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FOR IMMEDIATE RELEASE

14 December 2016 – 7 a.m.

BURFORD CAPITAL ADDS SCALE AND SIGNIFICANT PRIVATE CAPITAL MANAGEMENT BUSINESS THROUGH ACQUISITION OF GERCHEN KELLER CAPITAL

Immediately earnings accretive transaction will create the global leader in finance for law

Gerchen Keller's $1.3 billion AUM to enhance Burford's significant scale and bring attractive recurring revenues

Burford Capital Limited ("Burford"), a leading global finance firm focused on law, announces that it has entered into a definitive agreement to acquire GKC Holdings, LLC ("GKC"), the parent of Chicago-based Gerchen Keller Capital, LLC, for $160 million in a combination of cash, Burford shares and loan notes and a further potential $15 million in performance-based share consideration. The acquisition will be immediately accretive to earnings per share.

GKC is a major and rapidly growing law-focused investment manager registered as an investment adviser with the US Securities and Exchange Commission. It currently has $1.3 billion in assets under management in private investment vehicles, raised from public pensions, financial institutions, university endowments, foundations and family offices.

Burford and GKC are the two largest litigation finance players in the world. Together, the firms have committed more than $2 billion to investments since their respective inceptions, and their current portfolios will, combined, total more than $1.2 billion in investment assets and commitments. The enlarged business will have more than 80 staff, including 40 experienced lawyers, with the GKC team joining Burford and GKC's principals taking on senior roles in the combined business. Building on both firms' strong relationships with leading law firms and corporations, the combined firm will be unmatched in offering its clients the widest range of flexible and innovative financial solutions, as well as the world's most experienced and expert legal finance team.

GKC highlights

- $1.3 billion in assets currently under management with new $300+ million fund being raised
- 2016 estimated income of $15.4 million and operating profit of $9.1 million[1]
- Management fees generally 1.0-2.0% per annum
- Performance fees generally 15-50%; litigation finance tends to provide high returns capable of generating potentially significant performance fees

[1] Before one-time transactional expenses.

- High quality 20-person team based in Chicago

Transaction highlights

- **By combining the complementary operations of the two largest litigation finance firms, the enlarged business expects to capture benefits of scale.** In litigation finance, scale is important for portfolio diversification, market coverage and a deep bench. The scale and resources of the combined firm are expected to provide expanded geographic coverage in the US and globally, resulting in increased capital deployment for both public and private investors.
- **Burford expects the enlarged group to benefit from increased revenue diversification through the contribution of recurring private capital manager fees alongside investment income.** The addition of GKC's substantial business immediately launches Burford as a significant manager of private capital, with significant ongoing management and performance fee revenue, while also allowing Burford to continue to grow its lucrative on-balance sheet investing activity.
- **Burford's integrated global platform offering public and private capital solutions will permit new innovation in the fast evolving industry of finance for law.** The ability to access private capital will permit Burford to continue to innovate and expand its products and solidify its client relationships while also managing balance sheet risk, including offering new financial solutions with varying risk and return profiles such as the monetisation of post-settlement receivables (as GKC does today).

Transaction structure summary

- $160 million in consideration at closing to sellers – financial investors and principals
  - $93.75 million in cash on hand, sourced from Burford's strong cash generation performance this year
  - $43.75 million in three-year notes
  - $22.5 million in Burford shares (3,692,524 new shares, all but 177,605 subject to three-year lock-up)
- $15 million in contingent Burford share consideration vesting only upon GKC's contributing $100 million in income
- GKC principals subject to three-year lock-ups and multi-year non-competes

Full details of the transaction structure are provided below.

Burford's CEO, Christopher Bogart, commented: "Burford and Gerchen Keller are widely regarded as the world's two leading litigation finance providers. We know each other well and we approach the legal market in similar ways. The opportunity to combine the largest public player and the largest private capital manager is unique and will create the clear leader in this rapidly growing and evolving industry. Burford's public shareholders will benefit from a larger, high quality team generating a broader array of investment opportunities and the addition of a significant flow of predictable management and performance fee income. Gerchen Keller's investors will benefit from expanded investment opportunities through the addition of Burford's experienced team and our extensive track record. And our clients – companies and law firms around the world – will benefit from having a capital provider with tremendous financial resources across both public and private capital markets able to meet all of their legal capital needs and innovate with them. We are thrilled to be partnering with the Gerchen Keller team and look forward to the continued acceleration of our joint business."

