

Texas A&M University



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Finance

Campus Involvement:
Aggie Investment Club,
Aggies on Wall Street, MSC
Wiley Speaker Series, The
Eckleburg Project, Horizons



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Entrepreneurship, Horizons
2023 Internship
Saguaro Capital Management



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Aggie Investment Club,
Gilbert Leadership
Conference, Freshman
Reflecting While
Developing, Horizons

Fall 2022

AIC Stock Pitch Competition



NYSE: Burford Capital (BUR)

Current Price: \$8.92

5-Year Price Target: \$29.91

5-Year Implied Upside: 231%

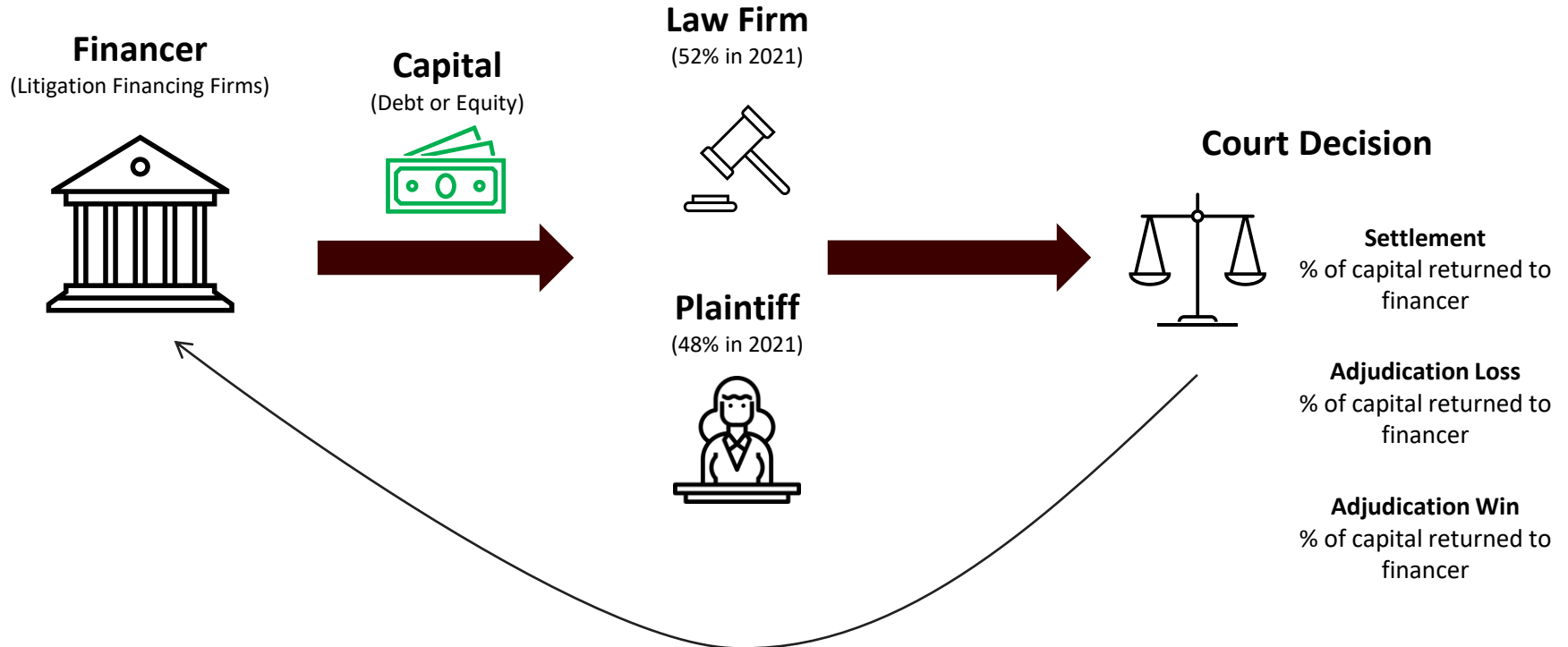
Implied IRR: 26.15%

Recommendation: Long

Burford Capital (BUR) offers a compelling investment for the following reasons:

- The rapidly growing litigation finance industry is creating a new asset class with uncorrelated alpha generating returns
- Burford Capital is the largest player in the industry, with what appears to be a sustainable competitive advantage
- Burford's asset management arm, with nearly \$3.5B of AUM, is being entirely ignored by investors
- Successful litigation in the YPF case could generate billions in cash proceeds for Burford
- A 2019 short report and court shutdowns from the COVID-19 pandemic have sent Burford shares down over 50%

How Does Litigation Financing Work?



Types of Litigation Financing

Commercial

- Disputes between two corporate entities
- Includes breach of contract, IP infringement, fraud, bankruptcy, antitrust, etc.

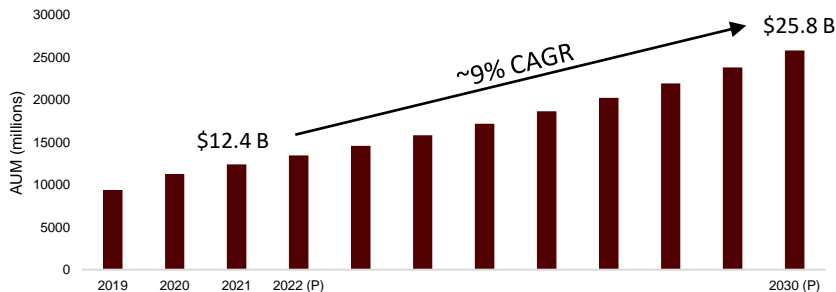
Mass Tort

- Is like a class action lawsuit with one defendant, however the plaintiffs are individual parties
- Includes consumer products and pharmaceutical claims

Personal

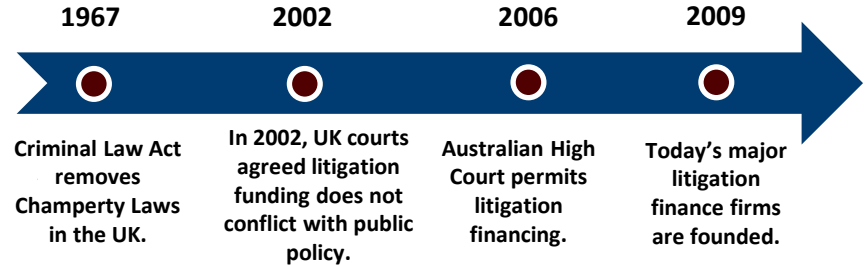
- Disputes involving individuals
- Includes personal injury, tort claims, family law, and class actions

United States Market Size



History

Champerly & Maintenance Laws: Laws that aim to eliminate third parties from funding lawsuits, with the goal of sharing the disputed property if the suit succeeds.



Growth Drivers

1. Removal of Champerty & Maintenance Laws around the world, and more recently so in the United States.
2. Unusually high and uncorrelated returns have started to grab the attention of institutional investors.
3. Reopening of courts following the COVID-19 pandemic.

Types of Funders

47

Active Funders
in the US

\$12.4 B

Combined AUM

Dedicated Funders

Dedicated funders are investment firms that specialize solely in litigation finance. Some of these firms invest from their own balance sheet, while others use outside capital. Dedicated funders account for most of the capital in the litigation finance space.

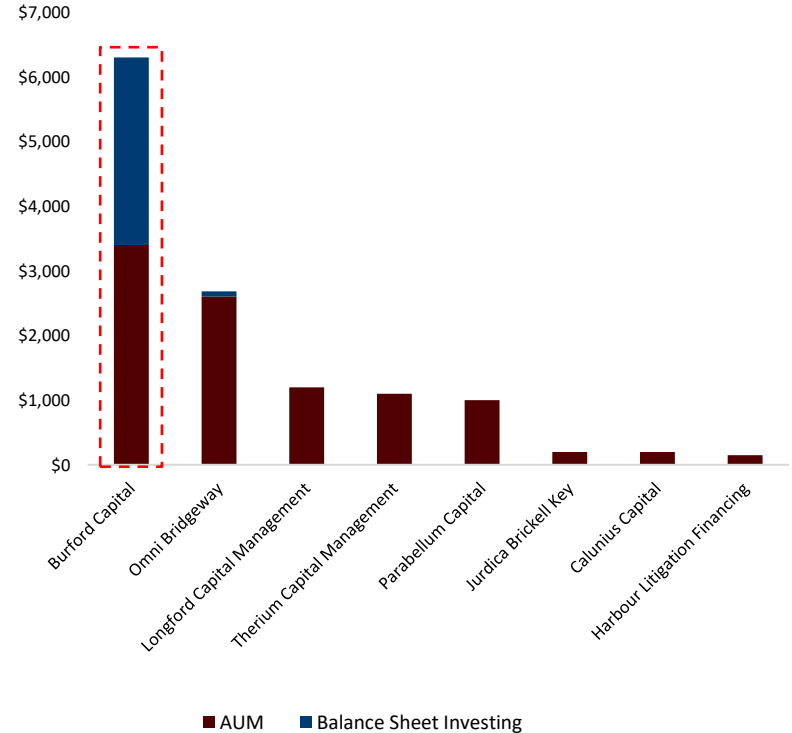
Multi-Strategy Funders

Multi-strategy funders are investment firms that invest in multiple asset classes but have an arm that invests in legal assets. These arms operate very similar to dedicated funders.

Ad Hoc Funders

As you could guess from the name, ad hoc funders do not have a dedicated litigation finance arm. Rather, they will occasionally participate in a deal, and don't publicly announce their participation in the space.

