Further Secondary Market Transaction Activity

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Burford Capital
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BURFORD REPORTS FURTHER SECONDARY MARKET TRANSACTION ACTIVITY

This announcement contains inside information.

Burford Capital Limited ("Burford" or the "Company"), a leading global finance firm focused on law, announces that it sold on 30 December 2016 several million dollars in participation interests in its possible future proceeds in its investment related to the Petersen claims consistent with its approach to secondary market transactions discussed in Burford's most recent interim report.

- The Petersen claims have been progressing well and would have been expected to have risen in value since Burford's initial investment regardless of these sales.
- While the sales themselves are immaterial, the price of the sales implies a value for Burford's investment that is likely to be more than ten times Burford's investment to date (of less than $18 million) which, if realized, would make it Burford's most successful investment to date.
- Burford is issuing this RNS because the implied valuation of the sales may cause an increase in Burford's carrying value of the Petersen investment and thus may cause a corresponding increase in 2016 income. However, Burford has not yet determined, nor yet consulted with its auditors about, the impact of these sales on its total carrying value of the Petersen investment or the consequent

impact on Burford's financial statements.

- These sales provide multiple benefits to Burford, including risk management and improved capital efficiency. It is possible that other such sales will occur in the future. • There can be no assurance that the carrying value of Burford's investments will be reflected in its actual realizations.

Background to the Petersen investment

As discussed in Burford's 2015 annual report, the Petersen claims relate to the 2012 expropriation by Argentina of a majority interest in YPF, the New York Stock Exchange-listed energy company formerly owned by Repsol, the Spanish energy major. At the time of the expropriation, Repsol owned more than 50% of YPF and the Petersen Group owned 25% of YPF. After suing, Repsol ultimately settled its claims and received a payment of approximately $5 billion from Argentina and YPF. Burford has been appointed under the authority of the Spanish bankruptcy courts to provide financing to the liquidators of the Petersen Group, which went bankrupt after the expropriation. The Group's liquidators are now proceeding with claims against both YPF and Argentina. Those claims are presently proceeding before the United States District Court for the Southern District of New York, which earlier this year in a positive decision largely denied Argentina's and YPF's motions to dismiss the claims; that decision is now on interlocutory appeal as of right.

The Petersen claims are high value and if successful could yield significant returns for Burford while also having a desirable asymmetric risk/return profile*. However, there is always risk in litigation matters. We discourage shareholders from attaching individual value to single matters just because they are large and potentially profitable. We continue to believe strongly in a portfolio approach to litigation investing as opposed to focusing on the individual potential of any single matter, regardless of the size or return possibility, and we do not ourselves make predictions about the outcome of any single matter or indeed about our entire portfolio.

* *It is a matter of public record that Burford is entitled to 70% of the recovery in the Petersen matter (from which Burford will need to pay meaningful expenses which would be expected to reduce Burford's recovery to something below 60%).*

Background to Burford's investment valuation process and its impact on reported earnings

Burford cautions that its earnings for any financial period partly depend on judgments made by management, which are then included in the audit process and ultimately determined by Burford's board of directors. That review process has not yet commenced and often results in adjustments to initial expectations. Burford does not currently intend to update the market further concerning the earnings impact of these sales prior to the release of its formal results on 14 March 2017.

Burford values transparency in its presentation of financial results and wants to be clear with investors about its approach to those results.

Most of Burford's income comes from its litigation finance business. Within that business, there are two principal sources of income for accounting purposes, realized gains on investments and unrealized gains on investments. (Realized and unrealized losses will naturally negatively affect income and the principles we set forth here apply equally to losses.)

Realized gains are straightforward: they represent the amount of profit, net of the return of Burford's invested capital and any previously recognized unrealized gains, on an investment that has either resolved entirely or has been settled or adjudicated such that, in Burford's view, there is no longer litigation risk associated with the investment. (In the latter event, Burford may discount the anticipated profit in respect of an investment to account for any continuing uncertainty as to the recoverability of any amount.) Burford announces individual investment results that will produce realized gains separately from its financial results only when the individual gain is new information which may be material to Burford.

Unrealized gains are more complex: they represent the fair value of Burford's investment assets, as determined by Burford's board of directors in accordance with the requirements of the relevant IFRS standards, as at the end of the relevant financial reporting period. There is no active secondary market for litigation risk, and thus there is generally no market-based approach to assessing fair value; to the extent that a secondary market transaction does take place with respect to an investment, the implied value of that transaction is a key valuation input. In the absence of such a transaction, we are mindful that the outcome of each matter Burford finances is likely to be inherently uncertain, may take several years to conclude and is often difficult to predict with accuracy. Moreover, litigation matters frequently experience multiple significant shifts in sentiment during their evolution. Burford thus eschews fair values based solely on current sentiment, and focuses on objective events (such as court rulings or settlement offers) to ground its assessment of fair value.

Burford's board of directors assesses the fair value of Burford's investments after the close of each financial reporting period and therefore investors should not expect updates about potential changes in fair value during the course of any given reporting period. Following the close of each financial reporting period, Burford's board determines the fair values of investments after taking into account the views of management, the operation of the audit process and input from external experts (as it considers appropriate). Generally, that process does not conclude finally until shortly before the release of Burford's financial results for the relevant period.

Burford is pleased to be followed by a number of research analysts and we are grateful for their efforts to understand and explain our business. They perform a valuable role in assessing our operating performance, the evolution of the litigation finance market and interpreting other relevant industry developments. However, prospective investors and other market

participants must appreciate that, due to the confidential, potentially privileged, long-term and uncertain nature of each investment asset, it is very difficult for research analysts to project accurately the likely investment income of the business. Any projections produced by research analysts are not produced on behalf of Burford and Burford takes no responsibility for such projections. As a result, prospective investors and other market participants should not treat, and Burford does not intend to treat, the financial projections produced by research analysts as indicative of the market's expectations of Burford's future financial performance. We specifically eschew any obligation to correct estimates made by financial analysts or to inform the market should we come to believe that our actual performance will diverge from those estimates. This is, of course, different to the approach taken by most operating companies, in respect of which research analysts can produce relatively reliable estimates and the relevant company will advise the market if it expects to see performance materially different from the consensus of analyst forecasts. It is important that investors understand that Burford takes a different approach as a result of the different nature of its business.

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About Burford Capital

Burford Capital is a leading global finance firm focused on law. Burford's businesses include litigation finance and risk management, corporate intelligence and judgment enforcement, and a wide range of law firm financing activities. Burford's equity and debt securities are publicly traded on the London Stock Exchange, and it works with lawyers and clients around the world from its principal offices in New York and London.

For more information about Burford, visit www.burfordcapital.com

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