GKC's CEO, Adam Gerchen, added: "We are excited to be joining with the Burford team to lead our industry into the future together. Our firms share similar cultures and ambitions, and we are looking forward to all of the exciting things we can do together for the benefit of all of our investors and clients."

Burford will host an investor conference call with Messrs. Bogart, Molot and Gerchen at 11am London time today, 14 December, to discuss the transaction further and respond to shareholder and analyst questions. The dial-in number for the conference call is +44 (0)20 3003 2666 / +1 866 966 5335 and the password is 'Burford'. An accompanying presentation will be available on the Burford Capital website: http://www.burfordcapital.com/investor-relations/. A replay facility will be available until 21 December 2016 by dialling +44 (0)20 8196 1998 /+1 866 583 1035 with the passcode '9437862#'.

Strategic rationale for the transaction

Burford has demonstrated that the legal industry has significant capital and risk management needs, and that those needs can be profitably and effectively met by specialty finance providers with deep legal expertise. The global legal finance business has grown rapidly since Burford's formation more than seven years ago, and clients are not only continuing to increase their appetite for and use of capital, but are also regularly expanding their desire for new products and innovations to unlock the substantial and often overlooked asset value present in the legal sector.

Until now, Burford has invested capital in the legal sector from the equity and debt capital it has raised on its own balance sheet. Burford has seen significant growth in a short period of time, and has been considering two fundamental questions: (1) is Burford's current scale sufficient to meet all the needs of its clients in this rapidly growing market; and (2) should Burford add an investment management business to its structure to enable it to expand the diversity of its capital offerings to clients (and its own income streams) by accessing the private institutional capital market.

The acquisition of GKC addresses both of those questions. Adding GKC's experienced team and its readily available capital will immediately expand Burford's ability to meet client demand and accelerate its growth strategy. It will also create the industry leader, which is significant in the legal sector which focuses on scale, stability and bench strength. Moreover, while adding to Burford's core litigation finance business, GKC is also actively engaged in other aspects of legal finance. Most notably, it provides significant capital to litigation matters after they have settled and pending approvals and payments. While this lower risk and lower return activity is traditionally profitable, it has been inconsistent with Burford's on-balance sheet return aspirations but is ideal for a private fund structure. The addition of investment management fees will also increase visibility on Burford's future income and potentially reduce earnings volatility.

Burford has regularly communicated to investors that a significant constraint on its growth is the availability of experienced people and its reluctance to invest too rapidly in business expansion given the timing gap between growth and profit caused by the medium duration nature of legal assets. The GKC combination removes both of those constraints: Burford is inheriting a strong team of experienced litigation finance professionals, and they are joining us with a current stream of profits from an existing investment management business.

Financially, the transaction will be immediately accretive to earnings per share.

Transaction structure and consideration

Burford will pay $160 million at closing in a mixture of cash, notes and shares, with a further $15 million in shares only after GKC's existing 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. The $160 million of consideration is made up of $93.75 million in cash, $43.75 million of three-year loan notes, prepayable at any time without penalty and bearing interest at 30-day Libor plus 500 basis points with a 6% cap, and $22.5 million in new Burford ordinary shares. The share consideration will be issued on the basis of the average closing price on the five days before this announcement converted to US dollars at yesterday's Bank of England spot rate; thus, 3,692,524 shares will be issued as the $22.5 million component and 2,461,682 shares as the $15 million contingent component (which will only be issued if the contingency is satisfied).[2]

GKC's selling shareholders include a number of financial investors as well as GKC's three principals. The entire holding of principals' shares will be subject to a three-year lock-up and they will also enter into three-year employment agreements and multi-year non-compete agreements. The principals are heavily incentivised to contribute to Burford's future success given their holding of 5,976,602 Burford shares, including all 2,461,682 contingent shares, if issued.

The transaction has been approved by the Burford Board of Directors. The Board has received financial advice in respect of the transaction from Morgan Stanley. Morgan Stanley has issued a financial opinion to the Board that, as of 13 December 2016, the consideration to be paid by Burford and Burford Capital LLC is fair from a financial point of view to Burford and Burford Capital LLC. In providing such financial advice and in issuing the financial opinion, Morgan Stanley relied upon the Board's commercial assessments of the transaction. The requisite consents to GKC's change in control have also been provided by investors in GKC's private investment vehicles. No other approvals are required and the transaction is expected to close on 14 or 15 December 2016.

Application has been made to the London Stock Exchange for 3,692,524 new ordinary Burford shares to be admitted to trading on AIM. It is expected that admission of the new shares will become effective and dealing in the new shares will commence on AIM on 15 December 2016. Burford will have a total of 208,237,979 shares outstanding following the issuance of these new shares.

