and eliminations figures shown in Note 16 to the consolidated financial statements.

Notes 7 and 8 to the consolidated financial statements also provide a reconciliation of the investments and due from settlement of investments balances showing the interests of Burford excluding the third-party interests in consolidated entities.

Introduction

We have been engaged by Burford Capital Limited ("the Company") to review the condensed set of financial statements in the Interim Report for the six months ended 30 June 2019, which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 22. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with International Accounting Standard 34 "Interim Financial Reporting".

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRS. The condensed set of financial statements included in this Interim Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Ernst & Young LLP

London
24 July 2019

Notes:

- 1 The maintenance and integrity of Burford Capital Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- 2 Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

for the period ended 30 June 2019

	Notes	1 January 2019 to 30 June 2019 \$'000	1 January 2018 to 30 June 2018 \$'000
Income			
Investment income	7	277,272	200,085
Investment management income		7,639	5,447
Insurance income		2,058	2,891
New initiatives income	9	6,291	1,003
Net loss on equity securities		(411)	(1,956)
Cash management income and bank interest	11	5,574	2,824
Foreign exchange losses		(476)	(1,478)
Third-party share of gains relating to interests in consolidated entities	16	(6,130)	(2,826)
Total income		291,817	205,990
Operating expenses		(40,623)	(23,270)
Amortisation of intangible asset		(4,747)	(4,747)
Operating profit		246,447	177,973
Finance costs	14	(19,733)	(18,912)
Profit for the period before taxation		226,714	159,061
Taxation (expense)/credit	5	(6,237)	1,759
Profit for the period after taxation		220,477	160,820
Other comprehensive income			
Exchange differences on translation of foreign operations on consolidation		1,795	10,394
Total comprehensive income for the period		222,272	171,214
		Cents	Cents
Basic profit per ordinary share	18	100.84	77.23
Diluted profit per ordinary share	18	100.50	77.05
Basic comprehensive income per ordinary share	18	101.66	82.22
Diluted comprehensive income per ordinary share	18	101.32	82.03

The notes on pages 25 to 46 form an integral part of these consolidated financial statements.

as at 30 June 2019

	Notes	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Assets				
Non-current assets				
Investments	7	1,768,413	1,592,378	1,218,008
Due from settlement of investments	8	4,485	3,083	3,083
New initiatives investments	9	65,195	42,856	28,689
Equity securities		171	582	4,102
Investment income receivables	16	13,040	7,301	11,158
Deferred tax asset	5	28,316	28,848	14,521
Goodwill		133,963	133,966	133,999
Intangible asset		13,451	18,198	22,945
Tangible fixed assets	10	10,800	1,866	2,122
		2,037,834	1,829,078	1,438,627
Current assets				
Due from settlement of investments	8	120,378	34,026	26,411
Receivables and prepayments	12	9,275	12,990	14,875
Tax receivable		252	1,823	281
Derivative financial asset		-	4,154	-
Due from brokers		75,922	129,911	29,302
Cash management investments	11	43,810	41,449	50,807
Cash and cash equivalents		232,467	265,551	240,735
		482,104	489,904	362,411
Total assets		2,519,938	2,318,982	1,801,038
Liabilities				
Current liabilities				
Investments payable		3,634	-	3,500
Payables	13	16,333	31,038	7,435
Due to brokers		-	12,667	-
Financial liabilities at fair value through profit and loss		71,570	112,821	25,480
Due to limited partners		-	8	-
Derivative financial liabilities		-	7,000	9,250
Loan interest payable	14	9,196	9,327	9,388
		100,733	172,861	55,053
Non-current liabilities				
Payables	13	8,888	-	-
Deferred tax liability	5	7,379	4,099	2,211
Investment subparticipations		3,244	3,244	3,165
Third-party interests in consolidated entities	16	194,870	136,959	133,123
Loan capital	14	637,788	638,665	653,761
		852,169	782,967	792,260
Total liabilities		952,902	955,828	847,313
Total net assets		1,567,036	1,363,154	953,725

as at 30 June 2019

	Notes	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Represented by:				
Ordinary share capital	17	596,454	596,454	351,249
Contingent share capital – deferred consideration	17	13,500	13,500	13,500
Other capital reserve		4,594	2,838	1,654
Revenue reserve		916,549	716,218	567,485
Foreign currency translation reserve		36,077	34,282	19,975
Capital redemption reserve		(138)	(138)	(138)
Total equity shareholders' funds		1,567,036	1,363,154	953,725

The notes on pages 25 to 46 form an integral part of these consolidated financial statements.

The financial statements on pages 19 to 46 were approved by the Board of Directors on 24 July 2019 and were signed on its behalf by:

Charles Parkinson
Director

24 July 2019

for the period ended 30 June 2019

	Notes	1 January 2019 to 30 June 2019 \$'000	1 January 2018 to 30 June 2018 \$'000
Cash flows from operating activities			
Profit for the period before tax		226,714	159,061
Changes in operating assets and liabilities	4	(259,622)	(174,363)
Adjustments for non-cash items	4	9,147	7,168
Changes in working capital			
Proceeds from investments		315,119	342,630
Increase in due from settlements of investments		(87,754)	(26,246)
Funding of investments		(197,327)	(277,391)
Proceeds from new initiatives investments		1,408	1,055
Funding of new initiatives investments		(18,174)	(19,042)
Net funding of cash management investments		(476)	(10,531)
Net decrease in financial liabilities at fair value through profit and loss		(63,154)	(12,613)
(Increase) in investment income receivables		(5,739)	(6,393)
Decrease in due from broker		41,322	12,376
Decrease/(increase) in receivables		4,576	(14,101)
Decrease in payables		(16,534)	(13,182)
Taxation (paid)/refund		(707)	1,268
Increase/(decrease) in third-party interests in consolidated entities		57,911	(10,516)
Net cash inflow/(outflow) from operating activities		6,710	(40,820)
Cash flows from financing activities			
Issue of loan capital and loan notes		-	180,000
Issue expenses – loan capital		-	(2,637)
Principal repayments of lease liabilities		(674)	-
Interest paid on loan capital and lease liabilities		(18,958)	(14,217)
Dividends paid on ordinary shares		(19,307)	(16,555)
Net cash (outflow)/inflow from financing activities		(38,939)	146,591
Cash flows from investing activities			
Purchases of tangible fixed assets		(860)	(64)
Net cash (outflow) from investing activities		(860)	(64)
Net (decrease)/increase in cash and cash equivalents		(33,089)	105,707

for the period ended 30 June 2019

	1 January 2019 to 30 June 2019 \$'000	1 January 2018 to 30 June 2018 \$'000
Reconciliation of net cash flow to movements in cash and cash equivalents		
Cash and cash equivalents at beginning of year	265,551	135,415
(Decrease)/increase in cash and cash equivalents	(33,089)	105,707
Effect of exchange rate changes on cash and cash equivalents	5	(387)
Cash and cash equivalents at end of period	232,467	240,735
	1 January 2019 to 30 June 2019 \$'000	1 January 2018 to 30 June 2018 \$'000
Supplemental disclosure		
Cash received from interest and dividend income	3,858	2,673

