

PROSPECTUS DATED 21 JULY 2014



BURFORD CAPITAL PLC

RETAIL BONDS

**GUARANTEED BY
BURFORD CAPITAL LIMITED**

FIXED INTEREST RATE OF 6.50 PER CENT. PER ANNUM

MATURITY DATE OF 19 AUGUST 2022

LEAD MANAGER

Canaccord Genuity Limited

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS. YOU SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN SECTION 2 (*RISK FACTORS*) OF THIS PROSPECTUS. YOU SHOULD ALSO READ CAREFULLY SECTION 11 (*IMPORTANT LEGAL INFORMATION*).

IMPORTANT NOTICES

Use of defined terms in this Prospectus

Certain terms or phrases in this Prospectus are defined in bold and subsequent references to that term are designated with initial capital letters. The locations in this Prospectus where these terms are first defined are set out in Appendix 1 of this Prospectus.

About this document

This document (the “**Prospectus**”) has been prepared in accordance with the Prospectus Rules of the United Kingdom Financial Conduct Authority (the “**FCA**”) and relates to the offer by Burford Capital PLC of its sterling denominated 6.50 per cent. guaranteed bonds due 2022 (the “**Bonds**”) at 100 per cent. of their principal amount. Burford Capital PLC’s payment obligations under the Bonds are irrevocably and unconditionally guaranteed (the “**Guarantee**”) by Burford Capital Limited. The Bonds are transferable, unsecured debt instruments and are to be issued by Burford Capital PLC on 19 August 2014. The principal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100. The aggregate principal amount of the Bonds to be issued will be specified in the Sizing Announcement published by the Issuer via a Regulatory Information Service.

This Prospectus contains important information about Burford Capital PLC, Burford Capital Limited, the Group (as defined below), the terms of the Bonds, the terms of the Guarantee and details of how to apply for the Bonds. This Prospectus also describes the risks relevant to Burford Capital PLC, Burford Capital Limited and their respective businesses, the Group (as defined below), and risks relating to an investment in the Bonds generally. You should read and understand fully the contents of this Prospectus before making any investment decisions relating to the Bonds.

The Issuer and the Guarantor are responsible for the information contained in this Prospectus

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In this Prospectus, references to the “**Issuer**” are to Burford Capital PLC, which is the issuer of the Bonds. References to the “**Guarantor**” are to Burford Capital Limited, which is the guarantor of the Bonds. All references to the “**Group**” are to the Guarantor and its subsidiaries taken as a whole. See Section 6 (*Description of the Issuer*) for further details of the Issuer. See Section 7 (*Description of the Guarantor and the Group*) for further details of the Guarantor and the Group.

At the date of this Prospectus, neither the Issuer nor the Guarantor have been assigned a credit rating by any independent credit rating agency and, accordingly, the Bonds have not been assigned a credit rating by any independent credit rating agency.

The Bonds are not protected by the Financial Services Compensation Scheme

The Bonds are not protected by the Financial Services Compensation Scheme (the “**FSCS**”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer and the Guarantor. If the Issuer, the Guarantor or the Group as a whole go out of business or become insolvent, you may lose all or part of your investment in the Bonds.

How to apply

Applications to purchase Bonds cannot be made directly to the Issuer, the Guarantor or any other member of the Group. Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to the application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.

After the closing time and date of the offer period which is expected to be 12.00 noon (London time) on 12 August 2014 or such earlier time and date as may be agreed between the Issuer, the Guarantor and Canaccord Genuity Limited (the “**Lead Manager**”) and announced via a Regulatory Information Service, no Bonds will be offered for sale (a) by or on behalf of the Issuer or the Guarantor or (b) by any of the Authorised Offerors, except with the permission of the Issuer.

See Section 4 (*How to apply for the Bonds*) for more information.

Queries relating to this Prospectus and the Bonds

If you have any questions regarding the content of this Prospectus and/or the Bonds or the actions you should take, you should seek advice from your financial adviser or other professional adviser before deciding to invest.

TABLE OF CONTENTS

	Pages
IMPORTANT NOTICES	II
SUMMARY	2
RISK FACTORS	18
INFORMATION ABOUT THE BONDS	31
HOW TO APPLY FOR THE BONDS	40
TAXATION	45
DESCRIPTION OF THE ISSUER	53
DESCRIPTION OF THE GUARANTOR AND THE GROUP	56
SELECTED FINANCIAL INFORMATION	76
SUBSCRIPTION AND SALE	79
ADDITIONAL INFORMATION	83
IMPORTANT LEGAL INFORMATION	87
APPENDIX 1 DEFINED TERMS INDEX	95
APPENDIX 2 TERMS AND CONDITIONS OF THE BONDS	98
APPENDIX 3 SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS	122
APPENDIX 4 FINANCIAL INFORMATION	126

1

Summary

SUMMARY

The following is a summary of information relating to the Issuer, the Guarantor and the Bonds.