Burford's use of cash in the consideration mix comes after a strong year of cash generation; Burford is confident that it will remain in a strong cash position given the year's activity following the combination.

GKC's business – a complementary fit with Burford

GKC operates from a single office in Chicago and employs 20 people in an operational arrangement similar to Burford: experienced litigation lawyers; finance professionals; and origination and support staff.

GKC's 20-person team is a strong complement to Burford's 66-person global team. GKC's principals will all take on senior management roles at Burford:

[2] Concurrently with the transaction, Burford is purchasing from GKC at cost minority participations in two existing litigation finance investments in which GKC took an on-balance sheet interest. Those investments have been reviewed and approved by Burford's Investment Committee. The aggregate purchase price of those investments is $4.3 million.

- Adam Gerchen, GKC's CEO who will now serve as Burford's President, is a magna cum laude graduate of Brown University and a graduate of Harvard Law School who worked at Goldman Sachs as an investment banker and Alyeska Investment Group as a portfolio manager in risk arbitrage before co-founding GKC
- Ashley Keller, a GKC Managing Director who will hold the same position at Burford, is a magna cum laude graduate of Harvard College with an MBA (high honors) and JD (highest honors) from the University of Chicago who clerked for the US Supreme Court and was a partner at a leading litigation firm, Bartlit Beck, before co-founding GKC
- Travis Lenkner, a GKC Managing Director who will hold the same position at Burford, is also a former US Supreme Court clerk; he previously was Senior Counsel at The Boeing Company and a litigator at global law firm Gibson, Dunn & Crutcher, and holds a JD with honors from the University of Kansas School of Law

As an investment manager, GKC focuses on three areas of legal finance set out below. GKC operates almost exclusively through its private funds and has not typically invested directly on its own balance sheet, with revenues predominantly from the receipt of management and performance fees from its funds.

Pre-settlement

This is what Burford simply calls "litigation finance" – the business of investing capital based on the asset value of pending litigation claims, whether to pay for the costs of proceeding or to monetise their underlying value. Investments can be in relation to single litigation matters, or across pools or portfolios of matters. Similar to Burford, GKC is oriented towards the larger end of the corporate litigation market and does not engage in small or personal claim finance.

While Burford conducts its litigation finance business globally, GKC has historically been predominantly focused on US litigation. More recently GKC has been branching out, and it has been publicly disclosed that it is currently financing the £14 billion collective action against MasterCard, the largest legal action pending in the UK at present.

While GKC, like Burford, actively considers any type of significant corporate litigation for investment, GKC has a particular expertise in intellectual property matters – an area which until recently Burford has not focused upon due to lack of internal resources. GKC has several experienced staff dedicated to intellectual property disputes.

GKC presently has more than $400 million committed to pre-settlement investments. Returns to date from GKC's pre-settlement activity have been a 52% return on invested capital with an average duration of 1.0 years, producing an IRR of 55%. Based on its own experience, Burford would expect returns on invested capital to increase over time but for duration to lengthen and, therefore, for IRRs to decrease.

Post-settlement

GKC is a leader in the business of monetising post-settlement receivables – a sort of law-focused factoring. There are frequently significant delays between parties to a litigation matter agreeing a settlement and the finalisation of and payment under the settlement. Often, those delays are due to the operation of the judicial process, which often requires notice periods and fairness hearings before approving settlements. In the interim period, both law firms awaiting payment of their fees and clients eager for cash to flow may well find it attractive to secure financing against those expected receipts. GKC offers such financing in complex litigation in the US.

With proper diligence, the risk of ultimate non-payment of a negotiated settlement is traditionally quite low, and both the risk level and returns available in this line of business are somewhat lower than in pre-settlement litigation finance. As a result, Burford has historically elected not to pursue this line of business on its own balance sheet. However, the structural characteristics of the business can be attractive to private institutional investors seeking shorter duration and lower risk than in pre-settlement litigation finance, and GKC has already seen more than $400 million of post-settlement investments resolve, with an IRR of 12.6% and an average duration of 0.6 years. The post-settlement portfolio revolves regularly, with more than $100 million outstanding at present and with significant available capital to continue its investment activity.

Complex strategies

GKC and Burford both believe that there are incremental opportunities to deploy capital profitably in connection with other complex and proprietary strategies that are based on assessment of legal risk and the skills both firms have developed in understanding the underlying value of legal assets.