The notes on pages 25 to 46 form an integral part of these consolidated financial statements.

for the period ended 30 June 2019

	Share capital \$'000	Contingent share capital \$'000	Other capital reserve \$'000	Revenue reserve \$'000	Foreign currency consolidation reserve \$'000	Capital redemption reserve \$'000	Total equity share-holders' funds \$'000
30 June 2019							
Balance at 31 December 2018	596,454	13,500	2,838	716,218	34,282	(138)	1,363,154
Change in accounting policy – Leases	-	-	-	(839)	-	-	(839)
Restated at 1 January 2019	596,454	13,500	2,838	715,379	34,282	(138)	1,362,315
Profit for the period	-	-	-	220,477	-	-	220,477
Other comprehensive income	-	-	-	-	1,795	-	1,795
Share-based payments	-	-	1,756	-	-	-	1,756
Dividends paid	-	-	-	(19,307)	-	-	(19,307)
Balance at 30 June 2019	596,454	13,500	4,594	916,549	36,077	(138)	1,567,036

	Share capital \$'000	Contingent share capital \$'000	Other capital reserve \$'000	Revenue reserve \$'000	Foreign currency consolidation reserve \$'000	Capital redemption reserve \$'000	Total equity share-holders' funds \$'000
30 June 2018							
As at 1 January 2018	351,249	13,500	1,152	423,220	9,581	(138)	798,564
Profit for the period	-	-	-	160,820	-	-	160,820
Other comprehensive income	-	-	-	-	10,394	-	10,394
Share-based payments	-	-	502	-	-	-	502
Dividends paid	-	-	-	(16,555)	-	-	(16,555)
Balance as at 30 June 2018	351,249	13,500	1,654	567,485	19,975	(138)	953,725

The notes on pages 25 to 46 form an integral part of these consolidated financial statements.

1. Legal form and principal activity

Burford Capital Limited (the "Company") and its subsidiaries (the "Subsidiaries") (together the "Group") provide investment capital, investment management, financing and risk solutions with a focus on the legal sector.

The Company was incorporated under The Companies (Guernsey) Law, 2008 (the "Law") on 11 September 2009. Shares in the Company were admitted to trading on AIM, a market operated by the London Stock Exchange, on 21 October 2009. These financial statements cover the period from 1 January 2019 to 30 June 2019.

2. Basis of preparation and changes to principal accounting policies

These consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and using the going concern basis of preparation. These financial statements do not contain all the information and disclosures as presented in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2018. The consolidated condensed interim financial statements are presented in United States Dollars and are rounded to the nearest \$'000 unless otherwise indicated.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except for the adoption of one new standard effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated condensed interim financial statements of the Group.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance-sheet model similar to the accounting for finance leases under IAS 17.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities of \$6,781,000 in relation to property leases which had previously been classified as operating leases in accordance with IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.7%. Lease liabilities are included within payables in the consolidated statement of financial position. The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied based on the amount of the lease liabilities plus any initial direct costs.

2. Basis of preparation and changes to principal accounting policies (continued)

The Group has applied the relief options provided for leases of low-value assets and short-term leases (shorter than 12 months), and the transitional practical expedient to account for operating leases with a remaining term of less than 12 months as at 1 January 2019 as short-term leases. Right-of-use assets are included within tangible fixed assets in the consolidated statement of financial position.

3. Material agreements

During 2019 and 2018 there were no material agreements in place between the Group entities and third parties.

4. Reconciliation of net cash from operating activities

This note should be read in conjunction with the consolidated statement of cash flows. It provides a reconciliation to show how profit before tax, which is based on accounting rules, translates to cash flows.

	1 January 2019 to 30 June 2019 \$'000	1 January 2018 to 30 June 2018 \$'000
Changes in operating assets and liabilities		
Net (increase) on investments	(295,339)	(195,736)
Decrease on derivative financial asset	1,846	-
Net (increase) on new initiatives investments	(6,291)	(1,003)
Net (increase) on cash management investments	(1,885)	(343)
Net decrease on equity securities	411	1,956
Net increase on financial liabilities at fair value through profit and loss	21,903	1,851
Loan capital – finance costs	19,733	18,912
Total changes in operating assets and liabilities	(259,622)	(174,363)
	1 January 2019 to 30 June 2019 \$'000	1 January 2018 to 30 June 2018 \$'000
Non-cash items		
Amortisation and depreciation of intangible assets and tangible fixed assets	5,637	5,080
Right-of-use assets	(8,965)	-
Lease liabilities	9,804	-
Other non-cash including exchange rate movements	2,671	2,088
Total non-cash items	9,147	7,168

5. Taxation

The Company obtained exempt company status in Guernsey. In certain cases, a subsidiary of the Company may elect to make use of investment structures that are subject to income tax in a country related to the investment. The Company's subsidiaries in Ireland, Singapore, the UK and the US are subject to taxation in such jurisdictions as determined in accordance with relevant tax legislation.

	30 June 2019 \$'000	30 June 2018 \$'000
Profit on ordinary activities before tax	226,714	159,061
Corporation tax at country rates	3,927	(5,080)
Factors affecting charge:		
Adjustment in respect of prior year	420	2,490
Tax losses not recognised	1,710	496
Costs not allowable for tax	8	56
Other	172	279
Total taxation expense/(credit)	6,237	(1,759)

5. Taxation (continued)

Corporation tax at country rates is influenced by taxable profits and losses arising in jurisdictions at different rates and non-taxable gains and losses arising on fair value adjustments.

The taxation charge for the period comprises:

	30 June 2019 \$'000	30 June 2018 \$'000
US subsidiaries taxation charge	259	279
Irish subsidiaries taxation charge/(credit)	2,167	(156)
UK deferred taxation (credit)/charge	(117)	83
Irish deferred taxation charge	-	13
US deferred taxation charge/(credit)	3,928	(1,978)
Total taxation charge/(credit)	6,237	(1,759)

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Deferred tax asset			
Balance at 1 January	28,848	10,863	10,863
Movement on UK deferred tax – temporary differences	120	60	-
Movement on US deferred tax – temporary differences	(650)	17,925	3,658
Foreign exchange adjustment	(2)	-	-
Balance at end of period	28,316	28,848	14,521

Included in the deferred tax asset recognised at the balance sheet date are amounts relating to operating losses that the Group believes it will be able to utilise in the future.