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities, issuer and guarantor. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities, issuer and guarantor, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

	SECTION A – INTRODUCTIONS AND WARNINGS
A.1	<p>This summary must be read as an introduction to this Prospectus. Any decision to invest in the Bonds should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under the national legislation of the EU Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.</p>
A.2	<p>Each of the Issuer and the Guarantor consents to the use of this Prospectus in connection with any Public Offer of Bonds in the UK during the period commencing from, and including, 21 July 2014 until 12.00 noon (London time) on 12 August 2014 or such earlier time and date as may be agreed between the Issuer, the Guarantor and Canaccord Genuity Limited (the “Lead Manager”) and announced via a Regulatory Information Service (the “Offer Period”) by:</p> <ul style="list-style-type: none"> (i) the Lead Manager; and (ii) any financial intermediary (an “Authorised Offeror”) which satisfies the Authorised Offeror Terms and other conditions as set out below. <p>The “Authorised Offeror Terms” are that the relevant financial intermediary represents and agrees that it:</p> <ul style="list-style-type: none"> (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (“MiFID”) (in which regard, you should consult the register of authorised entities maintained by the Financial Conduct Authority (“FCA”) at www.fca.org.uk/firms/systems-reporting/register). MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors; (b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “Rules”), including the Rules published by the FCA (including its guidance for distributors in “The Responsibilities of Providers and Distributors for the Fair Treatment of Customers”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by any person and disclosure to any potential investor; (c) complies with the restrictions set out under “Subscription and Sale” in this Prospectus which would apply as if it were a Lead Manager; (d) ensures that any fee (and any commissions, rebate or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to investors or potential investors;

	<p>(e) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under the Financial Services and Markets Act 2000 (FSMA) and/or the Financial Services Act 2012;</p> <p>(f) complies with and takes appropriate steps in relation to applicable anti-money laundering, anti-bribery and “know your client” Rules, and does not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies;</p> <p>(g) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Lead Manager, the Issuer and the Guarantor or directly to the appropriate authorities with jurisdiction over the Issuer and/or the Guarantor and/or the Lead Manager in order to enable the Issuer and/or the Guarantor and/or the Lead Manager to comply with anti-money laundering, anti-bribery and “know your client” Rules applying to the Issuer and/or the Guarantor and/or the Lead Manager;</p> <p>(h) does not, directly or indirectly, cause the Issuer or the Guarantor or the Lead Manager to breach any Rule or subject the Issuer or the Guarantor or the Lead Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;</p> <p>(i) agrees and undertakes to indemnify each of the Issuer, the Guarantor and the Lead Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantor or the Lead Manager;</p> <p>(j) will immediately give notice to the Issuer, the Guarantor and the Lead Manager if at any time such Authorised Offeror becomes aware or suspects that they are or may be in violation of any Rules or the Authorised Offeror Terms, and will take all appropriate steps to remedy such violation and comply with such Rules and the Authorised Offeror Terms in all respects;</p> <p>(k) will not give any information other than that contained in this document (as may be amended or supplemented by the Issuer from time to time) or the information booklet prepared by the Issuer, the Guarantor and the Lead Manager or make any representation in connection with the offering or sale of, or the solicitation of interest in, the Bonds;</p> <p>(l) agrees that any communication in which it attaches or otherwise includes the Prospectus or any announcement published by the Issuer via a Regulatory Information Service at the end of the Offer Period will be consistent with the Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and the Guarantor and must expressly confirm that neither the Issuer nor the Guarantor accepts any responsibility for content of any such communication;</p> <p>(m) will not use the legal or publicity names of the Lead Manager, the Issuer, the Guarantor (other than to describe such entity as the Lead Manager, the Issuer or the Guarantor of the Bonds (as applicable)) or any other name, brand or logo registered by the Guarantor or any of its subsidiaries or any material over which any member of the Guarantor or its subsidiaries retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Bonds; and</p>
--	---

(n) agrees and accepts that:

- (i) the contract between the Issuer, the Guarantor and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Agreement**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Agreement, shall be governed by, and construed in accordance with, English law;
- (ii) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Agreement) and accordingly submits to the exclusive jurisdiction of the English courts; and
- (iii) the Lead Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Agreement which are, or are expressed to be, for its benefit, including the agreements, representations, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

Any financial intermediary who wishes to use this Prospectus in connection with a Public Offer as set out above is required, for the duration of the Offer Period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the Guarantor and the conditions attached thereto in the following form (with the information in square brackets completed with the relevant information):

*"We, [insert legal name of financial intermediary], refer to the 6.50 per cent. sterling denominated guaranteed Bonds due 2022 of Burford Capital PLC. In consideration of Burford Capital PLC and Burford Capital Limited offering to grant its consent to our use of the Prospectus dated 21 July 2014 relating to the Bonds in connection with the offer of the Bonds in the UK (the "**Public Offer**") during the Offer Period and subject to the other conditions to such consent, each as specified in the Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Prospectus) and we are using the Prospectus in connection with the Public Offer accordingly".*

A Public Offer may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Guarantor, the Lead Manager or the other Authorised Offerors.