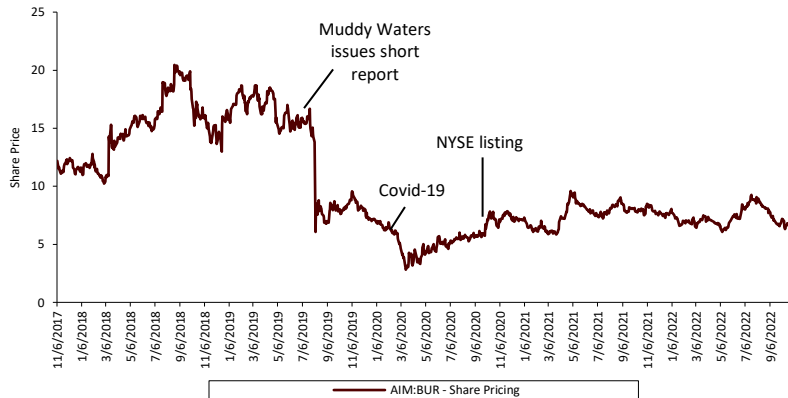
Key Players



Market Data

Market Cap (mm)	\$1,812	Div Yield	1.5%
Shares Out. (K)	219.1	P/E	-
Price	\$8.92	EV/EBITDA	43.8x
52 Wk High	\$11.62	Beta 5Y	1.03
52 Wk Low	\$6.93	Debt (mm)	\$1,262.4
Avg Volume (K)	200.6	LTM Revenue (mm)	\$154.4

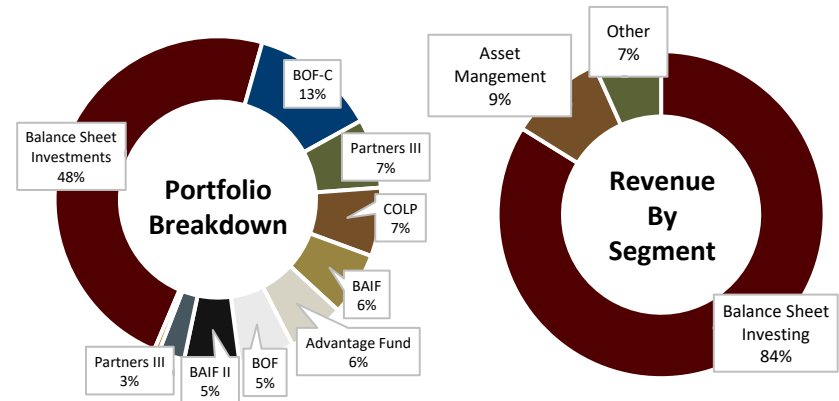
Stock Chart



Business Description

Founded in 2009, Burford Capital has become the largest litigation finance firm in the world. Burford is an asset management firm that invests in legal assets using its own balance sheet and outside capital via private funds. Burford invests through 9 private funds with ~\$3.4 B of AUM, and directly through its balance sheet, with ~\$2.9 B in legal assets. This capital is used to invest in legal assets, which is essentially investing in litigation (lawsuits). Burford provides capital to both law firms and individual enterprises.

Revenue Breakdown





Christopher Bogart

Chief Executive Officer (Co-Founder), since 2009

- Previously served as Executive Vice President & General Counsel of Time Warner, managing one of the largest legal functions in the world
- Served as CEO of Time Warner Cable Ventures and Time Warner Entertainment Ventures
- Served as a litigator at Cravath representing companies like IBM, GE, and Time Warner
- Served as CEO of Glenavy Capital and Glenavy Arbitration Investment Fund
- Law degree from University of Western Ontario



Jonathan Molot

Chief Investment Officer (Co-Founder), since 2009

- Previously founded Litigation Risk Solutions, a business that assisted financial companies with litigation risk transfer
- Currently a Professor of Law at Georgetown University, teaching litigation risk management, and finance
- Served as counsel to the economic policy team on the Obama-Biden administration, and as a senior advisor in the Treasury Department
- BA from Yale College and JD *magna cum laude* from Harvard Law School



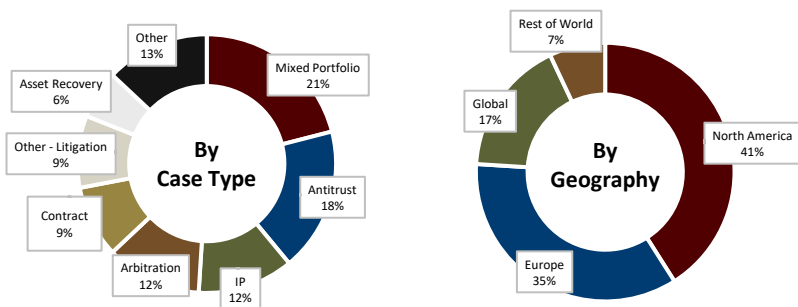
Jordan Licht

Chief Financial Officer, since 2022

- Previously served as Chief Operating Officer and Chief Strategy Officer of Newrez and Caliber Home Loans
- Served as an Executive Director in Morgan Stanley's Investment Banking division
- MBA from Columbia Business School

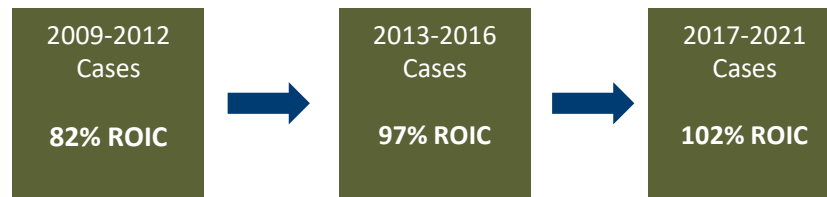
Adjudication Wins (Average: 2.8 Years)	Deployments \$270M	→	Recoveries \$939M	IRR 49%	ROIC 248%	Average 95% ROIC 30% IRR
Adjudication Losses	Deployments \$87M	→	Recoveries \$17M	N/A	ROIC -81%	
Settlements (Average: 1.6 years)	Deployments \$536M	→	Recoveries \$782M	IRR 31%	ROIC 46%	

Portfolio Breakdown



Increasing Returns

1. Larger commitment sizes to larger cases have led to increased returns
2. Constantly improving data models have led to increased returns



Scale

Burford has achieved the scale to create a diversified portfolio of legal assets.

These are some of the main issues with litigation financing, however, they are **mitigated with scale.**

1. Irregular cash returns, as litigation timelines are impossible to forecast
2. Some litigation claims will be lost, which will return almost 0 capital
3. Large capital requirements to fund a case, with an average of \$10M

Blackrobe Capital Partners deployed \$32 M among individual cases, before shutting down 2 years later. The inability to attract new capital and a big loss in a case led to the decision.

Brand

Burford is the largest player in the litigation finance space, with unequivocal brand recognition.

86%

of interviewed lawyers that were able to identify a legal finance provider named Burford first or solely.

94%

of the American Lawyer 100 (Top 100 law firms in the US) have worked with Burford

“I would be willing to pay a premium to work with a trusted funder. I would need to have a lot of confidence in the company providing the financing.”
-Senior In-House Lawyer

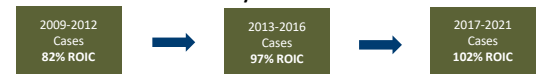
Underwriting

Burford uses quantitative and probabilistic modeling and considers it a “proprietary trade secret”.

Since 2009, Burford has been collecting data from litigation cases. This is non-public data, which provides a unique advantage in underwriting.

1. Nearly all new litigation cases are viewed through probabilistic modeling
2. Inputs include public-data, case specific data, and non-public past case data

Improving data models could be one of the reasons for increased returns in past years.



Sum Of The Parts Valuation

Balance Sheet Investing

+

Asset Management

+

YPF Case

Balance Sheet Investing

Balance Sheet Investing	2022 (P)	2023 (P)	2024 (P)	2025 (P)	2026 (P)	2027 (P)
Total Assets	\$3,845	-	-	-	-	-
Less: Goodwill	\$134	-	-	-	-	-
Less: Other Intangibles	\$0	-	-	-	-	-
Less: YPF-Assets	\$779	-	-	-	-	-
Less: Minority Interest	\$481	-	-	-	-	-
Less: Current Assets*	\$564	-	-	-	-	-
Investable Assets	\$1,887	\$2,074	\$2,289	\$2,536	\$2,820	\$3,145
IRR Assumption	25%	25%	25%	25%	25%	25%
Investment Revenue	\$472	\$519	\$572	\$634	\$705	\$786
Less: Operating Expenses	\$142	\$156	\$172	\$190	\$211	\$236
Less: D&A Expenses	\$0	0	0	0	0	0
Less: Interest Expense	\$70	\$70	\$70	\$70	\$70	\$70
Less: Tax Rate	15%	15%	15%	15%	15%	15%
Less: Income Tax Expense	\$39	\$44	\$50	\$56	\$64	\$72
Net Income	\$221	\$249	\$281	\$318	\$360	\$408
Dividend	\$34	\$34	\$34	\$34	\$34	\$34
Shares Outstanding	219	221	223	226	228	230
EPS	\$1.01	\$1.13	\$1.26	\$1.41	\$1.58	\$1.77
P/E	11	11	11	11	11	11
Implied Share Price	\$11.11	\$12.38	\$13.84	\$15.49	\$17.37	\$19.52

Key Assumptions

1. IRR: Burford has an historic IRR of 30% in completed litigation. Using a 25% IRR offers a margin of safety in the spirit of conservatism.
2. P/E: Price to earnings ratio of 11 was found as the median in a comps analysis of private equity and asset management businesses. (See Appendix)
3. Investable Assets: Current balance sheet legal assets without YPF assets. Add net income and subtract dividends to get next year's investable assets.
4. Shares Outstanding: 1% increase every year, in line with historic dilution.
5. All company expenses are allocated to the balance sheet investing segment.