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Deferred tax liability			
Balance at 1 January	4,099	437	437
Movement on UK deferred tax – temporary difference	-	(19)	83
Movement on US deferred tax – temporary differences	3,279	3,684	1,680
Movement on Irish deferred tax	-	-	13
Foreign exchange adjustment	1	(3)	(2)
Balance at end of period	7,379	4,099	2,211

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Net deferred tax asset	20,937	24,749	12,310

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Analysis of net deferred tax asset by type			
Staff compensation and benefits	3,092	7,050	814
GKC acquisition costs	(2,544)	(1,767)	(991)
Investment fair value adjustments	(2,880)	7,040	1,651
Capital allowances	(37)	(91)	(244)
Revenue timing differences	-	-	(13)
Net operating loss carry-forward	23,306	12,517	11,093
Total	20,937	24,749	12,310

6. Segmental information

Management consider that there are four operating business segments in addition to its corporate functions, being (i) provision of investment capital to the legal industry or in connection with legal matters, (ii) investment management activities, (iii) provision of litigation insurance (reflecting UK and Channel Islands litigation insurance activities), and (iv) exploration of new initiatives related to application of capital to the legal sector until such time as those initiatives mature into full-fledged independent segments.

Segment revenue and results

30 June 2019	Investments \$'000	Investment management \$'000	Litigation insurance \$'000	New initiatives \$'000	Other corporate activity \$'000	Total \$'000
Income*	270,731	7,639	2,058	6,291	5,098	291,817
Operating expenses	(25,118)	(6,271)	(757)	(3,108)	(5,369)	(40,623)
Amortisation of intangible asset arising on acquisition	-	-	-	-	(4,747)	(4,747)
Finance costs	-	-	-	-	(19,733)	(19,733)
Profit/(loss) for the period before taxation	245,613	1,368	1,301	3,183	(24,751)	226,714
Taxation	(3,510)	(59)	76	41	(2,785)	(6,237)
Other comprehensive income	-	-	-	-	1,795	1,795
Total comprehensive income	242,103	1,309	1,377	3,224	(25,741)	222,272

*Includes the following
revenue from contracts
with customers for services
transferred over time

-	7,639	2,058	1,128	-	10,825
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6. Segmental information (continued)

30 June 2018	Investments \$'000	Investment management \$'000	Litigation insurance \$'000	New initiatives \$'000	Other corporate activity \$'000	Total \$'000
Income*	195,303	5,447	2,891	1,003	1,346	205,990
Operating expenses	(14,642)	(3,014)	(940)	(1,016)	(3,658)	(23,270)
Amortisation of intangible asset arising on acquisition	-	-	-	-	(4,747)	(4,747)
Finance costs	-	-	-	-	(18,912)	(18,912)
Profit/(loss) for the period before taxation	180,661	2,433	1,951	(13)	(25,971)	159,061
Taxation	3,243	(107)	(269)	(68)	(1,040)	1,759
Other comprehensive income	-	-	-	-	10,394	10,394
Total comprehensive income	183,904	2,326	1,682	(81)	(16,617)	171,214
*Includes the following revenue from contracts with customers for services transferred over time	-	5,447	2,891	731	-	9,069

6. Segmental information (continued)

Segment assets

30 June 2019	Investments \$'000	Investment management \$'000	Litigation insurance \$'000	New initiatives \$'000	Other corporate activity \$'000	Total \$'000
<i>Non-current assets</i>						
Investments	1,768,413	-	-	-	-	1,768,413
Due from settlement of investments	4,485	-	-	-	-	4,485
New initiatives investments	-	-	-	65,195	-	65,195
Equity securities	171	-	-	-	-	171
Investment income receivable	13,040	-	-	-	-	13,040
Deferred tax asset	27,492	-	177	-	647	28,316
Goodwill	-	-	-	-	133,963	133,963
Intangible asset	-	-	-	-	13,451	13,451
Tangible fixed assets	1,821	155	472	-	8,352	10,800
	1,815,422	155	649	65,195	156,413	2,037,834
<i>Current assets</i>						
Due from settlement of investments	120,378	-	-	-	-	120,378
Receivables and prepayments	2,001	2,953	2,145	1,209	967	9,275
Tax receivable	334	-	(82)	-	-	252
Due from brokers	75,922	-	-	-	-	75,922
Cash management investments	-	-	-	-	43,810	43,810
Cash and cash equivalents	185,871	541	13,649	2	32,404	232,467
	384,506	3,494	15,712	1,211	77,181	482,104
Total assets	2,199,928	3,649	16,361	66,406	233,594	2,519,938
<i>Current liabilities</i>						
Investments payable	3,634	-	-	-	-	3,634
Payables	8,602	2,026	4,115	209	1,381	16,333
Financial liabilities at fair value through profit and loss	71,570	-	-	-	-	71,570
Loan interest payable	-	-	-	-	9,196	9,196
	83,806	2,026	4,115	209	10,577	100,733
<i>Non-current liabilities</i>						
Payables	-	-	-	-	8,888	8,888
Deferred tax liability	4,168	-	20	-	3,191	7,379
Investment subparticipations	3,244	-	-	-	-	3,244
Third-party interests in consolidated entities	194,870	-	-	-	-	194,870
Loan capital	-	-	-	-	637,788	637,788
	202,282	-	20	-	649,867	852,169
Total liabilities	286,088	2,026	4,135	209	660,444	952,902
Total net assets	1,913,840	1,623	12,226	66,197	(426,850)	1,567,036