Other than as set out above, none of the Issuer, the Guarantor or the Lead Manager have authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of Bonds. Any such offers are not made on behalf of the Issuer or by the Guarantor, the Lead Manager or the other Authorised Offerors and none of the Issuer, the Guarantor, the Lead Manager or the other Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

None of the Issuer, the Guarantor or the Lead Manager have any responsibility for any of the actions of any Authorised Offeror (except for the Lead Manager, where they are acting in the capacity of an Authorised Offeror), including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

It is expected that any new information with respect to a financial intermediary that is unknown as at the date of this Prospectus will be published in the investor relations section of the website of such financial intermediary.

If you intend to acquire or do acquire any Bonds from an Authorised Offeror, you will do so, and offers and sales of the Bonds to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you including as to price, allocations and settlement arrangements at the time the offer and sale is made.

	Neither the Issuer nor the Guarantor will be a party to any such arrangements with you in connection with the offer or sale of the Bonds and, accordingly, this Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to you at the relevant time. None of the Issuer, the Guarantor, the Lead Manager or the other Authorised Offerors has any responsibility or liability for such information.	
	SECTION B – THE ISSUER AND THE GUARANTOR	
B.1 (B.19)	Legal and commercial name.	<p>The Issuer’s legal and commercial name is Burford Capital PLC (the “Issuer”).</p> <p>The Guarantor’s legal and commercial name is Burford Capital Limited (the “Guarantor”).</p>
B.2 (B.19)	The domicile and legal form of the issuer and the guarantor, the legislation under which they operate and their respective countries of incorporation.	<p>The Issuer is a public limited company incorporated and registered in England and Wales under the Companies Act 2006 on 9 June 2014 with registered number 09077893.</p> <p>The Guarantor is a company limited by shares incorporated and registered in Guernsey under the Companies (Guernsey) Law 2008 on 11 September 2009 with registered number 50877.</p>
B.4b (B.19)	A description of any known trends affecting the issuer and the guarantor and the industries in which they operate.	<p>The litigation finance industry in which the Issuer and the Guarantor operates is experiencing a considerable level of growth around the world and is expected to produce profits uncorrelated with general economic or market conditions given the nature of the litigation process. The Issuer and the Guarantor believe this trend is supported by a number of factors such as (i) the consistently high number of legal services professionals involved in litigation and the amount generated in legal fees and recoveries from litigation matters in the US, the UK and in markets that the Group (all references to the “Group” means to the Guarantor and its subsidiaries taken as a whole) identifies for strategic growth around the world; (ii) disenchantment amongst litigation participants with the costs of litigation and an associated desire by litigation participants to seek financing alternatives to conventional law firm billings for the pursuit of litigation; (iii) varying but generally low tolerance from law firms mandated to participate in litigation for assuming the litigation risk of participants to litigation through alternative forms of litigation financing; and (iv) the realisation of litigation participants that ownership of significant litigation claims proceeding through the litigation process may represent meaningful contingent asset value, the value of which can be released through utilisation of a diverse number of litigation financing techniques without waiting for the final resolution of that litigation and associated payment.</p>
B.5 (B.19)	If the issuer or the guarantor is part of a group, a description of the group and their position within the group	<p>The Issuer is a special purpose company established to raise money for use by the Group. The Issuer is a wholly-owned subsidiary of Burford Capital Holdings (UK) Limited, which itself is a wholly-owned subsidiary of the Guarantor.</p> <p>The Guarantor is the ultimate holding company of the Group. Its only assets are its shares in certain subsidiaries within the Group. The Guarantor is responsible for the overall business strategy and performance of the Group.</p>

