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BURFORD ANNOUNCES CONTINUED PORTFOLIO PROGRESS AND REORGANISATION TO ADDRESS STRONG DEMAND AND FACILITATE CONTINUED GROWTH

Burford Capital Limited ("Burford Capital" or "Burford" or the "Company"), the world's largest provider of investment capital and risk solutions for litigation, is pleased to announce ongoing portfolio progress along with a significant reorganisation which will facilitate the ongoing growth of the business. The Company is also considering a placing of contingent preferred shares as a means of providing enhanced financial flexibility.

Performance Update

The Company will provide its usual comprehensive trading and portfolio update in due course. In the interim, the Company is pleased to note ongoing settlement activity in the investment portfolio. Since the last report to investors:

- The Company has been notified of full or partial settlements in three additional cases, which are in the process of being documented. In each case, the settlement reflects an IRR of at least 50% (in partial settlements, on the portion of the matter attributed to the settling defendant).

- The $6.5 million pending settlement described in our report as at 30 June 2012 has been concluded and paid.

- Agreement (subject to documentation) has been reached concerning the resolution and payment of proceeds in the investment that reported a jury verdict in July 2010 such that Burford will receive a total of $20.4 million in proceeds ($4 million of which have already been received) plus interest running from 31 December 2012 until paid at a blended rate of 23%, plus penalties and increases in interest rate if any amount remains unpaid after 2014. If paid on 31 December 2012, this matter would produce an IRR of approximately 75%.

More broadly, as Burford has now just passed the third anniversary of its IPO, it is worth reflecting on its progress. Burford has grown into a global leader and it has led the creation of a new financial paradigm for litigation. From its IPO to 30 June 2012, Burford Capital has:

- Generated more than $50 million in revenue

- Committed well over $300 million in investment capital

- Paid more than $13 million in dividends to shareholders (and has yet to consider dividends for 2012)

- Generated impressive returns on litigation matters resolved to date: as of 30 June 2012, it reported aggregate net expected returns of 70% when fully paid on investments which have concluded entirely or completed trial

- Driven widespread awareness in the US of financial solutions for litigation, with excellent results. According to a recent survey commissioned by Burford, more than 95% of corporate general counsel and more than 90% of law firm litigation partners are aware of litigation finance

- Expanded from its original roots in US litigation and international arbitration into the UK funding and insurance markets, with continuing expansion into other markets and related lines of business

The Reorganisation

Background to the Reorganisation

Burford was founded in the aftermath of the global financial crisis and was a true start-up. At the time of its IPO, litigation finance was a largely untested concept, and its product offering was relatively unknown amongst lawyers and litigants. Burford Capital has now grown into a global leader in the space and its business and market opportunities have developed more quickly and more broadly than originally envisaged. Given this backdrop, the Directors have therefore been actively considering the most appropriate approach and structure for the Company to enable its continued leadership and enhance the franchise value built to date.

While many factors have entered those considerations, tax has been a very significant factor. The Company faces very significant restrictions on the investment structures that can be used in the United States without incurring punitive levels of US tax. The Company has long been considering ways of relaxing those restrictions and adopting more, and more flexible, investment structures. The Company has lost a number of attractive potential investments because of its inability to provide investment structures sought by counterparties given the constraints of the Company's current organizational structure. Even when acceptable to counterparties, the investment structures currently used can be unwieldy and expensive to document and close.

To be more specific, the Company noted in its most recent interim report that "we continue to innovate for new uses of capital and investment structures". Those innovations include things such as the investing in portfolios of litigation for both litigants and law firms, which simultaneously reduces Burford's risk of loss by spreading risk across multiple matters while also offering more appealing pricing because of that reduced risk, along with considerably more advanced financial structures. As a general proposition, it is difficult to effect many of these newer innovative transactions within the Company's existing US tax structures, and indeed the Company has closed certain attractive investments this year outside the US that it simply would not have been able to do in the US for tax reasons. That limitation is a constraint on future growth and accordingly the Board has been committed to finding a way to address the issue.

After substantial discussion with the Investment Adviser's principals and legal, tax and financial advisors, the Board of Directors has come to the conclusion that Burford Capital's future would be best served, and shareholders' interests maximized, by implementing a reorganisation (the "Reorganisation"). The Reorganisation is described below, followed by a discussion of its benefits and the Board's rationale for proceeding with it.

It should be noted that the Company has privately consulted a number of its major shareholders and received support from shareholders representing a clear majority of the ordinary shares in the Company in relation to the Reorganisation.