6. Segmental information (continued)

31 December 2018	Investments \$'000	Investment management \$'000	Litigation insurance \$'000	New initiatives \$'000	Other corporate activity \$'000	Total \$'000
<i>Non-current assets</i>						
Investments	1,592,378	-	-	-	-	1,592,378
Due from settlement of investments	3,083	-	-	-	-	3,083
New initiatives investments	-	-	-	42,856	-	42,856
Equity securities	582	-	-	-	-	582
Investment income receivables	7,301	-	-	-	-	7,301
Deferred tax asset	28,116	-	60	-	672	28,848
Goodwill	-	-	-	-	133,966	133,966
Intangible asset	-	-	-	-	18,198	18,198
Tangible fixed assets	1,353	191	322	-	-	1,866
	1,632,813	191	382	42,856	152,836	1,829,078
<i>Current assets</i>						
Due from settlement of investments	34,026	-	-	-	-	34,026
Receivables and prepayments	2,406	2,263	7,565	735	21	12,990
Tax receivable	2,053	-	(230)	-	-	1,823
Derivative financial asset	4,154	-	-	-	-	4,154
Due from brokers	129,911	-	-	-	-	129,911
Cash management investments	-	-	-	-	41,449	41,449
Cash and cash equivalents	97,847	648	10,041	602	156,413	265,551
	270,397	2,911	17,376	1,337	197,883	489,904
Total assets	1,903,210	3,102	17,758	44,193	350,719	2,318,982
<i>Current liabilities</i>						
Payables	26,675	361	2,164	1,027	811	31,038
Due to brokers	12,667	-	-	-	-	12,667
Financial liabilities at fair value through profit and loss	112,821	-	-	-	-	112,821
Due to limited partner	-	-	-	-	8	8
Derivative financial liabilities	7,000	-	-	-	-	7,000
Loan interest payable	-	-	-	-	9,327	9,327
	159,163	361	2,164	1,027	10,146	172,861
<i>Non-current liabilities</i>						
Deferred tax liability	1,639	-	20	-	2,440	4,099
Investment subparticipations	3,244	-	-	-	-	3,244
Third-party interest in consolidated entities	136,959	-	-	-	-	136,959
Loan capital	-	-	-	-	638,665	638,665
	141,842	-	20	-	641,105	782,967
Total liabilities	301,005	361	2,184	1,027	651,251	955,828
Total net assets	1,602,205	2,741	15,574	43,166	(300,532)	1,363,154

6. Segmental information (continued)

30 June 2018	Investments \$'000	Investment management \$'000	Litigation insurance \$'000	New initiatives \$'000	Other corporate activity \$'000	Total \$'000
<i>Non-current assets</i>						
Investments	1,218,008	-	-	-	-	1,218,008
Due from settlement of investments	3,083	-	-	-	-	3,083
New initiatives investments	-	-	-	28,689	-	28,689
Equity securities	4,102	-	-	-	-	4,102
Investment income receivable	11,158	-	-	-	-	11,158
Deferred tax asset	13,822	-	-	-	699	14,521
Goodwill	-	-	-	-	133,999	133,999
Intangible asset	-	-	-	-	22,945	22,945
Tangible fixed assets	1,519	229	374	-	-	2,122
	1,251,692	229	374	28,689	157,643	1,438,627
<i>Current assets</i>						
Due from settlement of investments	26,411	-	-	-	-	26,411
Receivables and prepayments	10,253	1,563	2,602	417	40	14,875
Tax receivable	149	-	132	-	-	281
Due from brokers	29,302	-	-	-	-	29,302
Cash management investments	-	-	-	-	50,807	50,807
Cash and cash equivalents	56,525	288	9,834	9	174,079	240,735
	122,640	1,851	12,568	426	224,926	362,411
Total assets	1,374,332	2,080	12,942	29,115	382,569	1,801,038
<i>Current liabilities</i>						
Investments payable	3,500	-	-	-	-	3,500
Payables	6,194	30	1,042	30	139	7,435
Financial liabilities at fair value through profit and loss	25,480	-	-	-	-	25,480
Derivative financial liabilities	9,250	-	-	-	-	9,250
Loan interest payable	-	-	-	-	9,388	9,388
	44,424	30	1,042	30	9,527	55,053
<i>Non-current liabilities</i>						
Deferred tax liability	398	-	123	-	1,690	2,211
Investment subparticipations	3,165	-	-	-	-	3,165
Third-party interests in consolidated entities	133,123	-	-	-	-	133,123
Loan capital	-	-	-	-	653,761	653,761
	136,686	-	123	-	655,451	792,260
Total liabilities	181,110	30	1,165	30	664,978	847,313
Total net assets	1,193,222	2,050	11,777	29,085	(282,409)	953,725

7. Investments

The majority of investments are comprised of assets at fair value and some assets at amortised cost. As at 30 June 2019, investments at fair value are \$1,766,913,000 (31 December 2018: \$1,590,878,000; 30 June 2018: \$1,216,508,000) and investment at amortised cost is \$1,500,000 (31 December 2018: \$1,500,000; 30 June 2018: \$1,500,000), totalling \$1,768,413,000 (31 December 2018: \$1,592,378,000; 30 June 2018: \$1,218,008,000) as shown on the consolidated statement of financial position.

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
At 1 January	1,592,378	1,075,941	1,075,941
Additions	200,961	738,335	280,904
Realisations	(316,909)	(627,718)	(341,963)
Net realised gain for period	139,544	171,458	124,524
Fair value movement (net of transfers to realisations)	152,893	229,739	70,545
Transfer to derivative financial liabilities	-	9,250	9,250
Foreign exchange losses	(454)	(4,627)	(1,193)
At end of period	1,768,413	1,592,378	1,218,008

The investment income on the face of the consolidated statement of comprehensive income comprises:

	30 June 2019 \$'000	30 June 2018 \$'000
Net realised gains on investments (above)	139,544	124,524
Fair value movement on investments (above)	152,893	70,545
Interest and other income	6,978	6,867
Impairment	(3,083)	-
Realised gain on derivative financial liabilities	7,000	-
Realised loss on derivative financial asset	(4,154)	-
Net loss on financial liabilities at fair value through profit and loss	(21,906)	(1,851)
Total investment income	277,272	200,085

7. Investments (continued)

The following table reflects the line-by-line impact of eliminating the interests of third parties in the entities which Burford consolidates from the investments balance reported in the consolidated statement of financial position to arrive at Burford's investments at 30 June 2019.

	Consolidated total \$'000	Elimination of third-party entity interests \$'000	Burford \$'000
At 1 January 2019	1,592,378	(112,143)	1,480,235
Additions	200,961	(71,933)	129,028
Realisations	(316,909)	14,969	(301,940)
Net realised gain for the period	139,544	(14,786)	124,758
Fair value movement (net of transfers to realisations)	152,893	(18,212)	134,681
Foreign exchange losses	(454)	(58)	(512)
At 30 June 2019	1,768,413	(202,163)	1,566,250

	Consolidated total \$'000	Elimination of third-party entity interests \$'000	Burford \$'000
At 1 January 2018	1,075,941	(93,764)	982,177
Additions	280,904	(51,711)	229,193
Realisations	(341,963)	29,291	(312,672)
Net realised gain for the period	124,524	(3,954)	120,570
Fair value movement (net of transfers to realisations)	70,545	4,077	74,622
Transfer to derivative financial liabilities	9,250	-	9,250
Foreign exchange gains	(1,193)	-	(1,193)
At 30 June 2018	1,218,008	(116,061)	1,101,947

8. Due from settlement of investments

Amounts due from settlement of investments relate to the recovery of investments that have successfully concluded and where there is no longer any litigation risk remaining. The settlement terms and duration vary by investment. The carrying value of these assets approximate the fair value of the assets at the balance sheet date.

