2 April 2020

BURFORD CAPITAL UPDATE ON LIQUIDITY STRENGTH AND COVID-19 IMPACT

Burford Capital Limited ("Burford Capital" or "Burford" or "the Company"), the leading global finance and investment management firm focused on law, today provides an update on its strong liquidity position and the impact of the COVID-19 pandemic.

In summary:

- Burford's business has transitioned well to working remotely around the world
- Burford expects the progress of some existing matters to slow although others remain on pace and the courts remain open
    - Unlike many business matters, litigation progress is not affected by economic conditions. The only effect, if there is any, on court and arbitration timetables will be due to actual COVID-19 impacts
- In the short term, new business will inevitably slow, but in the longer term, economic disruption tends to generate litigation and thus potentially significant levels of new opportunities for Burford especially given corporate liquidity constraints
- Burford's own liquidity is more than sufficient for its needs although to maximise future opportunity Burford will seek to husband liquidity (including by not recommending a final 2019 dividend)
    - $161 million of cash and cash management investments on hand
    - $180 million of shorter duration investments
    - $758 million of undrawn fund and sovereign wealth capital
- Burford's draft annual report and accounts for FY2019 are well advanced but finalisation of the audit has been affected by COVID-19-related delays (and Burford is mindful of the announcements made by the UK regulators on financial reporting timetables including by the Financial Reporting Council ("FRC") and through the FCA's moratorium) and we have not yet agreed on a release date with Ernst & Young
    - We expect to release financial statements that are consistent with the guidance provided in our 3 February 2020 trading update

<u>Burford's business operations</u>

Burford has completed the transition to remote working across its business, with all of our offices closed until further notice. We have also suspended all business travel. Burford's business is designed to operate remotely and we have not experienced any significant difficulties with our new working arrangements. We have dispersed our executive team geographically to reduce risk, particularly with the outbreak ongoing in New York City. One of our employees is ill with COVID-19 as is the child of another but we have no indications of widespread sickness and our offices have now been closed for more than two weeks.

Burford

Progress of existing litigation matters

As a general matter, courts and arbitral tribunals remain in operation and continue to render decisions. Indeed, Burford received winning decisions in two matters in just the last two weeks, a smaller balance sheet case and a larger success in one of our legacy investment funds, Partners I, that when paid will unlock performance fees. We have also closed two new investments in the last week and are on pace to close a significant corporate monetisation shortly.

Courts recognise the importance of the societal role they play and are trying valiantly to remain in operation notwithstanding the coronavirus. For example, the Lord Chief Justice of England and Wales has said that "it is of vital importance that the administration of justice does not grind to a halt".

In general, the status of the courts (including arbitral tribunals) is as follows:

- Courts are open to receive new filings in new and existing cases
- Courts are continuing to hold hearings and non-jury trials, usually using video conferencing technology
- Courts are continuing to issue decisions
- Jury trials have been suspended
- Pre-trial discovery requiring travel or in-person attendance (such as witness depositions) is being postponed

The net result of this is that some cases will proceed in the ordinary course, especially those that are less dependent on witness testimony and do not require a jury trial, whereas other cases will inevitably experience some delay and disruption. Moreover, it is too soon to tell if macroeconomic conditions will reduce near-term settlement willingness by corporate defendants.

Burford does not expect the delays to have a permanent negative impact on its business; unlike many other businesses, delay for us is simply deferral as opposed to loss of income, and indeed in many instances the risk of delay lies on our counterparty and not on Burford, with Burford's terms often increasing as time passes. However, it is reasonable to expect that cash proceeds from litigation resolutions will be lower in the near term as the courts work through these issues.

Future opportunity: significant increase seen

We are cognisant that the COVID-19 pandemic is greatly disrupting the global economy as well as people's lives and remain sensitive to that fact. Nonetheless, looking out at the longer-term, just as the global financial crisis of 2008-09 was followed by a large amount of litigation, Burford expects that the current global crisis and what is likely to be a time of economic pressure will result in a significant increase in the volume of large dollar litigation and arbitration matters in which Burford specialises and a corresponding increase in demand for Burford's services. Moreover, as businesses face liquidity challenges, Burford anticipates an increase in corporate monetisations of litigation positions. However, the short-term impact of COVID-19 and the logistical challenges of writing new business will likely result in a decrease in new commitments before we see an upswing in litigation.

Ample liquidity

Burford is in a strong liquidity position to meet the needs of its current commitments and its operating expenses.

At 31 March 2020, Burford had $146 million in cash on its balance sheet and held a further $15 million in cash management investments, for a total liquidity figure of $161 million. The balance sheet also presently has $180 million invested in complex strategies matters, and with the average duration of those matters typically being less than one year, we expect a meaningful amount of that capital to be available to us as a source of liquidity.