Balance Sheet Sensitivity (2027)		IRR				
		20%	22%	25%	27%	30%
P/E	7	\$8.02	\$9.67	\$12.42	\$14.46	\$17.85
	9	\$10.32	\$12.43	\$15.97	\$18.59	\$22.95
	11	\$12.61	\$15.19	\$19.52	\$22.72	\$28.05
	13	\$14.90	\$17.95	\$23.06	\$26.85	\$33.16
	15	\$17.20	\$20.72	\$26.61	\$30.99	\$38.26

	2022	2023	2024	2025	2026	2027	Incentive Fees
BCIM Partners II LP	\$0	\$0	\$0	\$0	\$0	\$0	Management Fees
BCIM Partners III LP	\$18	\$18	\$18	\$0	\$0	\$0	
Burford Opportunity Fund LP	\$0	\$0	\$14	\$14	\$14	\$0	
BCIM Credit Opportunities	\$18	\$18	\$18	\$0	\$0	\$0	
Alternative Income Fund LP	\$0	\$0	\$0	\$8	\$8	\$8	
Alternative Income Fund II LP	\$5	\$5	\$5	\$0	\$0	\$9	
Strategic Value Master Fund	\$1	\$1	\$1	\$1	\$1	\$1	
Advantage Master Fund	\$0	\$0	\$22	\$22	\$22	\$22	
Opportunity Fund C LP	\$0	\$0	\$49	\$49	\$49	\$49	
Total Projected AUM	\$3,350	\$3,601	\$3,871	\$4,162	\$4,474	\$4,809	
New Projected AUM	\$0	\$251	\$521	\$812	\$1,124	\$1,459	
New Projected AUM Fees	\$0	\$5	\$10	\$16	\$22	\$29	
Total Fees	\$41	\$46	\$136	\$110	\$116	\$117	
Tax	\$10	\$12	\$34	\$27	\$29	\$29	
Total Fees Post-Tax	\$31	\$35	\$102	\$82	\$87	\$88	
Shares Outstanding	219	221	223	226	228	230	
EPS	\$0.14	\$0.16	\$0.46	\$0.36	\$0.38	\$0.38	
P/E	11	11	11	11	11	11	
Share Price	\$1.55	\$1.72	\$5.03	\$4.01	\$4.19	\$4.20	

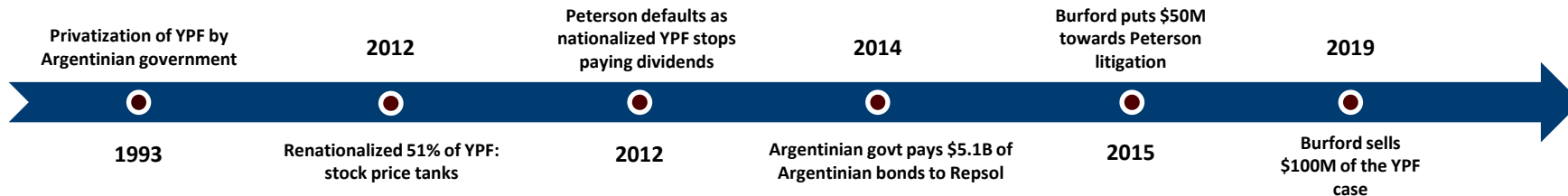
*Burford operates 9 different funds with unique fee structures. See appendix for individual fee structures.

Key Assumptions

1. IRR: Burford has an historic IRR of 30% in completed litigation. Using a 16% - 20% IRR for individual funds, as some fund carry lower risk than balance sheet investing.
2. P/E: Price to earnings ratio of 11 was found as the median in a comps analysis of private equity and asset management businesses. (See Appendix)
3. Total AUM: Burford has grown their private fund AUM by 10% annually over the last 5 years. Using a 7.5% growth rate out of conservatism.
4. Shares Outstanding: 1% increase every year, in line with historic dilution.

Asset Mgmt Sensitivity (2027)		IRR				
		15.0%	17.5%	20.0%	22.5%	25.0%
P/E	7	\$1.23	\$1.95	\$2.67	\$3.39	\$4.12
	9	\$1.58	\$2.51	\$3.44	\$4.36	\$5.29
	11	\$1.93	\$3.07	\$4.20	\$5.33	\$6.47
	13	\$2.29	\$3.63	\$4.96	\$6.30	\$7.64
	15	\$2.64	\$4.18	\$5.73	\$7.27	\$8.82

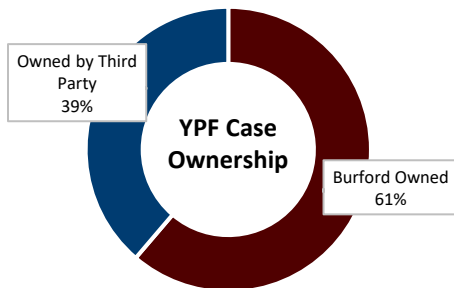
Timeline



Case Overview

Plaintiff: Peterson & Eton Park

Initial Investment: \$50M



\$779M

On Balance Sheet

\$236M

In Cash Proceeds


Case Valuation

YPF	
Repsol Ownership	57%
Repsol Settlement	\$5,100
Implied Total Value	\$8,947
Peterson + Eton Park Ownership	28%
Implied Settlement Value	\$2,505
% of YPF Case Owned by Burford	61%
Settlement Value to Burford	\$1,528
Settlement Value Post-Tax	\$1,299
Shares Outstanding	230
Probability of Winning Case	50%
Price/Share	\$2.82

Calculation shows implied YPF value using equivalent Repsol valuation.

Sensitivity analysis uses values calculated by Burford Capital.

YPF Sensitivity	Settlement Value to Burford				
	\$1,100	\$2,250	\$3,350	\$4,500	\$5,600
0%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
25%	\$1.02	\$2.08	\$3.10	\$4.16	\$5.17
50%	\$2.03	\$4.16	\$6.19	\$8.32	\$10.35
75%	\$3.05	\$6.24	\$9.29	\$12.47	\$15.52
100%	\$4.07	\$8.32	\$12.38	\$16.63	\$20.70

Base Case	2022 (P)	2023 (P)	2024 (P)	2025 (P)	2026 (P)	2027 (P)
Balance Sheet Investing	\$11.11	\$12.38	\$13.84	\$15.49	\$17.37	\$19.52
Asset Management Business	\$2.24	\$2.93	\$3.71	\$4.57	\$6.18	\$4.20
YPF	\$0	\$6.19	\$6.19	\$6.19	\$6.19	\$6.19
Total Business Implied Price/Share	\$13.35	\$21.51	\$23.73	\$26.25	\$29.75	\$29.91
 BURFORD CAPITAL LIMITED (XNYS:BUR)	\$8.94	\$8.94	\$8.94	\$8.94	\$8.94	\$8.94
Implied Upside	49%	141%	165%	194%	233%	235%
IRR		114.55%	57.47%	40.76%	33.60%	26.43%

Current Price: \$8.92

2027 Price Target: \$29.91

5-Year Implied Upside: 231%

Implied IRR: 26.15%

Bear Case	2027 (P)
YPF	\$0.00
Balance Sheet	\$8.02
Asset Management	\$1.23
Total Business	\$9.26
Current Price	\$9.04
Total Upside	2%
IRR	0.46%

Bull Case	2027 (P)
YPF	\$20.70
Balance Sheet	\$38.26
Asset Management	\$8.82
Total Business	\$67.77
Current Price	\$9.04
Total Upside	750%
IRR	47.87%

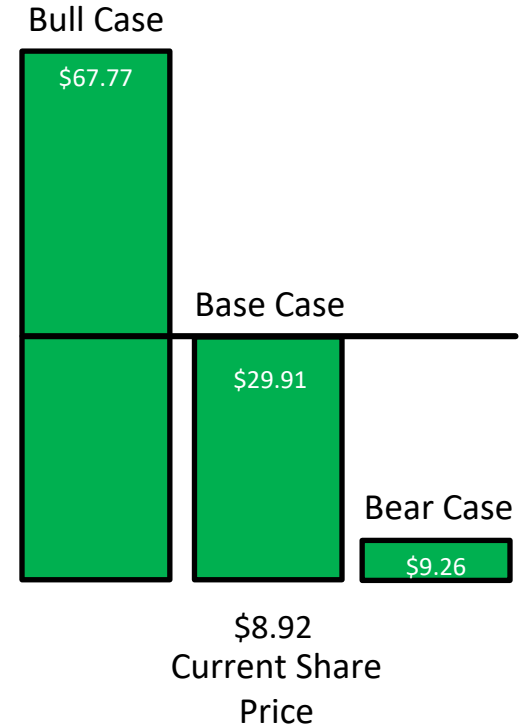
Key Assumptions

1. IRR at 20%
2. P/E at 7x
3. Burford loses the YPF case.

Key Assumptions

1. IRR at 30%
2. P/E at 15x
3. Burford wins the YPF case.

Implied 5-Year Values



YPF Case

Successful litigation in the YPF case would:

1. Bring \$3B+ in cash proceeds to Burford's balance sheet, over half of Burford's current market cap.
2. Restore confidence in the accuracy of management's accounting practices.

↑ \$3B

Cash Proceeds

>100%

Of Current Market Cap

Asset Management Harvesting

Previously unrecognized fees from Burford's Asset Management business will positively impact profits.

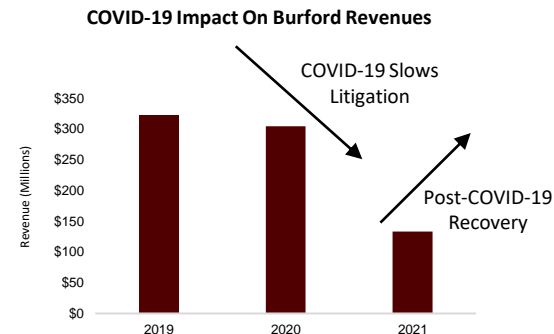
1. Burford's fee structures are favored towards performance, with one fund having a 0%/50% fee structure.
2. Currently entering harvest period of several funds.
3. Burford primarily uses the European waterfall method, which delays Burford from recognizing incentive fees until much later in the life of the fund.

Fund	AUM	Harvest Period Start
COLP	\$438	9/30/2019
BICM	\$443	1/1/2020
BOF	\$353	12/31/2021
BAIF	\$403	4/4/2022
BOF-C	\$813	12/31/2023

Court Reopening

As litigation continues post-covid, Burford will experience a sharp increase in revenues and profits as cases conclude.