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
At 1 January	37,109	3,248	3,248
Transfer of realisations from investments (Note 7)	316,909	627,718	341,963
Interest and other income	1,292	1,692	667
Impairment (Note 7)	(3,083)	-	-
Proceeds received	(227,365)	(595,540)	(316,380)
Foreign exchange gains/(losses)	1	(9)	(4)
At end of period	124,863	37,109	29,494
Split:			
Non-current assets	4,485	3,083	3,083
Current assets	120,378	34,026	26,411
Total due from settlement of investments	124,863	37,109	29,494

8. Due from settlement of investments (continued)

The following table reflects the line-by-line impact of eliminating the interests of third parties in the entities which Burford consolidates from the due from settlement of investments balance reported in the consolidated statement of financial position to arrive at Burford's investment receivables at 30 June 2019.

	Consolidated total \$'000	Elimination of third-party entity interests \$'000	Burford \$'000
At 1 January 2019	37,109	-	37,109
Transfer of realisations from investments	316,909	(14,969)	301,940
Interest and other income	1,292	(1,292)	-
Impairment	(3,083)	-	(3,083)
Proceeds received	(227,365)	64,244	(163,121)
Foreign exchange gains	1	-	1
At 30 June 2019	124,863	47,983	172,846

	Consolidated Total \$'000	Elimination of third-party entity interests \$'000	Burford \$'000
At 1 January 2018	3,248	1,517	4,765
Transfer of realisations from investments	341,963	(29,291)	312,672
Interest and other income	667	(662)	5
Proceeds received	(316,380)	28,436	(287,944)
Foreign exchange losses	(4)	-	(4)
At 30 June 2018	29,494	-	29,494

9. New initiatives investments

New initiatives investments represent capital deployed in the exploration of new initiatives related to application of capital to the legal sector until such time as those initiatives mature into full-fledged independent segments.

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
At 1 January	42,856	10,189	10,189
Additions	18,174	33,074	19,042
Realisations	(755)	(7,138)	-
Net realised gains for the period	85	1,661	-
Fair value movement (net of transfers to realisations)	5,078	6,218	272
Foreign exchange losses	(243)	(1,148)	(814)
At end of period	65,195	42,856	28,689

New initiatives income on the face of the consolidated statement of comprehensive income is \$6,291,000 (30 June 2018: \$1,003,000) which includes income of \$1,128,000 (30 June 2018: \$731,000) from fees for asset recovery services.

10. Tangible fixed assets

	Fixtures, fittings and equipment \$'000	Right-of-use assets – property leases \$'000	Total \$'000
Cost:			
At 31 December 2018	3,202	–	3,202
Change in accounting policy – Leases (Note 2)	–	5,552	5,552
Restated at 1 January 2019	3,202	5,552	8,754
Additions	860	3,497	4,357
Exchange differences	(2)	(84)	(86)
At 30 June 2019	4,060	8,965	13,025
Depreciation:			
At 1 January 2019	1,336	–	1,336
Charge in period	278	617	895
Exchange differences	(2)	(4)	(6)
At 30 June 2019	1,612	613	2,225
Net book value:			
At 30 June 2019	2,448	8,352	10,800
At 31 December 2018	1,866	–	1,866
At 30 June 2018	2,122	–	2,122

11. Cash management investments

As at 30 June 2019, cash management investments of \$43,810,000 (31 December 2018: \$41,449,000; 30 June 2018: 50,807,000) were invested primarily in a listed investment fund and fixed income securities.

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Reconciliation of movements			
At 1 January	41,449	39,933	39,933
Purchases	3,026	17,376	17,434
Proceeds on disposal	(2,550)	(11,721)	(6,870)
Net realised gains on disposal	36	527	605
Fair value movement (net of transfers to realisation)	1,849	(4,624)	(262)
Change in accrued interest	–	(42)	(33)
At end of period	43,810	41,449	50,807

The cash management income and bank interest on the face of the consolidated statement of comprehensive income comprise:

	30 June 2019 \$'000	30 June 2018 \$'000
Realised gains (see above)	36	605
Fair value movement (see above)	1,849	(262)
Interest and dividend income	972	959
Bank interest income	2,717	1,522
Total cash management income and bank interest	5,574	2,824

12. Receivables and prepayments

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Trade receivable – litigation segment	–	–	8,562
Trade receivable – insurance segment	1,709	7,438	2,364
Trade receivable – new initiatives segment	1,210	735	417
Investment management receivables	1,497	2,118	1,418
Prepayments	478	352	2,114
Other receivables	4,381	2,347	–
	9,275	12,990	14,875

13. Payables

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Audit fee payable	509	381	420
General expenses payable	14,908	30,657	7,015
Lease liabilities	9,804	–	–
	25,221	31,038	7,435
Split:			
Non-current liabilities	8,888	–	–
Current liabilities	16,333	31,038	7,435
Total payables	25,221	31,038	7,435

14. Loan capital

The Group has issued the following retail bonds listed on the London Stock Exchange's Order Book for Retail Bonds.

Issuance date	19 August 2014	19 April 2016	1 June 2017	12 February 2018
Issuing entity (100% owned subsidiary)	Burford Capital PLC	Burford Capital PLC	Burford Capital PLC	Burford Capital Finance LLC
Currency	GBP	GBP	GBP	USD
Face amount (in currency)	£90,000,000	£100,000,000	£175,000,000	\$180,000,000
Maturity date	19 August 2022	26 October 2024	1 December 2026	12 August 2025
Interest rate per annum	6.5%	6.125%	5.0%	6.125%
USD equivalent face value	\$149,562,000	\$144,020,000	\$225,803,000	\$180,000,000
Fair value equivalent:				
At 30 June 2019	\$120,566,000	\$135,552,000	\$223,018,000	\$181,890,000
At 31 December 2018	\$121,098,000	\$134,872,000	\$224,240,000	\$177,075,000
At 30 June 2018	\$130,383,000	\$145,926,000	\$239,139,000	\$181,485,000

14. Loan capital (continued)

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Retail bonds			
At 1 January	647,992	492,328	492,328
Retail bonds issued	-	180,000	180,000
Bond issue costs	-	(2,637)	(2,637)
Finance costs	19,453	38,538	18,912
Interest paid	(18,958)	(33,108)	(14,217)
Foreign exchange (gains)/losses	(1,503)	(27,129)	(11,237)
At end of period	646,984	647,992	663,149
Split:			
Loan capital	637,788	638,665	653,761
Loan interest payable	9,196	9,327	9,388
Total loan capital	646,984	647,992	663,149
	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Loan capital interest expense	18,841	37,334	18,327
Bond issue costs incurred as finance costs	612	1,204	585
Lease liabilities interest expense	280	-	-
Total finance costs	19,733	38,538	18,912

15. Fair value of assets and liabilities

Valuation methodology

The fair value of financial assets and liabilities continue to be valued using the techniques set out in the accounting policies used in the 2018 annual report.