GKC is in the process of raising a fund of at least $300 million to pursue such strategies, although the Burford-GKC combination will permit the combined team to consider which opportunities are best pursued in such a fund and which are most attractively made on Burford's balance sheet.

GKC's funds and financial position

GKC manages four main investment funds and as noted above is in the process of raising a fifth fund to pursue complex strategies. GKC also makes use of single purpose capital vehicles ("sidecars") that expand its investment capacity and permit it to close larger investments than might be able to be absorbed into a fund.

The management and performance fees charged by GKC vary widely by fund; some indicative information is provided below. One common feature across GKC's current funds is the use of a "European" structure for the payment of performance fees, in that GKC as the investment manager is not paid any performance fees until fund investors have had their entire capital investment repaid, as opposed to performance fees being paid on profitable resolutions as they occur. The impact of this structure is to delay the receipt of performance fees somewhat, and thus while many of GKC's investments have already successfully and profitably concluded, leading to a steadily growing expectation of performance fees, none of those performance fees have yet been paid, meaning that Burford will receive all of the GKC performance fees, even those relating to investments that have already concluded.

To the extent that the information provided in this release includes projections or statements of opinion about future performance, those are provided for context in helping investors understand the framework of the acquisition and are not intended to be precise or definite statements of future expectation. Moreover, Burford disclaims any obligation to update any such information (unless required to do so by law or regulation).

Overall financial position

Given that GKC has not yet received any performance fees, its income to date has been derived entirely from management fees and ancillary income from sidecars and consulting.

For the twelve months ended 31 December 2015, GKC generated $11.2 million in income and $7.3 million in operating profit. For the twelve months ending 31 December 2016, GKC expects to generate approximately $15.4 million in income and $9.1 million in operating profit (excluding one-time transaction expenses). GKC's investment agreements allow it to charge various expenses to its investment funds which ultimately reduces the level of expense borne by the investment manager.

GKC does not have any debt or significant tangible assets; GKC's balance sheet at closing is expected to show total assets of less than $1 million.

Pre-settlement

GKC has three core pre-settlement funds. Funds I and II were raised in 2013 with (collectively) $305 million in investor commitments. Those funds have both now completed their investment periods and are realising their investments. Fund III was launched in January 2016 with $412 million in investor commitments; GKC is actively investing Fund III, which has a four-year investment period (and the ability to recycle capital within that investment period). While GKC makes more use of sidecars in the post-settlement space, it does also have some pre-settlement sidecars, presently amounting to approximately $70 million in committed capital.

GKC's pre-settlement funds are closed end, in that investors are bound for the fund life and do not generally have redemption options. To the extent that redemption options are offered, they come with punitive economic consequences, and no GKC investor has ever attempted to make use of such an option.

The weighted average management fee across all three funds and the sidecars is 1.4% annually. GKC is also entitled to a weighted average performance fee of 23% on returns from the three funds and sidecars. Fund III includes a fixed level of management fees regardless of capital deployments. Burford expects approximately $21 million in management fees from Funds I, II and III over the next three years.

Performance fee revenue will be affected by the performance of the underlying investment portfolio. Predicting performance fees requires assumptions around capital deployment levels and portfolio returns, and different assumptions will yield widely different results. However, even with conservative assumptions, the GKC funds are expected to yield significant flows of performance fees over time given their size.

A hypothetical example may assist in understanding the fund structure and economics. Assume $100 is invested today in a GKC fund, and that two years later, the investments underlying that $100 all conclude:

- GKC will earn annual management fees on the $100 invested – so $1.40 per year on the basis of GKC's current weighted average fee
- The funds' "European" structure means that investors are entitled to their $100 back before GKC earns a performance fee (as well as a return of management fees and expenses – assume $4 in total)
- Once that occurs, GKC would then be entitled to a performance fee on the fund's profits
    - Assuming GKC's current 52% return on capital and its 23% weighted average performance fee, GKC would be entitled to approximately $11.04 in performance fees
    - If GKC's return on capital increases to Burford's last reported 70% level, the performance fee would rise to $15.18

Naturally, this hypothetical is over-simplified. In reality, capital will flow in and out at different times and different funds have different economic terms, and this example ignores the further benefit of recycling capital within the fund; it is simply presented to show the conceptual underpinning of the fund structure. However, unlike some asset classes where investment managers' economics are skewed towards management fee income, the return potential in the litigation finance sector makes the potential future receipt of performance fees more significant, and Burford has entered into this transaction expecting that the GKC funds will generate meaningful performance fees in the future.