		<p>The Group is the world's largest provider of investment capital and risk solutions to lawyers and their clients engaged in significant litigation and arbitration around the world with a particular focus on the US, the UK and international arbitration.</p> <p>The principal activities of the Group are the provision of capital to parties engaged in litigation and arbitration and to their law firms using a variety of investing and financing structures and, in the UK and the Channel Islands, the provision of litigation expenses insurance. The Group specialises in the evaluation of litigation risk and the creation of financial solutions for clients to monetise the value of their litigation-related assets which can range from recourse loans to non-recourse investments to the investment in or purchase of securities or assets.</p>															
B.9 (B.19)	Where a profit forecast or estimate is made, state the figure.	Not applicable; as at the date of this Prospectus no financial statements have been prepared in respect of the Issuer and the Guarantor has not made any profit forecast or profit estimate.															
B.10 (B.19)	A description of the nature of any qualifications in the audit report on the historical financial information.	Not applicable; as at the date of this Prospectus no financial statements have been prepared in respect of the Issuer and neither of the audit reports on the Guarantor's audited consolidated financial statements for the years ended 31 December 2012 and 31 December 2013 included any qualifications.															
B.12 (B.19)	Selected historical key financial information regarding the issuer and the guarantor, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information.	<p>As at the date of this Prospectus no financial statements have been prepared in respect of the Issuer.</p> <p>There has been no significant change in the financial or trading position of the Issuer, and no material adverse change in the prospects of the Issuer, since the date of its incorporation.</p> <p>The following summary financial data as of, and for each of the years ended, 31 December 2012 and 31 December 2013, has been extracted, without any adjustment, from the Guarantor's consolidated financial statements in respect of those dates and periods.</p> <p>Profit and Loss Account</p> <table> <thead> <tr> <th></th><th>Audited year ended 31 December 2013 \$000</th><th>Audited year ended 31 December 2012 \$000</th></tr> </thead> <tbody> <tr> <td>Litigation-related investment income</td><td>38,847</td><td>32,457</td></tr> <tr> <td>Insurance-related income</td><td>20,910</td><td>16,152</td></tr> <tr> <td>Other income</td><td>903</td><td>5,628</td></tr> <tr> <td>Total income.....</td><td>60,660</td><td>54,237</td></tr> </tbody> </table>		Audited year ended 31 December 2013 \$000	Audited year ended 31 December 2012 \$000	Litigation-related investment income	38,847	32,457	Insurance-related income	20,910	16,152	Other income	903	5,628	Total income.....	60,660	54,237
	Audited year ended 31 December 2013 \$000	Audited year ended 31 December 2012 \$000															
Litigation-related investment income	38,847	32,457															
Insurance-related income	20,910	16,152															
Other income	903	5,628															
Total income.....	60,660	54,237															

		Operating expenses (corporate and investment)	(11,367)	(15,054)
		Operating expenses - insurance	(6,779)	(5,085)
		Profit before tax and the impacts relating to the Burford UK acquisition, the 2012 Reorganisation and the UK Restructuring Costs	42,514	34,098
		Taxation*	(2,276)	(2,556)
		Profit after tax**	40,238	31,542
		<p>* Taxation does not include deferred taxation credit on amortisation or embedded value intangible asset.</p> <p>** This is profit after tax excluding the impact of the Burford UK acquisition, the 2012 Reorganisation and UK Restructuring costs which are included in the Consolidated Statement of Comprehensive Income of the Group's consolidated financial statements as of 31 December 2013.</p>		
		Consolidated Balance Sheet		
			Audited year ended 31 December 2013 \$'000	Audited year ended 31 December 2012 \$'000
		Assets		
		Non-current assets	267,273	239,992
		Current assets	108,809	105,018
		Total assets	<u>376,082</u>	<u>345,010</u>
		Liabilities		
		Current liabilities	22,344	7,815
		Non-current liabilities	<u>2,227</u>	<u>5,087</u>
		Total liabilities.....	<u>24,571</u>	<u>12,902</u>
		Total net assets	<u>351,511</u>	<u>332,108</u>
		Total equity shareholders' funds	<u>351,511</u>	<u>332,108</u>
		Consolidated Cash Flow Statement		
			Audited year ended 31 December 2013 \$'000	Audited year ended 31 December 2012 \$'000
		Net cash inflow from operating activities..	41,924	50,342

		<p>Net cash outflow from financing activities (10,013) (6,732)</p> <p>Net cash outflow from investing activities (236) (27,065)</p> <p>Net increase in cash and cash equivalents 31,675 16,545</p> <p>Reconciliation of net cash flow to movements in cash and cash equivalents</p> <p>Cash and cash equivalents at beginning of year 25,559 8,902</p> <p>Increase in cash and cash equivalents..... 31,675 16,545</p> <p>Effect of exchange rate changes on cash and cash equivalents 433 112</p> <p>Cash and cash equivalents at end of year..... 57,667 25,559</p> <p>There has been no significant change in the financial or trading position of the Guarantor, and no material adverse change in the prospects of the Guarantor, since 31 December 2013.</p>
B.13 (B.19)	A description of any recent events particular to the issuer or the guarantor which are to a material extent relevant to the evaluation of the issuer's and/or the guarantor's solvency.	Not applicable; there have been no recent events particular to the Issuer or the Guarantor which are to a material extent relevant to the evaluation of either the Issuer's or the Guarantor's solvency.
B.14 (B.19)	If the issuer or the guarantor is part of a group, a description of the group and the issuer's and guarantor's position within the group. If the issuer or the guarantor is dependent upon other entities within the group, this must be clearly stated.	<p>Please see Element B.5 above.</p> <p>The Issuer is a special purpose company established to raise money for use by the Group. The Issuer is a wholly-owned subsidiary of Burford Capital Holdings (UK) Limited, which itself is a wholly-owned subsidiary of the Guarantor. The Issuer's only material assets will be the obligation of other subsidiaries within the Group to repay funds that the Issuer on-lends to them back to it. Therefore, the Issuer is dependent on other subsidiaries within the Group to satisfy its obligations in full and on a timely basis.</p> <p>The Guarantor is the ultimate holding company of the Group. Its only assets are its shares in subsidiaries within the Group that it directly owns. The Guarantor is responsible for the overall business strategy and performance of the Group, conducts all of its operations through its subsidiaries and is dependent on the financial performance of its subsidiaries and payments of dividends and intercompany payments (both advances and repayments) from these subsidiaries to meet its debt obligations including its ability to fulfil its obligations under the Guarantee.</p>