Fair value hierarchy

30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets:				
Investments*	-	-	1,647,680	1,647,680
Investments – equity securities	119,233	-	-	119,233
New initiatives investments	-	-	65,195	65,195
Equity securities	171	-	-	171
Cash management investments:				
Listed fixed income securities and investment funds	43,810	-	-	43,810
Total assets	163,214	-	1,712,875	1,876,089
Liabilities:				
Financial liabilities at fair value through profit and loss	(71,570)	-	-	(71,570)
Investment sub participations	-	-	(3,244)	(3,244)
Loan capital, at fair value**	(661,026)	-	-	(661,026)
Total liabilities	(732,596)	-	(3,244)	(735,840)
Net total	(569,382)	-	1,709,631	1,140,249

15. Fair value of assets and liabilities (continued)

31 December 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets:				
Investments*	-	-	1,380,377	1,380,377
Investments – equity securities	137,809	72,692	-	210,501
New initiatives investments	-	-	42,856	42,856
Equity securities	582	-	-	582
Derivative financial asset	-	-	4,154	4,154
Cash management investments:				
Listed fixed income securities and investment funds	41,449	-	-	41,449
Total assets	179,840	72,692	1,427,387	1,679,919
Liabilities:				
Financial liabilities at fair value through profit and loss	(112,821)	-	-	(112,821)
Derivative financial liabilities	-	-	(7,000)	(7,000)
Investment sub participations	-	-	(3,244)	(3,244)
Loan capital, at fair value**	(657,285)	-	-	(657,285)
Total liabilities	(770,106)	-	(10,244)	(780,350)
Net total	(590,266)	72,692	1,417,143	899,569
30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets:				
Investments*	-	-	1,133,445	1,133,445
Investments – equity securities	83,063	-	-	83,063
New initiatives investments	-	-	28,689	28,689
Equity securities	4,102	-	-	4,102
Derivative financial asset	-	-	-	-
Cash management investments:				
Listed fixed income securities and investment funds	50,807	-	-	50,807
Total assets	137,972	-	1,162,134	1,300,106
Liabilities:				
Financial liabilities at fair value through profit and loss	(25,480)	-	-	(25,480)
Derivative financial liabilities	-	-	(9,250)	(9,250)
Investment sub participations	(696,933)	-	-	(696,933)
Loan capital, at fair value**	-	-	(3,165)	(3,165)
Total liabilities	(722,413)	-	(12,415)	(734,828)
Net total	(584,441)	-	1,149,719	565,278

* The carrying value of other investments held at amortised cost of \$1,500,000 (31 December 2018: \$1,500,000; 30 June 2018: \$1,500,000) approximates fair value and has not been included in the above tables.

** Loan capital is held at amortised cost in the consolidated financial statements and the figures disclosed in the above tables represent the fair value equivalent amounts.

15. Fair value of assets and liabilities (continued)

All transfers into and out of Level 3 are recognised as if they have taken place at the beginning of each reporting period. Transfers into Level 3 during the period of \$210,501,000 (31 December 2018: \$49,050,000; 30 June 2018: \$98,884,000) relate to investments where the underlying asset no longer has a quoted price and becomes subject to the Group's valuation methodology for Level 3 financial instruments as set out in the accounting policies in the 2018 annual report.

Movements in Level 3 fair value assets and liabilities

The table below provides analysis of the movements in the Level 3 financial assets and liabilities.

	Investments \$'000	New initiatives investments \$'000	Derivative financial assets \$'000	Total Level 3 assets \$'000	Investment subpartici- pations \$'000	Derivative financial liabilities \$'000	Total Level 3 liabilities \$'000
At 1 January 2019	1,380,377	42,856	4,154	1,427,387	(3,244)	(7,000)	(10,244)
Additions	75,123	18,174	-	93,297	-	-	-
Transfers into							
Level 3	210,501	-	-	210,501	-	-	-
Realisations	(316,909)	(755)	-	(317,664)	-	-	-
Net realised gain	139,544	85	(2,308)	137,321	-	7,000	7,000
Fair value movement	159,498	5,078	(1,846)	162,730	-	-	-
Foreign exchange losses	(454)	(243)	-	(697)	-	-	-
At 30 June 2019	1,647,680	65,195	-	1,712,875	(3,244)	-	(3,244)
	Investments \$'000	New initiatives investments \$'000	Derivative financial assets \$'000	Total Level 3 assets \$'000	Investment subpartici- pations \$'000	Derivative financial liabilities \$'000	Total Level 3 liabilities \$'000
At 1 January 2018	1,009,988	10,189	-	1,020,177	(3,152)	-	(3,152)
Additions	457,566	33,074	7,616	498,256	(274)	-	(274)
Transfers into							
Level 3	49,050	-	-	49,050	-	-	-
Realisations	(537,638)	(7,138)	-	(544,776)	182	-	182
Net realised gain	163,752	1,661	-	165,413	-	2,250	2,250
Fair value movement	233,037	6,218	(3,462)	235,793	-	-	-
Transfer to derivative financial liabilities	9,250	-	-	9,250	-	(9,250)	(9,250)
Foreign exchange losses	(4,628)	(1,148)	-	(5,776)	-	-	-
At 31 December 2018	1,380,377	42,856	4,154	1,427,387	(3,244)	(7,000)	(10,244)

15. Fair value of assets and liabilities (continued)

	Investments \$'000	New initiatives investments \$'000	Total Level 3 assets \$'000	Investment subpartici- pations \$'000	Derivative financial liabilities \$'000	Total Level 3 liabilities \$'000
At 1 January 2018	1,009,988	10,189	1,020,177	(3,152)	-	(3,152)
Additions	126,094	19,042	145,136	(118)	-	(118)
Transfers into Level 3	98,884	-	98,884	-	-	-
Realisations	(304,434)	-	(304,434)	105	-	105
Net realised gain	123,328	-	123,328	-	-	-
Fair value movement	71,527	272	71,799	-	-	-
Transfer to derivative financial liabilities	9,250	-	9,250	-	(9,250)	(9,250)
Foreign exchange losses	(1,192)	(814)	(2,006)	-	-	-
At 30 June 2018	1,133,445	28,689	1,162,134	(3,165)	(9,250)	(12,415)

There were no gains or losses recognised in other comprehensive income with respect to these assets and liabilities.