Pre-Covid Court Backlog: **958** cases → Post-Covid Court Backlog: **1,274** cases

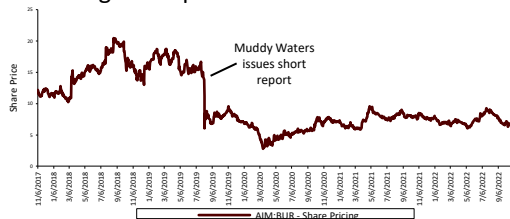


Investor Confidence

Investor confidence has yet to fully rebound from the 2019 Muddy Waters short report.

A failure to restore investor confidence could lead to a sustained low earnings multiple. Burford can regain investor confidence by:

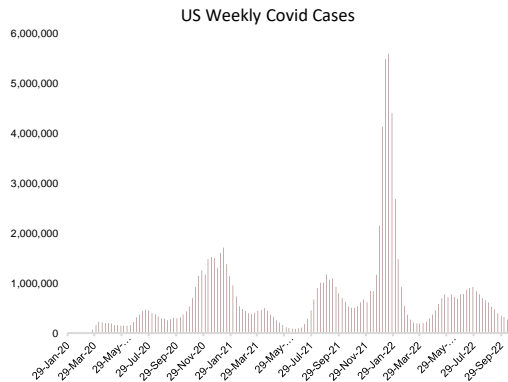
1. Winning the YPF case which would relieve concerns surrounding fair value adjustments.
2. Approve a share buyback program and return capital to investors.
3. Rebound from COVID-19 by continuing to grow top and bottom line.



COVID-19 Resurgence

COVID-19 shut down courts for an extended period. A resurgence in COVID could further delay litigation.

If courts were to once again shut down for COVID-19, Burford's litigation assets would once again be stuck. This is an unmitigable risk, but further court case closures seem highly unlikely.



Competition

Increased competition in the litigation finance space could lead to lower IRRs on legal assets.

Burford and other litigation finance firms are currently enjoying high ROICs from investing in legal assets. If a large amount of asset management firms and/or banks enter the space, returns could be pushed down.

Mitigation

1. Higher barriers to entry within the litigation finance market.
2. Counterparty issues with large banks (Goldman Sachs doesn't want to provide funding for litigation against a company it's worked for/will work for.)
3. Burford has remained the leader in litigation financing since 2009, which validates its competitive advantage in the space.

We recommend opening a long position in Burford Capital and holding for a prolonged period (5-10+ years). The reward seems to far outweigh the risks, creating an asymmetric risk/reward investment. With a 5-Year price target of **\$29.91**, Burford offers an IRR of **26.15%** over the next 5 years. If Burford's competitive advantage proves to be sustainable, Burford could create alpha generating returns for decades to come. Additionally, a win in the YPF case would be a massive catalyst for Burford shares.

Appendix

1. 20-22: Financial Statements
2. 23-32: YPF
3. 33-35: Asset Management Business
4. 36-37: Comparables
5. 38-40: Investor Presentation Materials
6. 41: IRR Justification
7. 42-47: Management Response To Muddy Waters Report

Income Statement

Chart Selected Items Add Data Items		12 months Dec-31-2017	Reclassified 12 months Jan-01-2019	Restated 12 months Dec-31-2019	Restated 12 months Dec-31-2020	12 months Dec-31-2021	LTM 12 months Jun-30-2022
For the Fiscal Period Ending		USD	USD	USD	USD	USD	USD
Currency		USD	USD	USD	USD	USD	USD
Revenue		22.1	23.7	20.8	17.7	20.7	18.5
Gain(Loss) on Sale Of Invest. (Rev)		(6.1)	(8.9)	1.2	(0.0)	-	-
Interest And Invest. Income (Rev)		322.9	18.6	21.7	3.0	2.0	-
Other Revenue		2.1	393.0	336.4	337.2	133.8	155.9
Total Revenue		341.0	426.4	380.1	357.8	156.6	174.4
Cost Of Goods Sold		53.6	71.8	11.2	4.8	5.3	6.4
Gross Profit		287.3	354.6	368.9	353.0	151.3	168.0
Selling General & Admin Exp.		3.8	-	105.7	93.8	131.3	99.1
Stock-Based Compensation		-	-	4.5	5.3	9.3	9.9
R & D Exp.		-	-	-	-	-	-
Depreciation & Amort.		-	-	-	-	-	-
Amort. of Goodwill and Intangibles		11.7	9.5	9.5	8.7	-	-
Other Operating Expense/(Income)		-	-	1.8	7.9	-	-
Other Operating Exp., Total		15.5	9.5	121.4	115.7	140.5	108.9
Operating Income		271.8	345.1	247.4	237.2	10.8	59.0
Interest Expense		(24.3)	(38.5)	(38.7)	(39.0)	(58.6)	(69.6)
Interest and Invest. Income		-	-	-	-	-	-
Net Interest Exp.		(24.3)	(38.5)	(38.7)	(39.0)	(58.6)	(69.6)
Currency Exchange Gains (Loss)		1.6	(1.5)	2.0	12.1	(9.4)	(16.3)
Other Non-Operating Inc. (Exp.)		-	-	-	-	-	0.5
EBT Excl. Unusual Items		249.2	305.1	210.7	210.2	(57.3)	(26.4)
Impairment of Goodwill		-	-	-	-	-	-
Asset Writedown		-	-	(1.0)	-	(0.5)	(0.5)
Other Unusual Items		-	-	-	-	(1.6)	(0.9)
EBT Incl. Unusual Items		249.2	305.1	209.7	210.2	(59.4)	(27.8)
Income Tax Expense		(0.1)	(12.5)	13.4	36.9	(3.0)	5.3
Earnings from Cont. Ops.		249.3	317.6	196.3	173.3	(56.4)	(33.1)
Earnings of Discontinued Ops.		-	-	-	-	-	-
Extraord. Item & Account. Change		-	-	-	-	-	-
Net Income to Company		249.3	317.6	196.3	173.3	(56.4)	(33.1)
Minority Int. in Earnings		-	-	(15.3)	(8.2)	(15.6)	(31.9)
Net Income		249.3	317.6	181.0	165.1	(72.1)	(65.0)

Balance Sheet

		Dec-31-2017	Restated Jan-01-2019	Dec-31-2019	Restated Dec-31-2020	Dec-31-2021	Jun-30-2022
Currency		USD	USD	USD	USD	USD	USD
Balance Sheet as of:							
ASSETS							
☑ Cash And Equivalents	↕	135.4	265.6	186.6	322.1	180.3	353.2
☑ Short Term Investments	↕	39.9	41.4	69.3	16.6	175.3	125.7
Total Cash & ST Investments	↕	175.3	307.0	256.0	338.7	355.6	478.8
☑ Accounts Receivable	↕	4.3	37.1	53.6	27.0	82.6	64.2
☑ Other Receivables	↕	44.3	129.9	100.0	22.3	22.3	20.0
Total Receivables	↕	48.6	167.0	153.7	49.3	104.8	84.1
☑ Prepaid Exp.	↕	0.3	-	1.4	2.0	1.2	0.9
☑ Other Current Assets	↕	-	4.2	-	-	-	-
Total Current Assets	↕	224.3	478.2	411.0	389.9	461.6	563.9
☑ Gross Property, Plant & Equipment	↕	-	-	23.7	20.9	21.1	21.1
☑ Accumulated Depreciation	↕	-	-	(3.5)	(5.7)	(8.0)	(11.4)
Net Property, Plant & Equipment	↕	2.4	1.9	20.2	15.2	13.1	9.7
☑ Long-term Investments	↕	1,092.2	0.6	0.5	-	-	-
☑ Goodwill	↕	134.0	134.0	134.0	134.0	134.0	133.9
☑ Other Intangibles	↕	27.7	18.2	8.7	-	-	-
☑ Accounts Receivable Long-Term	↕	7.8	-	3.8	3.8	3.8	3.8
☑ Deferred Tax Assets, LT	↕	10.9	28.8	24.9	0.3	0.1	0.2
☑ Other Long-Term Assets	↕	-	1,887.3	2,048.9	2,574.8	2,912.2	3,133.9
Total Assets	↕	1,499.4	2,548.9	2,652.0	3,118.0	3,524.7	3,845.3
LIABILITIES							
☑ Accrued Exp.	↕	29.2	22.0	87.0	54.7	59.8	68.5
☑ Curr. Port. of Leases	↕	-	-	-	-	-	1.7
☑ Curr. Income Taxes Payable	↕	-	-	1.3	-	-	-
☑ Other Current Liabilities	↕	37.4	119.8	91.5	-	-	-
Total Current Liabilities	↕	66.6	141.8	179.8	54.7	59.8	70.3
☑ Long-Term Debt	↕	486.9	638.7	655.9	667.8	1,022.6	1,253.4
☑ Long-Term Leases	↕	-	-	19.4	13.5	11.9	7.3
☑ Unearned Revenue, Non-Current	↕	-	-	4.4	10.9	10.1	-
☑ Def. Tax Liability, Non-Curr.	↕	0.4	4.1	9.7	24.7	22.9	30.5
☑ Other Non-Current Liabilities	↕	146.8	401.2	249.8	440.8	456.8	452.1
Total Liabilities	↕	700.8	1,185.8	1,119.0	1,212.5	1,584.0	1,813.5
☑ Common Stock	↕	351.2	596.5	596.5	598.8	598.8	598.8
☑ Additional Paid In Capital	↕	-	-	-	22.5	26.4	25.3
☑ Retained Earnings	↕	423.2	716.2	899.1	1,034.3	922.5	890.6
☑ Treasury Stock	↕	-	-	-	-	-	(3.7)
☑ Comprehensive Inc. and Other	↕	24.1	50.5	37.5	6.6	4.1	39.5
Total Common Equity	↕	798.6	1,363.2	1,533.0	1,662.2	1,551.8	1,550.4
☑ Minority Interest	↕	-	-	-	243.3	388.9	481.4
Total Equity	↕	798.6	1,363.2	1,533.0	1,905.5	1,940.7	2,031.8
Total Liabilities And Equity	↕	1,499.4	2,548.9	2,652.0	3,118.0	3,524.7	3,845.3