Description of the Reorganisation

Under the Reorganisation, Burford Capital will remain as a Guernsey corporation with its shares traded on AIM. Its dividend policy will not change, nor will the composition of the Board or its stated investment policy.

Burford Capital will proceed to implement a group structure using various wholly-owned subsidiaries that will enable it to expand the investment structures it can use in the United States and benefit from the greater flexibility achievable by structuring its operations in a way that can benefit from income tax treaties that reduce levels of taxation (and tax risk). The new group structure will result in the imposition of some level of tax on some of Burford Capital's activities. However, that incremental tax is not expected to rise above 10% of Burford

Capital's profits, which the Board considers to be a worthwhile trade-off for the significant benefits gained.

Having an external investment advisory arrangement is inconsistent with the advantageous group structure described above. Thus, the Company has agreed to acquire Burford Group LLC[1], the Investment Adviser, through a cashless merger mechanism (the "Acquisition") and has executed unconditional definitive agreements in that regard. The Investment Adviser will thereby become a wholly owned subsidiary of Burford Capital and the Company will no longer pay external advisory, management or performance fees.

The Investment Adviser's staff (including its Chief Executive Officer, Christopher Bogart, and its Chief Investment Officer, Jonathan Molot (together the 'Principals')) and functions will be integrated into the Company's business, resulting in a complete alignment of interests with shareholders. The Principals have agreed to give up their current right to establish or advise other funds or to operate related business other than through the Company. The Principals will not receive any cash as part of this restructuring and they remain entirely invested in and committed to the long-term success of the Company's business, as evidenced by them foregoing both the independence of a separate investment adviser structure (with the power to advise other funds) and the cash flow from performance fees and taking on a significant shareholding in the Company. An appropriate remuneration policy will be determined by the remuneration committee of the Burford Capital Board; however, current compensation arrangements for the Investment Adviser's staff in the aggregate will not exceed the current level of advisory fees paid to the Investment Adviser. The Directors believe that it is preferable for Burford Capital's key personnel to be fully aligned with shareholders rather than being compensated through advisory and performance fees, which have the potential to create misalignment.

In consideration for the sale of the Investment Adviser, which has substantial independent value in light of its brand, market-leading position, relationships and team in addition to its future entitlement to advisory and performance fees, the two Principals will each receive on completion of the Acquisition (which is expected to be on or about 19 December 2012) ordinary shares in Burford Capital equal to a 6% fully diluted interest in Burford Capital. Thus, Burford Capital will issue a total of 24,545,454 new shares as a result of this transaction, bringing Burford's total issued share capital to 204,545,455 ordinary shares.[2] Those holdings will be subject to a two year lock-up period, with performance obligations and other constraints negotiated between the Board and the Principals.

The Board's negotiation of the terms for the Acquisition of the Investment Adviser took into account a number of components of value, no one of which was determinative or overriding.[3] The Board considered carefully the potential cash impact of the expected payment of performance fees to the Investment Adviser, including the entitlement of the Investment Adviser to a "catch-up" once performance fees are paid in addition to ongoing fees; if paid on

[1] Burford Group Limited, a Guernsey corporation, was formerly the Investment Adviser to the Company pursuant to an investment advisory agreement ("IAA"). The IAA was previously assigned to Burford Group LLC, a Delaware LLC. Both Burford Group Limited ("BGL") and Burford Group LLC ("BGLLC") are wholly owned by the Principals.

[2] Applying the midpoint between the last published bid/offer price for the Company's stock to compute total market capitalization and expressing that on a basis including the new shares to be issued implies a transaction value of £22.1 million, without regard to the lock-up and other conditions.

[3] The Company hereby provides the following specific disclosures in addition to the commentary above. BG LLC was until recently a wholly-owned subsidiary of BGL. As such, BGLLC was a disregarded entity under US law and did not produce independent financial statements. Other than the IAA, BGLLC does not have any material assets, excepting office furnishings and computer equipment. In its audited consolidated financial statements for the fiscal year ended 31 December 2011, which included BGLLC within their scope, BGL reported total assets of $0.9 million and net income of $1.5 million.

the basis of 2013's performance, the value of the now-foregone "catch-up" would have exceeded $14 million. The Board attributed significant value to securing the services of the Investment Adviser and the Principals exclusively. The Board also considered the other factors listed above, as well as taking into account industry comparables. The Directors, having consulted with Macquarie Capital (Europe) Limited ("Macquarie"), the Company's nominated adviser, consider the terms of the Acquisition to be fair and reasonable insofar as the Shareholders are concerned.