Sensitivity of Level 3 valuations

Following investment the Group engages in a semi-annual review of each investment's fair value. At 30 June 2019, should the value of those instruments have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by \$170,963,000 (31 December 2018: \$141,714,000; 30 June 2018: \$114,972,000).

Reasonably possible alternative assumptions

The determination of fair value for investments, new initiative investments, derivative financial liabilities and investment subparticipations involves significant judgements and estimates. Whilst the potential range of outcomes for the investments is wide, the Group's fair value estimation is its best assessment of the current fair value of each investment. That estimate is inherently subjective, being based largely on an assessment of how individual events have changed the possible outcomes of the investment and their relative probabilities and hence the extent to which the fair value has altered. The aggregate of the fair values selected falls within a wide range of reasonably possible estimates. In the Group's opinion there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the values of the investments are correlated.

16. Investment in consolidated entities

Burford may invest in entities that it manages and may be deemed to control such entities, which results in their consolidation on a line-by-line basis as detailed below.

Line-by-line consolidation

The following tables reflect the line-by-line impact of consolidating the results of the entities with the stand alone results for Burford (i.e., if Burford only accounted for its investment in the entities) to arrive at the totals reported in the consolidated statement of comprehensive income and consolidated statement of financial position.

16. Investment in consolidated entities (continued)

Consolidated Statement of Comprehensive Income

30 June 2019	Burford \$'000	Entities \$'000	Adjustments and eliminations* \$'000	Consolidated total \$'000
Investment income	264,992	25,297	(13,017)	277,272
Investment management income	9,708	-	(2,069)	7,639
Insurance income	2,058	-	-	2,058
New initiatives income	6,291	-	-	6,291
Other income	3,994	697	(4)	4,687
Third-party share of gains relating to interests in consolidated entities	-	-	(6,130)	(6,130)
Total income	287,043	25,994	(21,220)	291,817
Operating expenses	(35,849)	(7,900)	3,126	(40,623)
Amortisation of intangible asset	(4,747)	-	-	(4,747)
Operating profit	246,447	18,094	(18,094)	246,447
Finance costs	(19,733)	-	-	(19,733)
Profit before tax	226,714	18,094	(18,094)	226,714
Taxation	(6,237)	-	-	(6,237)
Profit after tax	220,477	18,094	(18,094)	220,477
Other comprehensive income	1,795	-	-	1,795
Total comprehensive income	222,272	18,094	(18,094)	222,272

30 June 2018	Burford \$'000	Entities \$'000	Adjustments and eliminations* \$'000	Consolidated total \$'000
Investment income	195,197	7,536	(2,648)	200,085
Investment management income	7,190	-	(1,743)	5,447
Insurance income	2,891	-	-	2,891
New initiatives income	1,003	-	-	1,003
Other income	(1,076)	466	-	(610)
Third-party share of gains relating to interests in consolidated entities	-	-	(2,826)	(2,826)
Total income	205,205	8,002	(7,217)	205,990
Operating expenses	(22,485)	(2,428)	1,643	(23,270)
Amortisation of intangible asset	(4,747)	-	-	(4,747)
Operating profit	177,973	5,574	(5,574)	177,973
Finance costs	(18,912)	-	-	(18,912)
Profit before tax	159,061	5,574	(5,574)	159,061
Taxation	1,759	-	-	1,759
Profit after tax	160,820	5,574	(5,574)	160,820
Other comprehensive income	10,394	-	-	10,394
Total comprehensive income	171,214	5,574	(5,574)	171,214

16. Investment in consolidated entities (continued)

Consolidated Statement of Financial Position

	Burford \$'000	Entities \$'000	Adjustments and eliminations* \$'000	Consolidated total \$'000
30 June 2019				
Investments	1,566,250	446,537	(244,374)	1,768,413
Due from settlement of investments – total	172,846	63,535	(111,518)	124,863
Investment income receivable	-	13,040	-	13,040
New initiatives investments	65,195	-	-	65,195
Receivables and prepayments	87,189	7,144	(85,058)	9,275
Due from broker	2,213	73,709	-	75,922
Cash management investments	43,810	-	-	43,810
Cash and cash equivalents	127,625	104,842	-	232,467
Other assets	186,953	-	-	186,953
Total assets	2,252,081	708,807	(440,950)	2,519,938
Investments payable	2,019	1,615	-	3,634
Current payables	14,315	83,646	(81,628)	16,333
Financial liabilities at fair value through profit and loss	2,216	69,354	-	71,570
Other liabilities	666,495	-	-	666,495
Third-party interests in consolidated entities	-	-	194,870	194,870
Total liabilities	685,045	154,615	113,242	952,902
Total net assets	1,567,036	554,192	(554,192)	1,567,036
31 December 2018				
Investments	1,480,235	409,079	(296,936)	1,592,378
Due from settlement of investments – total	37,109	35	(35)	37,109
New initiatives investments	42,856	-	-	42,856
Investment income receivable	-	7,301	-	7,301
Receivables and prepayments	33,383	273	(20,666)	12,990
Derivative financial asset	-	4,154	-	4,154
Due from brokers	-	129,911	-	129,911
Cash management investments	41,449	-	-	41,449
Cash and cash equivalents	235,977	29,574	-	265,551
Other assets	185,283	-	-	185,283
Total assets	2,056,292	580,327	(317,637)	2,318,982
Payables	30,632	9,949	(9,543)	31,038
Due to broker	-	12,667	-	12,667
Derivative financial liabilities	7,000	-	-	7,000
Financial liabilities at fair value through profit and loss	-	112,821	-	112,821
Due to limited partners	-	8	-	8
Other liabilities	655,506	6,948	(7,119)	655,335
Third-party interest in consolidated entities	-	-	136,959	136,959
Total liabilities	693,138	142,393	120,297	955,828
Total net assets	1,363,154	437,934	(437,934)	1,363,154