Cash Flow Statement

	12 months Dec-31-2017	12 months Jan-01-2019	Restated 12 months Dec-31-2019	Restated 12 months Dec-31-2020	12 months Dec-31-2021	LTM 12 months Jun-30-2022
Currency	USD	USD	USD	USD	USD	USD
Net Income	249.3	317.6	181.0	165.1	(72.1)	(65.0)
Depreciation & Amort.	0.4	10.1	3.1	2.0	(5.5)	(4.1)
Amort. of Goodwill and Intangibles	11.7	-	9.5	8.7	-	-
Depreciation & Amort., Total	12.1	10.1	12.6	10.7	(5.5)	(4.1)
Other Amortization	0.7	1.2	-	-	8.7	8.7
(Gain) Loss On Sale Of Invest.	(312.9)	4.9	(0.0)	1.1	2.1	12.3
Stock-Based Compensation	-	-	4.5	5.3	8.8	8.4
Other Operating Activities	24.1	(371.7)	(386.0)	(273.2)	(108.5)	(115.2)
Change in Acc. Receivable	(2.2)	-	-	-	-	-
Change in Acc. Payable	3.5	-	-	-	-	-
Change in Inc. Taxes	(1.1)	(2.3)	-	-	-	-
Change in Other Net Operating Assets	(75.9)	(193.1)	(85.6)	144.7	(418.9)	74.7
Cash from Ops.	(102.3)	(233.3)	(273.6)	53.8	(585.4)	(80.0)
Capital Expenditure	(0.7)	(0.1)	(3.4)	(0.4)	(0.3)	(0.2)
Cash Acquisitions	(57.9)	-	-	-	-	-
Divestitures	-	-	-	-	-	-
Invest. in Marketable & Equity Secur.	-	-	-	-	-	-
Net (Inc.) Dec. in Loans Originated/Sold	-	-	-	-	-	-
Other Investing Activities	-	-	-	-	-	-
Cash from Investing	(58.5)	(0.1)	(3.4)	(0.4)	(0.3)	(0.2)
Short Term Debt Issued	-	-	-	-	-	-
Long-Term Debt Issued	225.8	180.0	-	-	400.0	-
Total Debt Issued	225.8	180.0	-	-	400.0	357.3
Short Term Debt Repaid	-	-	-	-	-	-
Long-Term Debt Repaid	(43.8)	-	-	(5.0)	(33.9)	-
Total Debt Repaid	(43.8)	-	-	(5.0)	(33.9)	(80.2)
Issuance of Common Stock	-	250.0	-	-	-	-
Repurchase of Common Stock	-	-	-	-	(3.7)	(7.7)
Common Dividends Paid	(19.8)	(24.6)	(28.4)	-	(41.1)	(27.3)
Total Dividends Paid	(19.8)	(24.6)	(28.4)	-	(41.1)	(27.3)
Special Dividend Paid	-	-	-	-	-	-
Other Financing Activities	(25.9)	(40.5)	183.1	(0.3)	123.5	6.1
Cash from Financing	136.4	364.9	154.7	(5.3)	444.8	248.2
Foreign Exchange Rate Adj.	1.5	(1.3)	0.2	0.5	(1.0)	(5.6)
Net Change in Cash	(23.0)	130.1	(122.1)	48.7	(141.8)	162.4

Potential entitlements from various hypothetical outcomes

(\$ in millions) – all amounts are approximate

Petersen		Equivalent to level of Repsol settlement		Midpoint of by-laws formula range		
Assumed value of total Petersen claim		2,500	5,000	7,500	10,000	12,500
Gross entitlement (before legal fees and sales)	70%					
less: approximate expenses	11–12%					
Entitlement before sales*:	58–59%	1,450	2,900	4,400	5,900	7,400
Burford net entitlement after sales:	61.25%	900	1,800	2,700	3,600	4,500
Eton Park						
Implied value of total Eton Park claim	12%	300	600	900	1,200	1,500
based on Petersen claim value above						
Burford net entitlement after expenses approximately:	75%	200	450	650	900	1,100
Total YPF-related net entitlement to Burford:		\$1,100	\$2,250	\$3,350	\$4,500	\$5,600

* When we have sold participations in Burford's entitlement to proceeds in Petersen to institutional investors, we have sold shares in this entitlement. We have not sold participations in our potential proceeds from the Eton Park claims.

YPF	
Repsol Ownership	57%
Repsol Settlement	\$5,100
Implied Total Value	\$8,947
Peterson + Eton Park Ownership	28%
Implied Settlement Value	\$2,505
% of YPF Case Owned by Burford	61%
Settlement Value to Burford	\$1,528
Settlement Value Post-Tax	\$1,299
Shares Outstanding	230
Probability of Winning Case	50%
Price/Share	\$2.82

(v) The consideration for each share of stock or security convertible into stock payable to each shareholder or security holder shall be the same, in cash, and shall not be lower than the highest of the following prices of each class D share of stock or security convertible into a class D share:

(A) the highest price per share or security paid by the Bidder, or on behalf thereof, in relation to any acquisition of class D shares of stock or securities convertible into class D shares of stock within the two-year period immediately preceding the notice of Takeover, adjusted as a consequence of any division of shares, stock dividend, subdivision or reclassification affecting or related to class D shares of stock; or

(B) The highest closing price, at the seller's rate, during the thirty-day period immediately preceding such notice, of a class D share of stock as quoted by the Buenos Aires Stock Exchange, in each case as adjusted as a consequence of any division of shares, stock dividend, subdivision or reclassification affecting or related to class D shares of stock; or

(C) A price per share equal to the market price per class D share of stock determined as stated in paragraph (B) herein multiplied by the ratio between: (a) the highest price per share paid by the Bidder, or on his behalf, for any class D share of stock, in any share acquisition of this class within the two-year term immediately preceding the notice date indicated in paragraph (i), and (b) the market price for class D share of stock on the day immediately preceding the first day of the two-year period in which the Bidder acquired any type of interest or right in a class D share of stock. In each case the price shall be adjusted taking into account the subsequent division of shares, stock dividend, subdivision or reclassification affecting or related to class D; or

(D) The Corporation's net income per class D share during the last four complete fiscal quarters immediately preceding the notice date indicated in paragraph (i), multiplied by the higher of the following ratios: the price/income ratio for that period for class D shares of stock (if any) or the highest price/income ratio for the Corporation during the two-year period immediately preceding the notice date indicated in paragraph (i). Such multiples shall be determined by applying the regular method used by the financial community for computing and reporting purposes.

d) Takeover: **If the terms of subsections e) and f) of this section are not complied with, it shall be forbidden to acquire shares or securities of the Corporation, whether directly or indirectly, by any means or instrument** (including within the meaning of the term “securities”, without limitation, debentures, corporate bonds and stock coupons) convertible into shares if, as a result of such acquisition, the purchaser becomes the holder of, or exercises the control of, class D shares of stock of the Corporation which, in addition to its prior holdings of such class (if any), represent, **in the aggregate, FIFTEEN PERCENT (15%) or more of the capital stock, or TWENTY PERCENT (20%) or more of the outstanding class D shares of stock**, if the shares representing such TWENTY PERCENT (20%) constitute, at the same time, less than FIFTEEN PERCENT (15%) of the capital stock.

Notwithstanding the foregoing: (i) acquisitions by the person already holding, or the person already exercising control of, shares representing more than FIFTY PERCENT (50%) of the capital stock shall be excluded from the provisions of subsections e) and f) of this section; and (ii) any subsequent acquisitions by any person already holding, or any person already exercising the control of, shares representing FIFTEEN PERCENT (15%) or more of the capital stock, or TWENTY PERCENT (20%) or more of outstanding Class D shares, if the shares representing such TWENTY PERCENT (20%) constitute, at the same time, less than FIFTEEN PERCENT (15%) of the capital stock, provided the shares the purchaser already holds or becomes a holder of (including the shares it held prior to the acquisition and those it acquired by virtue thereof) do not exceed FIFTY PERCENT (50%) of the capital stock, shall be excluded from the provisions of subsection e) paragraph (ii) and subsection f) of this section.

Acquisitions referred to in this subsection d) are called “Takeovers”.

e) Requirements: The person wishing to a Takeover (hereinafter called “the Bidder”) shall:

(i) Obtain the prior consent of the special shareholders’ meeting of class A shareholders; and

(ii) Arrange a takeover bid for the acquisition of all the shares of all classes of the Corporation and all securities convertible into shares.

Any decision passed at special shareholders’ meeting of Class A shares regarding the matters provided for in this subsection e) shall be final and shall not entitle any of the parties to claim any kind of compensation.

f) Takeover Bid: Each takeover bid shall be conducted in accordance with the procedure herein stipulated and, to the extent that applicable regulations in the jurisdictions where the takeover bid takes place and **the provisions of the stock exchanges where the Corporation’s shares and securities are listed impose additional or stricter requirements than the ones provided hereunder, such additional or stricter requirements shall be complied with in the stock exchanges or markets where they are applicable.**



Burford raises interesting points in its reply to Argentina’s opposition to summary judgment, but let’s first start with Argentina. Argentina claims that the American Depository Receipts (“ADRs”) Petersen bought via the IPO are “indirect” ownership instruments representing a “negotiable” interest in American Depository Shares

As a matter of fact, we have Argentine politicians going to congress, saying on TV that we are not going to launch a tender offer because we don’t want to pay those “stupid banks overseas”. They actually said that, that’s the word they used and plaintiffs used those words in the case - In Practise Interview

ADRs in a variety of ways (e.g., dollar-denominated dividends). Argentina argues that, in any case, an exchange rate fixed on a future “judgment day” is supported by N.Y. Jud. Law § 27(b), which states that “In any case in which the cause of action is based upon an obligation denominated in a currency other than currency of the United States, a court shall render or enter a judgment or decree in the foreign currency of the underlying obligation.” This is a rather long way of saying that the judgment would be in pesos, and we’d convert at the current exchange rate on the day of judgment.