The Company expects to put forward at its next AGM a variety of proposals relating to the Company's Articles of Incorporation and its future operations.

Benefits of the Reorganisation

As outlined above, the Reorganisation's initial aim is to provide a wider range of investment structures and thereby expand the Company's business.

It is believed that having an expanded suite of investment structures available for use in the market will provide substantial benefits to Burford and enable it to realize its objective of growing its customer base and adding investments to the portfolio with desirable risk/return characteristics.

Beyond investment structures, there are many benefits associated with the internalization of the Investment Adviser, a few of which are set out below:

- The Principals are completely aligned with shareholders: the Principals will no longer be entitled to receive cash income from performance fees, but, like shareholders, will be reliant on dividends and share price appreciation to profit from the venture.

- The Investment Adviser is currently not exclusive to Burford Capital and is free to raise funds and enter into business ventures that could compete with or lessen the market force of Burford, whereas pursuant to the Reorganisation the Principals are exclusive to Burford and BGLLC will be a wholly-owned subsidiary.

- The performance fee entitlement of the Investment Adviser could have caused cash flow strains in the year the "catch up" was due. Not only are those strains eliminated, but the entire cash leakage of performance fees is extinguished.

Nevertheless, the most significant benefit of the Reorganisation is the ability to expand the investment portfolio in a way that the current structure of the business inhibits. As just one example, the Company had negotiated terms for an investment and the Board's Investment Committee had approved it. However, the counterparty backed away at a very late stage for tax reasons. The counterparty went on to settle its case; Burford would have received a $28 million profit on its $5 million investment in 18 months had it been able to close the investment.

Contingent Preferred Shares

Burford is exploring an innovative stand-by capital arrangement that avoids cash leakage to a third party financing provider. Currently, as a result of Burford Capital's investment structure and the medium duration nature of litigation, there is potential for a substantial gap between cash committed to investments and cash actually deployed. It is inefficient for the Company to reserve dollar for dollar against future commitments, especially as the Company has good visibility into the potential timing of their deployments. It is sensible to manage actively the Company's commitment reserve – but it is prudent to arrange a stand-by capital facility as protection against the potential for uncertainty in the timing and funding of investments resulting in cash flow differing from expectations. The Company does not intend to draw on such a facility as a source of operating leverage but views it as a conservative precaution against temporary cash flow shortfalls.

Normally, a business in the Company's situation would arrange a stand-by credit facility from a commercial bank. However, commercial banks find litigation assets difficult to assess (reaffirming a central tenet of Burford Capital's market proposition) and thus such a stand-by credit facility would be unduly expensive and result in cash leakage for shareholders. Thus, the Company is exploring a structure whereby qualifying shareholders could themselves act as contingent providers of stand-by funding and earn dividends in place of fees that would otherwise be paid to a commercial bank.

This would involve the incorporation of a special purpose subsidiary (the "Issuer") which will issue contingent preferred shares ("Contingent Preferred Shares") to shareholders who would be liable to meet calls on those shares in specific circumstances upon a cash flow shortfall occurring. The Contingent Preferred Shares would carry an obligation to subscribe for a number of years and will likely be illiquid, although it is possible that they will be listed on the Channel Islands Stock Exchange. The administrative arrangements for making and enforcing any drawdowns militate for a high minimum holding.

The Contingent Preferred Shares will initially be issued with no more than a small proportion paid up and the balance only drawn, if at all, to meet capital shortfalls. The shares are expected to carry the right to cumulative dividends at the rate of 3% per annum on the nominal amount of the shares, with a higher rate payable on sums drawn down over and above the initial paid up value. The Contingent Preferred Shares will be redeemable at the Board's discretion. The nominal amount of the shares would not exceed $100 million.

Neither the terms of the Contingent Preferred Shares nor arrangements for placing them are finalised and there can be no guarantee that such an issue will proceed. However, we are informing shareholders about the concept now for completeness and will continue to consult with shareholders on the issue.

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About Burford

Burford is the world's largest provider of investment capital and risk solutions for litigation.

Burford Capital is a closed-end $300 million investment fund publicly traded on the London Stock Exchange's AIM Market under the ticker symbol BUR. Burford provides a broad range of corporate finance solutions to lawyers and clients engaged in significant litigation and arbitration around the world. Burford Group Limited serves as the investment adviser to Burford Capital and has an expert team drawn from major law firms and corporations.

For more information about Burford: www.Burfordfinance.com.

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