B.15 (B.19)	A description of the issuer's and the guarantor's principal activities.	<p>The Issuer is a special purpose company established for the purpose of issuing the Bonds (and any further bonds issued in accordance with the Terms and Conditions of the Bonds) and lending the proceeds thereof to other subsidiaries within the Group.</p> <p>The Guarantor is the ultimate holding company of the Group. Its only assets are its shares in various subsidiaries within the Group. The Guarantor is responsible for the overall business strategy and performance of the Group.</p> <p>The Group is the world's largest provider of investment capital and risk solutions to lawyers and their clients engaged in significant litigation and arbitration around the world with a particular focus on the US, the UK and international arbitration.</p>
B.16 (B.19)	To the extent known to the issuer and the guarantor, state whether the issuer or the guarantor is directly or indirectly owned or controlled and by whom and describe the nature of such control.	<p>The entire share capital of the Issuer is owned by Burford Capital Holdings (UK) Limited, which itself is a wholly-owned subsidiary of the Guarantor.</p> <p>The Guarantor is not directly or indirectly owned or controlled by another entity.</p>
B.17 (B.19)	Credit ratings assigned to either the issuer or the guarantor or its debt securities at the request or with the co-operation of the issuer in the rating.	Neither the Issuer nor the Guarantor have been assigned a credit rating by any independent credit rating agency and, accordingly, the Bonds have not been assigned a credit rating by any independent credit rating agency.
B.18	Guarantee.	<p>Pursuant to the Trust Deed (the "Trust Deed") to be dated on or around 19 August 2014 (the "Issue Date") between the Issuer, the Guarantor and U.S. Bank Trustees Limited (the "Trustee"), the Guarantor will unconditionally and irrevocably guarantee the payment of principal and interest in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Trust Deed (the "Guarantee").</p> <p>If any subsidiary of the Guarantor (other than certain excluded subsidiaries) incurs financial indebtedness (such as loans, bonds or other forms of borrowing) exceeding £2,000,000 (in aggregate), then the Guarantor shall procure that such subsidiary also unconditionally and irrevocably guarantees the payment of principal and interest in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Trust Deed.</p>
SECTION C – BONDS		
C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.	<p>The 6.50 per cent. guaranteed bonds due 2022 (the "Bonds") will be issued in registered form. The principal amount of each Bond (being the amount which is used to calculate payments made on each Bond) is £100.</p> <p>The International Securities Identification Number ("ISIN") for the Bonds is XS1088905093 and the Common Code is 108890509.</p>

C.2	Currency of the securities issue.	The currency of the Bonds will be pounds sterling.
C.5	A description of any restrictions on the free transferability of the securities.	Not applicable; there are no restrictions on the free transferability of the Bonds.
C.8	A description of the rights attached to the securities including: <ul style="list-style-type: none"> • ranking limitations to those rights	<p><i>Status of the Bonds and the Guarantee:</i></p> <p>The Bonds constitute unsecured debt obligations of the Issuer. The Bonds will rank <i>pari passu</i> (i.e. equally in right of payment), without any preference between themselves, with all other outstanding unsecured and unsubordinated debt obligations of the Issuer.</p> <p>The Guarantee constitutes an unsecured obligation of the Guarantor. The payment obligations of the Guarantor under the Guarantee will rank <i>pari passu</i> (i.e. equally in right of payment) with all other outstanding unsecured and unsubordinated debt obligations of the Guarantor.</p> <p><i>Negative Pledge of the Issuer</i></p> <p>The Bonds contain a negative pledge provision with respect to the Issuer. In general terms, a negative pledge provision prohibits the entity from granting security over certain of its indebtedness which diminishes the priority of the Bondholders' claims against any of the entity's other assets. Therefore, under the negative pledge provision set out in the Terms and Conditions of the Bonds, the Issuer may not create or at any time have outstanding, any security interest over any of its present or future business, undertakings, assets or revenues to secure certain financial indebtedness without securing the Bonds equally, subject to certain exemptions.</p> <p><i>Negative Pledge of a Guarantor</i></p> <p>The Bonds contain a negative pledge provision with respect to a Guarantor and its subsidiaries (other than certain excluded subsidiaries). Under the negative pledge provision set out in the Terms and Conditions of the Bonds, the Guarantor may not create or at any time have outstanding, and shall procure so far as it can that its subsidiaries may not create or at any time have outstanding, any security interest over any of their present or future business, undertakings, assets or revenues to secure certain financial indebtedness without securing the Bonds equally, subject to certain exemptions.</p> <p><i>Financial covenant</i></p> <p>The Guarantor has agreed that, so long as any Bond remains outstanding, it shall ensure that the financial indebtedness of the Group (after deducting the sum of any cash, cash equivalents and cash management investments) does not exceed 50 per cent. of the sum of the Group's total assets (after deducting any goodwill and intangible assets) and any amounts which the Group is entitled to receive pursuant to certain preference shares issued by a subsidiary of the Guarantor (in each case excluding indebtedness or assets in certain of the Guarantor's subsidiaries).</p>