Post-settlement

GKC has one core post-settlement fund, raised in late 2014. The fund currently has $416 million of investor commitments and an investment period (including the ability to recycle capital) extending until late 2019. In addition to the core fund, GKC also makes active use of sidecars in the post-settlement space, investing several hundred million dollars provided by investors since April 2014 with widely varying structures and economics.

GKC's management fees in its post-settlement fund are 1.6% on drawn capital, with performance fees of 20% after investors receive a 5% preferred return. Again, predicting management and performance fee income is an uncertain exercise, and the nature of the post-settlement business with unpredictable but shorter durations and gaps between the redeployment of capital makes predictions more challenging. However, Burford believes that the post-settlement business has considerable income potential given GKC's proven ability to deploy substantial amounts of capital and the returns achieved to date.

Complex strategies

As noted, this fund remains in formation and it is premature to discuss publicly its expected structure and potential profitability. However, Burford and GKC believe that there is an exciting opportunity set for this and other potential vehicles to address this investable universe, all of which could provide significant future value.

<u>Future operation</u>

Following closing of the acquisition, Burford will operate the combined business on an integrated basis under the Burford brand. The GKC team will join the Burford team and we will apply a consistent approach to due diligence and investment management. Mr. Gerchen will join Burford's internal management committee and Messrs. Gerchen, Keller and Lenkner will join Burford's investment committee.

Existing pre-settlement investments (including investments currently active in the diligence process) will continue to be financed by their originating entity. Thus, a committed investment that has not yet drawn all of its capital will have any incremental capital supplied only by the entity that made the commitment, and potential investments undergoing diligence will, if closed, be closed and funded entirely by the entity that originated them. After closing, when any new potential pre-settlement investment is originated by any part of the combined business, the Burford investment committee will ultimately make a decision on the investment, and the first $15 million of any investment commitment will then be allocated on a 50/50 basis between Burford's on-balance sheet capital and GKC Fund III, with Burford's balance sheet taking any commitment in excess of $15 million. This allocation is designed to be fair to both Burford's public investors and GKC's limited partners while also recognising that Burford's average investment size has historically been larger than GKC's. Post-settlement investments will be allocated entirely to the GKC post-settlement fund given that Burford does not today engage in such investments. Similarly, investments that Burford has historically pursued but GKC has not, such as judgment enforcement matters, will be allocated entirely to

Burford's balance sheet. Any allocation approach as to future funds will be settled at the time of those funds' commencement.

Burford believes that this kind of clear and formulaic approach to investment allocation will position the business to maintain an ongoing balance between on-balance sheet investing financed through the reinvestment of capital from successful investments as well as external capital as needed, such as Burford's use of retail bonds, alongside a continuing family of private capital vehicles raised from institutional investors many of whom would not be in a position to buy shares in Burford as part of their investment mandate. This dual approach will widen significantly Burford's access to capital and permit Burford to engage in a range of investment strategies.

Burford is continuing to evaluate its financial reporting following the combination, but it presently expects to report its new asset management business as a separate accounting segment.

The combined business will employ more than 80 people, located principally in New York, London and Chicago, 40 of whom are experienced lawyers.

Burford has for some time been guiding investors to consider its valuation as a specialty finance provider on an earnings basis, and the addition of GKC and its regular fee income confirms that approach. Under IFRS reporting when consolidated into Burford's financial statements, GKC's management fee income will be reported as income as earned; GKC's management fees are generally paid quarterly. Because of GKC's European performance fee structure, performance fees will only be reported as income once crystallized; performance fees are not accrued.

The person responsible for arranging for the release of this announcement on behalf of the Company is Elizabeth O'Connell, Managing Director.

Financial advisors to the parties: Burford – Morgan Stanley[3] and KielStrand Capital LLC; GKC – Jefferies International Limited and Keefe, Bruyette & Woods, Inc., a Stifel Company. Legal advisors to the parties: Burford – Freshfields Bruckhaus Deringer LLP; GKC – Katten Muchin Rosenman LLP.

Separately, Burford advises that it intends to release its 2016 full year results on 14 March 2017.

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[3] Morgan Stanley & Co. LLC, acting through its affiliate Morgan Stanley & Co. International plc ("Morgan Stanley") which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting as financial adviser to Burford and no one else in connection with the transaction. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the transaction, the contents of this announcement or any other matter referred to herein.

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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 AIM and the London Stock Exchange, respectively, and it works with lawyers and clients around the world from its principal offices in New York and London.

A copy of this announcement will be available on the Company's website at: http://www.burfordcapital.com. The content of the website is not incorporated into and does not form part of this announcement.

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