



This announcement contains inside information.

**11 July 2018**

**BURFORD CAPITAL UPDATES ON SUCCESSFUL PETERSEN APPEAL COURT RESULT  
AND ALSO REPORTS ON FURTHER RELATED ACTIVITY**

Burford Capital Limited (“Burford”), a leading global finance and investment management firm focused on law, announces that on 10 July 2018 the US Second Circuit Court of Appeals affirmed the trial court decision finding the Petersen claims against Argentina and YPF to be justiciable in the United States federal courts.

As a result, the case will now return to the trial court for substantive proceedings, although there is the possibility of the defendants seeking permission for a further review by the US Supreme Court, which is rarely granted.

While we are pleased with this decision, it is important to emphasize that this decision relates purely to a preliminary jurisdictional question and does not foreshadow any particular result in the underlying litigation.

Although the court’s decision is a matter of public record upon its release (and is available [here](#)), Burford has issued this announcement as a matter of convenience. However, Burford does not intend to regularly issue such releases for other interlocutory steps in the proceedings, of which there are likely to be many before a final resolution.

Given the timing of the court’s decision, Burford has not factored the impact of the court’s decision into its investment valuation process for the period ended 30 June 2018, and will consider its impact, if any, in the investment valuation process for the period ending 31 December 2018. We discuss our valuation process further below.

Burford has also historically provided litigation financing in connection with similar claims advanced by Eton Park, the third-largest YPF shareholder, which at the relevant time held approximately 3% of YPF’s equity. Although publicly disclosed, Burford’s investment in the Eton Park matter has not historically been the subject of investor attention. However, Eton Park is now in the process of dissolving, and Burford thus agreed in June 2018 to take on a broader role in the Eton Park matter, comparable to its role in the Petersen claim, and made a \$21 million advance payment to Eton Park in exchange for the right to receive a further 70% of Eton Park’s proceeds from the YPF litigation less various fees and expenses.

In order to hold Burford’s cash exposure to the YPF claims relatively constant, we decided to finance our payment to Eton Park by selling some further interests in our Petersen entitlement, and contemporaneously with closing the Eton Park transaction, we sold 3.75% of our entitlement for an effective cash price of \$30 million, implying a valuation of \$800 million for our original total Petersen entitlement, although we carry our Petersen investment at a lower carrying value than that for the reasons we have enunciated previously. When also considering prior secondary market sales, Burford now owns 71.25% of its original total entitlement.

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

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.

*The person responsible for arranging for the release of this announcement on behalf of the Company is Elizabeth O'Connell, Chief Financial Officer.*

**For further information, please contact:**

**Burford Capital Limited**

Elizabeth O'Connell, CFA, Chief Financial Officer

+1 212 235 6825

**Macquarie Capital (Europe) Limited – NOMAD and Joint Broker**

Jonny Allison

Nicholas Harland

+44 (0)20 3037 2000

**Liberum Capital Limited - Joint Broker**

Richard Crawley

Jamie Richards

+44 (0)20 3100 2222

**Numis Securities Limited - Joint Broker**

Charlie Farquhar

Jonathan Abbott

+44 (0)20 7260 1000

**Neustria Partners - Financial Communications for Burford Capital**

Robert Bailhache - [email](#)

Charles Gorman - [email](#)

Nick Henderson - [email](#)

+44 (0)20 3021 2580

**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 and Singapore.

For more information about Burford: [www.burfordcapital.com](http://www.burfordcapital.com)