		<p><i>Events of default</i></p> <p>An event of default is a breach by the Issuer or the Guarantor of certain provisions in the Terms and Conditions of the Bonds, or the occurrence of certain events with respect to a material subsidiary. A material subsidiary is any subsidiary of the Guarantor (other than certain of the Guarantor's subsidiaries) which represents not less than 5 per cent. of the gross assets of the Group (after deducting the gross assets of certain of the Guarantor's subsidiaries).</p> <p>Events of default under the Bonds include non-payment of any principal and interest due in respect of the Bonds and failure of the Issuer or the Guarantor to perform or observe any of its other obligations under the Terms and Conditions of the Bonds and the Trust Deed (in each case, upon the expiry of the relevant grace period), insolvency, unlawfulness and acceleration as a result of non-payment in respect of other indebtedness in an aggregate amount in excess of £2,000,000 (or its equivalent). In addition, Trustee certification that certain events would be materially prejudicial to the interests of the holders of the Bonds (the "Bondholders") is required before certain events will be deemed to constitute Events of Default.</p> <p><i>Optional early repayment by the Issuer</i></p> <p>The Bonds may be redeemed (i.e. repaid) early, at any time, if the Issuer chooses to do so, at 100 per cent. of their principal amount or, if higher, an amount calculated by reference to the then current yield of the UK 4.00 per cent. Treasury Gilt 2022 plus a margin of 1.00 per cent., together with any accrued interest.</p> <p><i>Optional early repayment by the Issuer for tax reasons</i></p> <p>In the event of any change in tax law after the Bonds have been issued that would result in the Issuer or the Guarantor being required to pay any additional amount in respect of a withholding or deduction on account of tax, the Bonds may be repaid if the Issuer chooses to do so. The redemption price in these circumstances is at the principal amount of the Bonds plus accrued interest.</p> <p><i>Meetings of Bondholders</i></p> <p>The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting the interests of the Bondholders. These provisions permit certain majorities to bind all Bondholders including Bondholders who did not vote on the relevant resolution and Bondholders who did not vote in the same way as the majority did on that resolution.</p> <p><i>Modification, waiver and substitution</i></p> <p>The Terms and Conditions of the Bonds provide that the Trustee may, without the consent of the Bondholders, agree to:</p> <ul style="list-style-type: none"> (a) modify any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error (which is an indisputable error) or an error which, in the opinion of the Trustee, is proven; (b) waive, modify or authorise any proposed breach or breach by the Issuer or the Guarantor of a provision of the Trust Deed if, in the opinion of the Trustee, such modification is not prejudicial to the interests of the Bondholders; or (c) the substitution of the Guarantor or any of its subsidiaries as principal debtor under the Bonds in place of the Issuer, in certain circumstances and subject to the satisfaction of certain conditions.
--	--	---

C.9	<p>A description of the rights attached to the securities including:</p> <ul style="list-style-type: none"> • the nominal interest rate • the date from which interest becomes payable and the due dates for interest • where the rate is not fixed, description of the underlying on which it is based • maturity date and arrangements for the amortisation of the loan, including the repayment procedures • an indication of yield • name of representative of debt security holders 	<p>Interest rate</p> <p>Subject to the following paragraph, the Bonds will accrue interest from and including the Issue Date at the fixed rate of 6.50 per cent. per annum. The interest on the Bonds is payable twice a year at the end of the interest period to which the payment relates. It is payable in equal instalments of £3.25 per £100 in principal amount of the Bonds on 19 February and 19 August in each year commencing on 19 February 2015. The final payment of interest will be made on the Maturity Date.</p> <p>In the event that any member of the Group (other than certain excluded subsidiaries) solicits a rating by any of Moody's Investors Service Limited ("Moody's"), Standard & Poor's Credit Market Services Europe Limited ("S&P") or Fitch Ratings Ltd ("Fitch") (or, in each case, any of their affiliate companies) and such rating is below "Ba3" (in the case of Moody's) or "BB-" (in the case of S&P or Fitch), then the rate of interest payable on the Bonds will increase by 1 per cent. per annum to 7.50 per cent. per annum from the next interest payment date following the rating being obtained. Once the rate of interest payable on the Bonds has increased, it will remain at that increased rate of interest for the rest of the life of the Bonds.</p> <p>Maturity Date</p> <p>Unless previously redeemed or purchased and cancelled in accordance with the Terms and Conditions of the Bonds, the Bonds will mature on 19 August 2022 (the "Maturity Date").</p> <p>Indication of yield</p> <p>On the basis of the issue price of the Bonds being 100 per cent. of their principal amount and the rate of interest being 6.50 per cent. per annum, the initial yield of the Bonds on the Issue Date is 6.50 per cent. on an annual basis. This initial yield is not an indication of future yield.</p> <p>Trustee</p> <p>The Trustee is U.S. Bank Trustees Limited.</p>
C.10	<p>If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.</p>	<p>Not applicable; the interest rate on the Bonds is fixed and there is no derivative component in the interest payments made in respect of the Bonds. This means that the interest payments are not linked to specific market references, such as inflation, an index or otherwise.</p>