Burford’s counter rests on two points:

1. N.Y. Jud. Law § 27(a)—importantly, the section *before* § 27(b)—says that judgments and accounts must be computed in “dollars and cents” unless the limited exception of 27(b) applies, and
2. Burford alleges that the language of 27(b) cannot apply because Argentina breached a *performance* obligation (specifically, the obligation to conduct a tender offer) rather than a *payment* obligation, and that *performance* obligations “cannot be denominated in anything.”

The Court has not uncovered and the parties fail to cite a case analyzing the relationship between New York Judiciary Law § 27(b) and causes of action based on non-monetary obligations. However, under a plain reading of the statute, Judiciary Law § 27(b) is limited to causes of action "based upon an obligation denominated in a currency other than a currency of the United States." Here, the breach of contract claim is "based upon" the provision of the Distribution Agreement entitled "Duration and Cancellation" and the "obligation" under that provision is not "denominated in a currency other than a currency of the United States." **For that matter, that "obligation" on the part of**

[78 F.Supp.3d 558]

Defendant NOI is not denominated in any currency, but is rather a performance obligation. Judiciary Law § 27(b) is inapplicable here, Therefore, in the Court's view, but as stated previously, not precisely for the reasons espoused by the Plaintiff NPN.


Having concluded that Judiciary Law 27(b) is inapplicable, the Court is left with the general rule that where damages are sustained in a foreign currency, **"New York courts apply the 'breach day rule,' whereby the appropriate measure of damages is the equivalent of such foreign currency in terms of dollars, at the rate of exchange prevailing at the date of breach."** *Elevator Motors Corp. v. Leistritz Aktiengesellschaft*, No. CV-88-0005, 1990 WL 127596, at *3 (E.D.N.Y. Aug. 21, 1990) (Sifton, J.)(citing *Middle E. Banking Co. v. State St. Bank Int'l*, 821 F.2d 897, 902 (2d Cir.1987)).

MONEY NEWS APRIL 16, 2012 / 1:47 PM / UPDATED 11 YEARS AGO

NEWSMAKER - Leftist economist masterminds Argentina's YPF grab

By Hilary Burke, Magdalena Morales 5 MIN READ

BUENOS AIRES (Reuters) - Government economist Axel Kicillof stormed the world stage this week when Argentina moved to nationalize energy company YPF, defending the plan he helped devise in a fiery speech worthy of Venezuelan President Hugo Chavez.



Axel Kicillof, deputy economy minister and controller of YPF gas and oil company, speaks at the Argentine Senate in Buenos Aires April 17, 2012. REUTERS/Daracco Brindoni

Charismatic and polarizing, the 40-year-old Kicillof lambasted "free-market fundamentalists" as he defended the push to seize control of YPF [YPFD.BA](#) from Spain's Repsol [REPMC](#).

Just four months after taking the deputy economy minister post, Kicillof has penetrated the small circle of trusted advisers to President Cristina Fernandez, who singles him out for praise in her speeches.

Sporting sideburns and an open collar, Kicillof told Congress that only "morons" would think the state was stupid enough to play by Repsol's rules and make an offer to buy 100 percent of its shares. He blasted economic theories that "justify the looting of our resources and our companies."

"On April 17, 2012, in a speech before the Argentine Senate, the country's Deputy Economy Minister described as "**fools**... those who think that the State has to be **stupid** and buy everyone according to YPF's own law, respecting its by-law." App. n.1 He also dismissed the tender offer requirements as "unfair" and a "**bear trap**.""

No. 18-____

IN THE
Supreme Court of the United States

ARGENTINE REPUBLIC,
Petitioner,

v.

PETERSEN ENERGÍA INVERSORA S.A.U. AND
PETERSEN ENERGÍA, S.A.U.,
Respondents.

**On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Second Circuit**

PETITION FOR A WRIT OF CERTIORARI

Maura Barry Grinalds
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As a matter of fact, we have Argentine politicians going to congress, saying on TV that we are not going to launch a tender offer because we don't want to pay those "stupid banks overseas". They actually said that, that's the word they used and plaintiffs used those words in the case - In Practise Interview

First of all, national law preempts corporate law. I was limited by congress from acquiring more than 51% of the shares outstanding in YPF; I was not allowed to launch a tender offer. Argentina also claims that only shareholders that had shares in April 2014 – when Argentina officialized the expropriation and when it paid Repsol \$5 billion and it received the shares – were allowed to bring forward this case. Both Petersen and Eton had already either foreclosed their shares or sold them. **Argentina says, these guys didn't have the shares on 2014; they cannot bring the case forward. Argentina is also saying look, there is no way I could actually go through this tender offer, because we are under Argentine law, not New York law. Argentine law says, as a sovereign, I am responsible for following local rules. Local rules say, you don't have to acquire YPF shares because sovereign law trumps local corporate law.** - In Practise Interview

If you are a company or a sovereign nation that goes to the US capital markets to get financing, whether through an IPO or through debt – both Argentina and YPF have bonds issued overseas in Wall Street, and YPF has shares issued in Wall Street – you should be held accountable to the same standards as US corporates, as well as the government is currently. Argentina says look, I'm not going to be held accountable for doing something that was in my bylaws. **Burford – as well as Petersen and Eton – is saying look, if you, Judge Preska, rule in favor of Argentina, you are setting a precedent to future sovereign nations that want to expropriate US listed companies without any consequences. This is a major landmark ruling responsibility for Judge Preska, because with her ruling, if she goes in favor of Argentina, you can have Mexico, Chile, Colombia, Venezuela, expropriating US listed companies, without any consequences, leaving investors empty handed, unprotected.** - In Practise Interview

LEAPS YPF LONG CALL

- Given the fact that both parties agreed to a Motion for Summary Judgement April 14, 2022, and the fact that Judge Preska has deliberated for seven months, a decision is much more likely to come in the next year
- With a win in the case, Burford has the opportunity to double its market capitalization
- As we know the timing is the next year or so, we can leverage an asymmetric risk bet with LEAPS
- The graph to the right shows the returns given a **strike price of \$7.50** (current price is \$9.00) and a **premium of \$2.03** per option

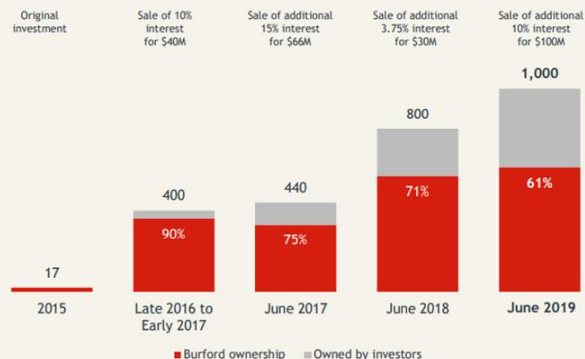
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec																			
BUR	4	17	30	12	25	7	20	5	18	31	13	26	9	22	4	17	30	13	26	8	21	3	16	29	12	25	7	20	3	Exp	+/-%	
18.00	433	432	432	431	431	430	430	429	429	428	427	427	426	426	425	425	424	424	423	423	422	421	421	420	420	419	419	418	418	417	100%	
17.66	416	416	415	415	414	413	413	412	412	411	411	410	410	409	409	408	408	407	406	406	405	405	404	404	403	403	402	401	401	400	96.22%	
17.33	400	399	399	398	398	397	397	396	396	395	395	394	394	393	392	392	391	391	390	389	389	388	388	388	387	386	386	385	385	384	92.56%	
17.00	383	383	382	382	381	381	380	380	379	379	378	377	377	376	376	375	375	374	374	373	373	372	371	371	370	370	369	369	368	368	88.89%	
16.66	367	367	366	366	365	364	364	363	363	362	362	361	361	360	360	359	359	358	357	357	356	356	355	355	354	354	353	352	352	351	85.11%	
16.33	351	350	349	349	348	348	347	347	346	346	345	345	344	344	343	342	342	341	341	340	340	339	339	338	337	337	336	336	335	335	81.44%	
16.00	334	333	333	333	332	332	331	331	330	330	329	328	328	327	327	326	326	325	325	324	324	323	322	322	321	321	320	320	319	319	77.78%	
15.66	318	317	317	316	316	315	314	314	313	313	312	312	311	311	310	310	309	308	308	307	307	306	306	305	305	304	304	303	302	302	74%	
15.33	301	301	300	300	299	299	298	298	297	297	296	296	295	295	294	293	293	292	292	291	291	290	290	289	288	288	287	287	286	286	70.33%	
15.00	285	284	284	283	283	282	282	281	281	280	279	279	278	278	277	277	276	276	275	275	274	273	272	272	271	271	270	270	269	269	66.67%	
14.66	268	268	267	267	266	265	265	264	264	263	263	262	261	261	260	259	259	258	258	257	257	256	256	255	255	254	253	253	252	251	62.89%	
14.33	252	252	251	250	250	249	249	248	248	247	247	246	246	245	244	244	243	243	242	242	241	241	240	240	239	238	238	237	237	236	59.22%	
14.00	235	235	234	234	233	233	233	232	232	231	230	230	229	229	228	228	227	227	226	226	225	224	224	223	223	222	222	221	221	220	55.56%	
13.66	219	219	218	218	217	217	216	215	215	214	214	213	213	212	212	211	211	210	209	209	208	208	207	207	206	206	205	204	204	203	51.78%	
13.33	203	202	202	201	201	200	200	199	199	198	198	197	197	196	195	195	194	194	193	193	192	192	191	191	190	189	189	188	188	187	48.11%	
13.00	187	186	186	185	184	184	183	183	182	182	181	181	180	180	179	179	178	178	177	177	176	176	175	174	174	173	173	172	171	171	44.44%	
12.66	170	170	169	168	168	167	167	166	165	165	164	164	163	163	162	162	161	160	160	159	159	158	158	157	157	156	155	155	154	154	40.67%	
12.33	154	154	153	152	152	151	151	150	149	149	148	148	147	147	146	145	145	144	144	143	143	142	142	141	141	140	139	139	138	138	37%	
12.00	138	137	136	136	135	134	133	133	132	132	131	130	130	129	129	128	128	127	127	126	126	125	125	124	124	123	123	122	122	121	33.33%	
11.66	122	121	121	120	119	119	118	117	117	116	116	115	114	114	113	112	112	111	110	110	109	109	108	108	107	107	106	105	105	104	29.56%	
11.33	106	105	104	104	103	102	102	101	100	100	99	99	98	97	97	96	96	95	94	94	93	93	92	92	91	91	90	90	89	89	25.89%	
11.00	89	89	88	87	87	86	86	85	85	84	83	83	82	81	81	80	80	79	78	78	77	77	76	75	75	74	74	73	73	72	22.22%	
10.66	73	73	72	71	71	70	70	69	68	68	67	66	66	65	65	64	64	63	62	62	61	61	60	60	59	59	58	58	57	57	18.44%	
10.33	58	57	57	56	55	54	54	53	52	52	51	51	50	49	49	48	48	47	46	46	45	45	44	44	43	43	42	42	41	41	14.78%	
10.00	43	42	41	41	40	39	39	38	38	37	37	36	36	35	35	34	34	33	32	32	31	31	30	29	29	28	28	27	27	26	23	11.11%
9.66	28	27	26	26	25	24	24	23	22	22	21	21	20	20	19	19	18	17	17	16	16	15	15	14	14	13	13	12	12	11	7.33%	
9.33	13	12	11	11	10	10	9	9	8	8	7	7	6	6	5	5	4	4	3	3	3	2	2	1	1	0	0	0	0	0	3.67%	
9.00	-0.5	-1.5	-2.5	-3.4	-3.9	-4.9	-5.9	-6.9	-7.9	-8.9	-9.9	-11	-11	-12	-13	-14	-15	-16	-17	-18	-19	-20	-21	-22	-23	-24	-25	-26	-26	0%		
8.66	-14	-15	-16	-17	-18	-19	-20	-21	-22	-23	-24	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-35	-36	-37	-38	-40	-41	-41	-42	-43	-3.78%	
8.33	-27	-28	-29	-30	-31	-32	-33	-33	-35	-36	-37	-38	-39	-40	-41	-42	-43	-44	-46	-47	-48	-49	-51	-52	-54	-55	-56	-58	-59	-59	-7.44%	
8.00	-39	-40	-41	-42	-43	-44	-45	-46	-47	-48	-49	-50	-51	-52	-53	-55	-56	-57	-58	-60	-61	-63	-64	-66	-67	-69	-70	-72	-74	-75	-11.11%	
7.66	-50	-51	-52	-53	-54	-55	-56	-57	-58	-59	-60	-61	-62	-64	-65	-66	-67	-68	-69	-71	-72	-73	-75	-77	-78	-80	-83	-85	-88	-92	-14.89%	