16. Investment in consolidated entities (continued)

30 June 2018	Burford \$'000	Entities \$'000	Adjustments and eliminations* \$'000	Consolidated total \$'000
Investments	1,101,947	271,309	(155,248)	1,218,008
Due from settlement of investments – total	29,494	–	–	29,494
Investment income receivable	–	11,158	–	11,158
New initiatives investments	28,689	–	–	28,689
Receivables and prepayments	15,626	252	(1,003)	14,875
Due from broker	–	29,302	–	29,302
Cash management investments	50,807	–	–	50,807
Cash and cash equivalents	237,505	3,230	–	240,735
Other assets	177,970	–	–	177,970
Total assets	1,642,038	315,251	(156,251)	1,801,038
Investments payable	3,500	–	–	3,500
Payables	7,038	1,299	(902)	7,435
Financial liabilities at fair value through profit and loss	–	25,480	–	25,480
Derivative financial liabilities	9,250	–	–	9,250
Other liabilities	668,525	–	–	668,525
Third-party interests in consolidated entities	–	–	133,123	133,123
Total liabilities	688,313	26,779	132,221	847,313
Total net assets	953,725	288,472	(288,472)	953,725

* The adjustments and eliminations are required due to the services provided by the Group to the consolidated entities as investment manager and the Group's investment as a limited partner in the funds. Accordingly, these adjustments and eliminations do not have an effect on the net income or total net assets of Burford.

Due from brokers \$75,922,000 (31 December 2018: \$129,911,000; 30 June 2018: \$29,302,000) includes restricted cash and margin balances held by the broker in relation to the financial liabilities at fair value through profit and loss.

17. Share capital

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Authorised share capital			
Unlimited ordinary shares of no par value	-	-	-
Issued share capital	Number	Number	Number
Ordinary shares of no par value	218,649,877	218,649,877	208,237,979

80,000,001 ordinary shares were issued at 100p each on 21 October 2009. A further 100,000,000 ordinary shares were issued at 110p each on 9 December 2010. A further 24,545,454 shares were issued on 12 December 2012. A further 3,692,524 shares were issued on 14 December 2016 as part of the GKC acquisition as noted in the 2016 Annual Report. A further 10,411,898 shares were issued at 1850p each on 4 October 2018.

	30 June 2019 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
At 1 January	596,454	351,249	351,249
Share capital issued	-	249,983	-
Share capital issue costs	-	(4,778)	-
At period end	596,454	596,454	351,249

Also, the GKC acquisition in 2016 included \$15,000,000 of contingent equity consideration. In calculating the fair value of the contingent consideration a discount of 10% was applied for non-performance risk, hence the contingent equity consideration is valued at \$13,500,000 at acquisition. Shares of 2,461,682 will be issued only after GKC's investment funds contribute more than \$100 million in performance fee income (and, in certain instances, fee income from new funds or other investment income) to Burford. If the \$100 million income target is not achieved no contingent consideration is payable.

18. Profit per ordinary share and comprehensive income per ordinary share

Profit per ordinary share is calculated based on profit attributable to ordinary shareholders for the period of \$220,477,000 (30 June 2018: \$160,820,000) and the weighted average number of ordinary shares in issue for the period of 218,649,877 (30 June 2018: 208,237,979). Comprehensive income per ordinary share is calculated based on total comprehensive income attributable to ordinary shareholders for the period of \$222,272,000 (30 June 2018: \$171,214,000), and the same weighted average number of ordinary shares in issue as above. The effect of dilution is attributable to the addition of 723,554 shares related to the LTIP (30 June 2018: 477,171 shares).

19. Dividends

The Board has approved an interim dividend of 4.17¢ (US cents) per share (30 June 2018: 3.67¢).

20. Financial commitments and contingent liabilities

As a normal part of its business, the Group routinely enters into some investment agreements that oblige the Group to make continuing investments over time, whereas other agreements provide for the immediate funding of the total investment commitment. The terms of the former type of investment agreements vary widely; in some cases, the Group has broad discretion as to each incremental funding of a continuing investment, and in others, the Group has little discretion and would suffer punitive consequences were it to fail to provide incremental funding.

The Group's funding obligations are capped at a fixed amount in its agreements. At 30 June 2019, the Group had outstanding commitments for \$890,733,000, of which \$826,264,000 are for investments and \$64,469,000 are for new initiatives investments (31 December 2018: \$646,631,000 outstanding commitments, of which \$618,338,000 are for investments and \$28,293,000 are for new initiatives investments; 30 June 2018: \$582,529,000 outstanding commitments, of which \$552,798,000 are for investments and \$29,731,000 are for new initiatives investments). Of the \$890,733,000 in commitments, the Group expects less than 50% to be sought from it during the next 12 months. In addition, at 30 June 2019 at current exchange rates, the Group had \$90,123,000 of exposure to investments where the Group is providing some form of legal risk arrangement pursuant to which the Group does not generally expect to deploy the full committed capital unless there is a failure of the claim, such as providing an indemnity for adverse costs (31 December 2018: \$72,523,000; 30 June 2018: \$76,667,000).

The Group provides revolving credit facilities with a total commitment amount of \$250,000,000 (31 December 2018: \$250,000,000; 30 June 2018: \$nil) to certain investment funds to bridge capital calls when needed.

The following reflects the impact of eliminating the interests of third parties in the entities which Burford consolidates from the commitment balances reported above to arrive at Burford's commitments. At 30 June 2019 outstanding commitments for investments are \$826,264,000 (30 June 2018: \$552,798,000) of which \$118,017,000 (30 June 2018: \$nil) are third-party investment commitments relating to the consolidated entities and \$708,247,000 (30 June 2018: \$552,798,000) represents the Burford investment commitments on a stand alone basis. In addition, at 30 June 2019 outstanding commitments for legal risk are \$90,123,000 (30 June 2018: \$76,667,000) of which \$6,245,000 (30 June 2018: \$nil) are third-party legal risk commitments relating to the consolidated entities and \$83,878,000 (30 June 2018: \$76,667,000) represents the Burford legal risk commitments on a stand alone basis. There are no third-party interests in the other commitment figures reported above.

21. Related party transactions

Directors' fees paid in the period amounted to \$264,000 (30 June 2018: \$225,000) and one director holds an interest of \$840,000 in the consolidated entities at 30 June 2018 (31 December 2018: \$807,000; 30 June 2018: \$691,000) on which no management or performance fees were charged. There were no directors' fees outstanding at 30 June 2019, 31 December 2018 or 30 June 2018.

There is no controlling party.

22. Subsequent events

There have been no significant subsequent events.

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David Charles Lowe
Charles Nigel Kennedy Parkinson

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