C.11	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question.	It is expected that the admission of the Bonds to the Official List will be granted on or about 20 August 2014, after the publication of the Sizing Announcement subject only to the issue of the Global Certificate. Application will be made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the Regulated Market and through its electronic Order book for Retail Bonds. Admission of the Bonds to trading is also expected to occur on 20 August 2014.
SECTION D – RISKS		
D.2	Key information on the key risks that are specific to the issuer.	<p>Summary of the key risks that may affect the Issuer's ability to fulfil its obligations under the Bonds</p> <ul style="list-style-type: none"> • The Issuer is a special purpose company established to issue the Bonds (and any further Bonds issued in accordance with the Conditions of the Bonds) and is dependent on other subsidiaries within the Group to make payments on the Bonds. <p>Summary of the key risks that may affect the Guarantor's ability to fulfil its obligations under the Guarantee</p> <ul style="list-style-type: none"> • The Guarantor is the ultimate holding company of the Group whose only assets are its shares in various subsidiaries within the Group and its income is dependent on other subsidiaries within the Group to fulfil its obligations under the Guarantee. <p>Summary of key risks that may affect the Group</p> <ul style="list-style-type: none"> • The Group is dependent on whether or not the investments, financings and insurance contracts which it undertakes will be successful or will pay the returns targeted or pay those returns in the anticipated time. Failure to do so could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. • Failure by the Group to source suitable investments in sufficient number in a timely manner or at all, or to satisfactorily conclude, manage or realise those investments could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. • The laws, professional regulations or ethical rules in the jurisdictions where the Group conducts its business (or changes to such laws, professional regulations or ethical rules) could further reduce or limit opportunities for the Group to make investments or could result in the reduction or extinction of the value of investments already concluded by the Group in such jurisdictions. • Details of investments that the Group pursues or intends to pursue, cannot and will not be disclosed on a named or detailed basis to Bondholders because of confidentiality and other restrictions. To this extent, Bondholders will not have an opportunity to evaluate such investments and will be dependent upon the Group's judgement and ability to invest in and to manage such investments.

		<ul style="list-style-type: none"> • The Group is exposed to credit risk associated with various investment structures and the parties participating in the litigation that it elects to invest in. Failure by the Group to obtain recovery could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. • The Group may contract for commitments in matters in excess of its total funds on hand. If a mismatch occurs between commitments and available cash at the time of the commitments being due, such a mismatch could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects and result in the potential loss of business and financial relationships. • The Group is particularly reliant on lawyers to litigate claims and defences with due skill and care. If they are not able to do this, or do not do this for other reasons, it is likely to have a material adverse effect on the value of the Group's investment which could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. • The Group is subject to regulatory requirements in its current and any future activities. The Group will be under a duty to comply with any new rules, regulations and laws applicable to it. Compliance with these rules, regulations and laws could create additional burdens for the Group and could have a material adverse effect on the investment strategies of, and/or the value of, direct or indirect business or financial interests of the Group. • The 2013 implementation of the Legal Aid, Sentencing and Prosecution of Offenders Act (the "Jackson Reforms") has, as expected, reduced demand for the Group's current insurance offering in the UK which will reduce the Group's insurance earnings in future years once its current book of insurance business resolves. • The Group is generally not the client of the law firm representing the owner of the claim that is the subject matter of an investment or financing by the Group. Accordingly that law firm may be required to act in accordance with its client's wishes rather than those of the Group or may be subject to an overriding duty to the courts, which could result in the law firm acting in a manner that is not in the Group's best interests. • The Group faces operational risks originating from external and internal fraud, failures or inadequacies in systems or processes, failure to comply with regulatory requirements and conduct of business rules, errors by employees, natural disasters or the failure of external systems, for example, those of the Group's contractual counterparties. It is not possible to implement procedures which fully control each of these risks. External factors such as terrorist acts, other acts of war or hostility and geopolitical, pandemic could have a material adverse effect on US, UK and international economic conditions and more specifically on the Group's results of operations, financial condition or prospects.
--	--	---