YPF-RELATED ASSETS

Burford's YPF-related assets have generated significant value—with potential to deliver significantly more

- YPF-related assets have generated over \$1 billion of value
 - \$236 million in cash from sales of portions of Burford's entitlement to proceeds
 - \$773 million carrying value on the balance sheet
- Burford's retained YPF-related assets could generate significant realisations in the event of a successful adjudication outcome

Petersen secondary sales & implied entitlement valuation¹
(\$ in millions)



¹ Figures indicated on top of the bars are implied entitlement valuation

Potential entitlements from various hypothetical outcomes
(\$ in millions—all amounts approximate)

	Equivalent to level of Repsol settlement		Midpoint of by-laws formula range		
Assumed value of total Petersen claim	2,500	5,000	7,500	10,000	12,500
Burford net Petersen entitlement after costs and sales	900	1,800	2,700	3,600	4,500
Burford net Eton Park entitlement after costs	200	450	650	900	1,100
Total YPF-related net entitlement to Burford	1,100	2,250	3,350	4,500	5,600

(\$ in millions)	Strategy	Investor commitments closed	Asset commitments ⁷	Asset deployments	AUM	Fee structure (management/performance) ¹	Waterfall	Investment period (end)
BCIM Partners II, LP ²	Legal finance	260	253	181	177	Class A: 2%/20% Class B: 0%/50%	European	12/15/2015
BCIM Partners III, LP	Legal finance	412	446	309	463	2%/20%	European	1/1/2020 ³
BOF	Legal finance	300	387	246	338	2%/20%	European	12/31/2021 ⁴
BCIM Credit Opportunities LP	Post-settlement	488	699	695	442	1% on undrawn/ 2% on funded and 20% incentive	European	9/30/2019 ³
BAIF ²	Post-settlement	327	653	638	395	1.5%/10%	European	4/4/2022
Strategic Value Fund ⁵	Complex strategies	500	1,199	1,199	41	2%/20%	American	Evergreen
BOF-C ²	Legal finance	766	788	403	789	Expense reimbursement + profit share	Hybrid	12/31/2022
Advantage Fund	Legal finance	190 ⁸	-	-	190	Profit Split ⁶	American	12/24/2024
Totals		3,243	4,425	3,671	2,835			

BCIM Partners II LP	
AUM	\$166
Investment Return	\$42
0%/50% Fee Structure	
Management Fee	\$0
Incentive Fee	\$21
Total Fees	\$21
BCIM Partners III LP	
AUM	\$443
Investment Return	\$111
2%/20% Fee Structure	
Management Fee	\$0
Incentive Fee	\$22
Total Fees	\$22
Burford Opportunity Fund LP	
AUM	\$353
Investment Return	\$88
2%/20% Fee Structure	
Management Fee	\$7
Incentive Fee	\$18
Total Fees	\$25

BCIM Credit Opportunities	
AUM	\$438
Investment Return	\$110
1%/20% Fee Structure	
Management Fee	\$0
Incentive Fee	\$22
Total Fees	\$22
Alternative Income Fund LP	
AUM	\$403
Investment Return	\$101
1.5%/10% Fee Structure	
Management Fee	\$0
Incentive Fee	\$10
Total Fees	\$10
Alternative Income Fund II LP	
AUM	\$350
Investment Return	\$88
1.5%/12.5% Fee Structure	
Management Fee	\$1
Incentive Fee	\$11
Total Fees	\$12

Strategic Value Master Fund	
AUM	\$32
Investment Return	\$8
2%/20% Fee Structure	
Management Fee	\$0
Incentive Fee	\$2
Total Fees	\$2
Advantage Master Fund	
AUM	\$361
Investment Return	\$90
Profit Split	
Management Fee	\$0
Incentive Fee	\$14
Total Fees	\$14
Opportunity Fund C LP	
AUM	\$813
Investment Return	\$203
Profit Split	
Management Fee	\$0
Incentive Fee	\$30
Total Fees	\$30

Asset Management Valuation

	Inv. Per. End	Waterfall	AUM	IRR	Preferred Return	Management Fee	Incentive Fees	2022	2023	2024	2025	2026	2027	Incentive Fees	Management Fees
BCIM Partners II LP	Dec-15	European	\$166	20%	8%	0%	50%	\$0	\$0	\$0	\$0	\$0	\$0		
BCIM Partners III LP	Jan-20	European	\$443	20%	8%	2%	20%	\$18	\$18	\$18	\$0	\$0	\$0		
Burford Opportunity Fund LP	Dec-21	European	\$353	20%	8%	2%	20%	\$0	\$0	\$14	\$14	\$14	\$0		
BCIM Credit Opportunities	Sep-19	European	\$438	20%	8%	1%	20%	\$18	\$18	\$18	\$0	\$0	\$0		
Alternative Income Fund LP	Apr-22	European	\$403	20%	8%	2%	10%	\$0	\$0	\$0	\$8	\$8	\$8		
Alternative Income Fund II LP	Sep-25	European	\$350	20%	8%	2%	12.50%	\$5	\$5	\$5	\$0	\$0	\$9		
Strategic Value Master Fund	Evergreen	American	\$32	20%	8%	2%	20%	\$1	\$1	\$1	\$1	\$1	\$1		
Advantage Master Fund	Dec-24	American	\$361	16%	10%	0%	100%	\$0	\$0	\$22	\$22	\$22	\$22		
Opportunity Fund C LP	Dec-23	Hybrid	\$813	16%	10%	0%	100%	\$0	\$0	\$49	\$49	\$49	\$49		
Total Projected AUM			7.5% Growth					\$3,350	\$3,601	\$3,871	\$4,162	\$4,474	\$4,809		
New Projected AUM								\$0	\$251	\$521	\$812	\$1,124	\$1,459		
New Projected AUM Fees						2%		\$0	\$5	\$10	\$16	\$22	\$29		
Total Fees								\$41	\$46	\$136	\$110	\$116	\$117		
Tax								\$10	\$12	\$34	\$27	\$29	\$29		
Total Fees Post-Tax								\$31	\$35	\$102	\$82	\$87	\$88		
Shares Outstanding								219	221	223	226	228	230		
EPS								\$0.14	\$0.16	\$0.46	\$0.36	\$0.38	\$0.38		
P/E								11	11	11	11	11	11		
Share Price								\$1.55	\$1.72	\$5.03	\$4.01	\$4.19	\$4.20		

Company	Market Cap (MM)	AUM (MM)	P/E	P/BV
KKR	\$45,278	\$491,000	10.7	2.77
Blackstone	\$65,231	\$951,000	16.8	7.8
Carlyle Group	\$9,366	\$376,000	5.0	1.6
Blackrock	\$103,083	\$8,490,000	16.4	2.5
Brookfield Asset Mangement	\$87,111	\$750,000	11.7	1.6
State Street	\$27,943	\$4,100,000	10.7	1.2

Bottom	\$9,366	\$376,000	5.0	1.2
Lower Quartile	\$23,299	\$462,250	9.3	1.5
Median	\$55,255	\$850,500	11.2	2.1
Upper Quartile	\$91,104	\$5,197,500	16.5	4.0
Top	\$103,083	\$8,490,000	16.8	7.8