Moreover, Burford's assets regularly produce cash that is available for reinvestment. Last year, Burford generated more than $500 million in balance sheet cash receipts, more than four times the amount necessary to cover operating expenses and interest, leaving more than $350 million available for investment in new or ongoing matters. (Group-wide, Burford generated more than $1 billion in cash in 2019, showing the cash generative nature of Burford's business.) Moreover, while COVID-19 may cause some short-term delay, the generation of that cash is typically uncorrelated to economic conditions or market activity: courts don't stop deciding matters because the economy weakens.

Burford also has access to a further $758 million in undrawn capital that has been committed by institutional investors in its investment funds and from its sovereign wealth fund arrangement.

Without raising any incremental capital from any external source, Burford is thus capable of meeting its existing commitments and also continuing to grow its business. It may assist to provide some more granular information about Burford's liquidity needs and obligations under its current portfolio. At 31 December 2019, Burford had $829 million of undrawn commitments relating to core litigation finance, complex strategies and asset recovery matters on its balance sheet. However, of those commitments, only one-third are definitive (meaning that Burford's failure to fund as needed over time could cause adverse consequences), and the remainder are at Burford's discretion. Moreover, we have good visibility into the timing of draws on those commitments; while we ultimately have deployed an average of 89% of the commitments we have made to concluded assets, it can take years to get there. During each of the last three years, we deployed an average of only 15% of undrawn commitments outstanding at the end of the previous year. Based on that experience, Burford would normally expect to deploy approximately 15% of its undrawn commitments each year and could choose to deploy less than that by minimising its deployments on the two-thirds of its undrawn commitments that are discretionary.

To be sure, there are likely to be so many opportunities for Burford in the next few years that to take advantage of all of the desirable ones may need more capital than Burford has access to at present, but just as investors recognised the desirability of Burford's relatively short duration and uncorrelated cash flows in the aftermath of the financial crisis, we expect them to do so once again, presenting us with future opportunities to raise external capital through both corporate debt issuance and private fund raises. But that is a question of expansion, not the maintenance of Burford's existing business. Burford is also taking steps to husband liquidity, detailed below, to enhance its ability to take advantage of those opportunities without access to new external capital.

Annual report and accounts timing

Burford's draft annual report and accounts for the year ended 31 December 2019 are well advanced and consistent with the guidance provided in our 3 February 2020 trading update. However, as Burford's auditors Ernst & Young adjust to all of their staff working and interacting remotely due to COVID-19 restrictions in the US and the UK it has not yet been practical to confirm a target date for the release of Burford's results as is also the case with many other companies. Burford is also mindful of the announcements made by the UK regulators on financial reporting timetables including by the FRC and through the FCA's moratorium. Burford has been working actively with Ernst & Young to address the logistical challenges being faced in this unusual situation and will advise its target release date as soon as this has been agreed with Ernst & Young.

Actions to enhance liquidity further

As noted, Burford sees a period of significant opportunity ahead to continue to make desirable investments and grow its business. While Burford is comfortable with its liquidity position, at the same time it believes that husbanding its cash for use in new investments is both desirable and the best path to attractive long-term returns for shareholders, particularly as access to external capital may be constrained in the near-term due to market conditions.

Thus, Burford is taking a number of actions to husband liquidity and position the business for what we expect to be a busy next few years, including:

- Burford's CEO and CIO have committed to use their entire 2019 bonuses, after tax, to purchase Burford securities in the market once the results for the year ended 31 December 2019 are disclosed. However, while we understand shareholder frustration around the volatility of our depressed share price, Burford has always been clear about the long-term nature of its business vision and does not intend to take short-term actions merely based on the share price. Thus, Burford does not believe it is in shareholders' long-term interests to engage in a corporate share buyback, and it does not intend to divert capital from its core business to buy back shares.
- Burford believes in this period of opportunity with liquidity-constrained markets that applying all available cash to its business is in shareholders' best interests, and thus Burford intends, like many other companies, not to propose a final 2019 dividend and instead reallocate that capital to its financing business.

Christopher Bogart, Burford's CEO, commented:

"We are looking forward to sharing Burford's new annual report with shareholders, which is already substantially complete and contains significant enhancement in our disclosure about our operational performance, returns and assets. All of us are having to adjust to a new reality with COVID-19, just as the courts are, and while near-term delays will certainly occur in our business as well as in our financial reporting, we have a great deal of optimism about what the future holds as businesses face an environment that is both dispute-heavy and liquidity-constrained."

For further information, please contact:

Burford Capital Limited	
Jim Kilman, Chief Financial Officer	+1 917 985 9840
Robert Bailhache, Head of Investor Relations - email	+44 (0)20 3530 2023
Macquarie Capital (Europe) Limited - NOMAD and Joint Broker	+44 (0)20 3037 2000
Jonny Allison	
Alex Reynolds	
Jefferies International Limited - Joint Broker	+44 (0)20 7029 8000
Graham Davidson	
Tony White	
Numis Securities Limited - Joint Broker	+44 (0)20 7260 1000
Charlie Farquhar	
Jonathan Abbott	

About Burford Capital

Burford Capital is the 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.

For more information about Burford: www.burfordcapital.com