(millions)	Market Cap	Enterprise Value	AUM	Balance Sheet	LTM Revenue	LTM EV/Revenue
Burford	\$1,982	\$3,240	\$3,400	\$2,900	\$174.4	18.7x
Omni Bridgeway	\$776	\$1,564	\$2,605	\$78	\$89.2	17.5x

Asymmetric returns on adjudications drive high total returns

Favorable risk-adjusted return dynamics exemplified by the positive skew of the distribution of returns since inception:

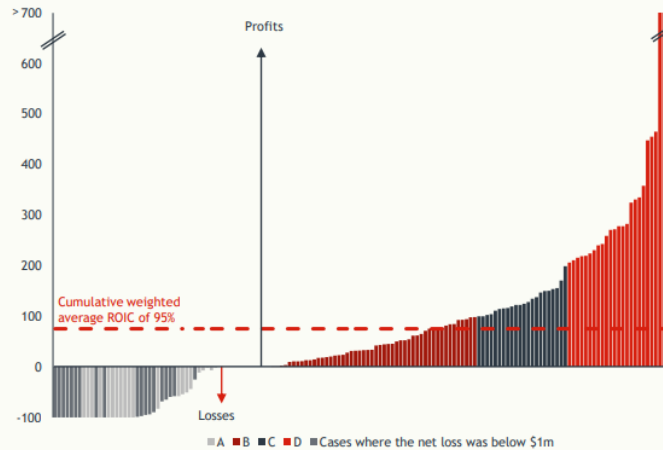
25 matters
representing 15% of total deployed cost of concluded cases generated ROICs greater than 200%

21 matters
representing 14% of deployed cost of concluded cases generated ROICs of 100-199%

55 matters
representing 56% of deployed cost of concluded cases generated ROICs of between 0-99%

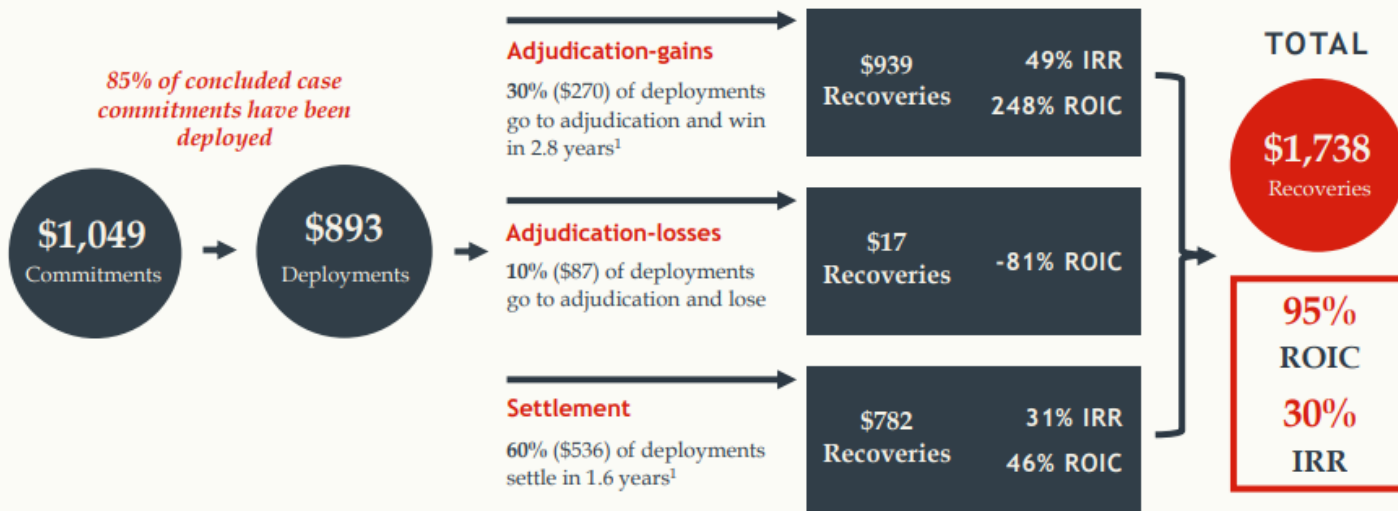
Concluded assets arrayed by ROIC since inception
Burford-only capital provision-direct-fully and partially concluded portfolio
(\$ in millions)

A		B		C		D		Total	
0% or less ROIC		0 to 99% ROIC		100 to 199% ROIC		Greater than 200% ROIC		\$1,738 recovered	
Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:
\$139	(\$96)	\$500	\$147	\$117	\$145	\$137	\$649	\$893	\$845
15% of total	(11% of total)	56% of total	17% of total	14% of total	17% of total	15% of total	77% of total		



Legal finance life cycle

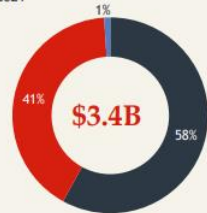
Burford-only capital provision-direct—fully and partially concluded portfolio
(\$ in millions)



Current portfolio broadly diversified

By client type

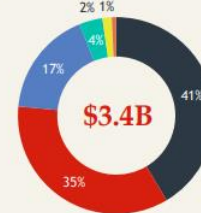
Group-wide capital provision-direct commitments
June 30, 2021



■ Corporates ■ Law firms ■ Other

By geography

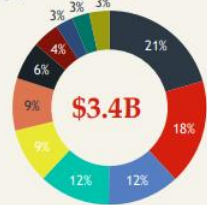
Group-wide capital provision-direct commitments
June 30, 2021



■ North America ■ Europe ■ Global ■ Asia ■ Africa ■ South America

By case type

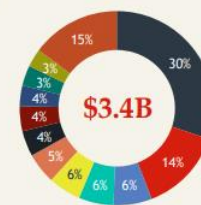
Group-wide capital provision-direct commitments
June 30, 2021



■ Mixed Portfolio ■ Antitrust
 ■ IP ■ Arbitration
 ■ Contract ■ Other - Litigation
 ■ Asset Recovery ■ Securities
 ■ Bankruptcy/Insolvency ■ Business Torts
 ■ Other <2%

By industry

Group-wide capital provision-direct commitments
June 30, 2021



■ Mixed ■ Diversified Financials
 ■ Food, Beverage & Tobacco ■ Energy
 ■ Utilities ■ Capital Goods
 ■ Pharma, Biotech & Life Sciences ■ Materials
 ■ Software & Services ■ Banks
 ■ Technology, Hardware & Equipment ■ Other <2% (13 Industries)

Burford Capital 24

Previously Realized IRRs (Balance Sheet Investing)

	2017	2018	2019	2020	2021
Total Assets	\$1,499	\$2,549	\$2,652	\$3,118	\$3,525
Less: Goodwill	\$134	\$134	\$134	\$134	\$134
Less: Other Intangibles	\$28	\$18	\$9	\$0	\$0
Less: YPF-Assets	\$0	\$700	\$770	\$777	\$779
Less: Minority Interest	\$0	\$0	\$0	\$243	\$389
Less: Current Assets*	\$224	\$478	\$411	\$390	\$462
Investable Assets	\$1,113	\$1,219	\$1,328	\$1,817	\$2,150
Investment Revenue	\$323	\$393	\$336	\$337	\$134
Realized IRR	29%	32%	25%	19%	6%

Burford Capital Limited (“Burford Capital” or “Burford” or “the Company”), the leading global finance and investment management firm focused on law, responds here to the short attack report issued by Muddy Waters yesterday.

The Muddy Waters report is false and misleading.

We set out below the report’s many factual inaccuracies, simple analytical errors and selective use of information and expose its fallacious insinuations.

As previously announced, following release of this rebuttal, Christopher Bogart and Jonathan Molot, Burford’s Chief Executive Officer and Chief Investment Officer, respectively, intend to purchase a significant number of Burford shares in the market. Two of Burford’s non-executive directors have also sought clearance to make market purchases, as have numerous other Burford employees. In addition, the Board is also considering the Company buying back its own shares, given the potential investment return the shares represent at their current price. Appropriate disclosure will be issued upon the completion of any purchases.

Burford has a low debt level, a strong cash position and the capacity to take on more debt as desired. Burford's net debt to equity ratio was 0.3x at 30 June 2019, with laddered debt maturities between 2022 and 2026. As previously discussed, Burford is likely to continue to access the debt markets in addition to considering other sources of financing. Burford also has a strong cash position, with approximately \$400 million in cash and cash equivalents on hand presently. Burford actively manages its cash and is confident about its ability to continue to meet its deployment needs and grow the business.

Burford's accounting and financial reporting is transparent, appropriate and has been consistent for many years. Burford provides both audited IFRS financial statements, with clean audit opinions from Ernst & Young since 2010, and detailed investment-level data on a cash basis using the same reporting approach since it began reporting. Burford sets out the details of its investment returns and provides investors with the data necessary to analyse the business in whatever way they see fit. Highlighted in this statement are specific references to Burford's prior disclosures covering the areas discussed.

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Everything about the short report here is incorrect. To begin, the Neptune investment is entirely a fund investment; the Burford balance sheet has no part of it, and it predates Burford's acquisition of GKC. As discussed earlier, we report fund investment performance for investors' information but we do not include fund performance in our published investment returns. Investment 166813 cited by the report as Neptune is in fact not Neptune; Neptune is investment 177598. Neptune is a portfolio investment with a variety of results to date (both positive and negative) and is appropriately shown as a partially concluded investment. The investment discussed in the report is in fact a separate non-Neptune investment, 166813, which is appropriately classified as ongoing.

Point 4 – Computation of partially-concluded investments

The report repeats a perspective espoused earlier this year, and widely discredited, that Burford should not allocate investment cost against partial recoveries. Burford has already addressed this issue in depth in its 2019 interim report at page 13.

There is nothing unusual about the Akhmedov case cited by the report in terms of Burford's reporting policies; Burford received a partial recovery and allocated cost basis against it (and continues ongoing enforcement activities), just as a portfolio manager would allocate cost basis against the partial sale of a security holding. No one buys 200 shares of stock, sells 50 of them, and measures the profit or loss on the sale of the 50 shares against the cost of all 200, yet that is what is suggested here.