		<ul style="list-style-type: none"> • The Group's performance is dependent upon the judgement and ability of its senior management to implement its strategy, use and commit its capital and finance and manage and realise returns on its investments and is dependent on employing sufficient skilled personnel. The inability of the Group to employ, train, motivate and retain its senior management and skilled personnel could have a material adverse impact on the business of the Group. • The Group's investments are structured on a case-by-case basis in accordance with legal, ethical and taxation principles and limitations which if re-characterised could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. • Some or all revenues earned by the Group may be subject to a significant income or corporate income tax liability (including withholdings) which cannot be reclaimed by the Group and which will reduce the net returns on the Group's investments and, as a result, diminish the potential value of the Group's assets. • Any change in the Group's tax status, or in taxation legislation in Guernsey or any other jurisdictions in which the Group carries on, or is deemed to carry on, a trade or business or from which its income is sourced, could affect the value of the Group's investments and its' ability to achieve its investment objective which may adversely affect the Group's business.
D.3	Key information on the key risks that are specific to the securities.	<ul style="list-style-type: none"> • The Bonds are unsecured obligations of the Issuer. • The Bonds are not protected by the Financial Services Compensation Scheme. Therefore (unlike in the case of a bank deposit), if the Issuer or the Guarantor were to become insolvent or go out of business, the Bondholders may lose all or part of their investment in the Bonds and no governmental body would be required to compensate them for such loss. • The Bonds may be repaid early at the Issuer's option in certain circumstances. • Defined majorities may be permitted to bind all the Bondholders with respect to modification and waivers of the terms and conditions of the Bonds. • A market for the Bonds may not develop, or may not be very liquid (i.e. the Bonds may not be easily tradable) and such illiquidity may have a severely adverse effect on the market value of the Bonds. The realisation from a sale of the Bonds at any time prior to their maturity may be below the investment price. • The Bonds bear interest at a fixed rate and the Issuer will pay principal and interest on the Bonds in pounds sterling, which potentially exposes you to interest rate risk and inflation risk.
	SECTION E - OFFER	
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.	<p>The offer of the Bonds is being made to enable the Group to further pursue its general corporate purposes and to introduce debt to its capital structure for economic efficiency.</p> <p>The proceeds from the issue of the Bonds (after deduction of expenses incurred in connection with the issue) will be applied for the general corporate purposes of the Group.</p>

E.3	A description of the terms and conditions of the offer.	<p>The Offer is expected to open on 21 July 2014 and close at 12.00 noon (London time) on 12 August 2014 or such earlier time and date as may be agreed between the Issuer and the Lead Manager and announced via a Regulatory Information Service.</p> <p>You will be notified by the relevant Authorised Offeror of your allocation of Bonds and instructions for delivery of and payment for the Bonds. You may not be allocated all (or any) of the Bonds for which you apply.</p> <p>The Bonds will be issued at the issue price (which is 100 per cent. of the principal amount of the Bonds) and the aggregate principal amount of the Bonds to be issued will be specified in the Sizing Announcement published by the Issuer on a Regulatory Information Service.</p> <p>The issue of Bonds is conditional upon a subscription agreement being signed by the Issuer, the Guarantor and the Lead Manager on or about 14 August 2014 (the "Subscription Agreement"). The Subscription Agreement will include certain conditions, customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and comfort letters from the independent auditors of the Guarantor satisfactory to the Lead Manager).</p> <p>The minimum subscription amount per investor is for a principal amount of £2,000 of the Bonds.</p>
E.4	A description of any interest that is material to the issue/offer including conflicting interests.	<p>So far as the Issuer and the Guarantor is aware, no person involved in the offer of the Bonds has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Bonds.</p>
E.7	Estimated expenses charged to the investor by the issuer or the offeror.	<p>Neither the Issuer, the Guarantor nor the Lead Manager will charge you any expenses relating to an application for or purchase of any Bonds.</p> <p>However, expenses may be charged to you by an Authorised Offeror. These expenses are beyond the control of the Issuer, are not set by the Issuer and will be disclosed to any potential investor by the relevant Authorised Offeror at the relevant time. The Issuer estimates that, in connection with the sale of Bonds to you, the expenses charged to you by one of the Authorised Offerors known to the Issuer as at the date of the Prospectus may be between 0 per cent. and 7 per cent. of the aggregate nominal amount of the Bonds sold to you. This is an estimated range of expenses. The actual expenses to be charged will depend on your individual circumstances and your relationship with your stock broker or other financial adviser; they will vary from investor to investor.</p>

2

Risk Factors

RISK FACTORS

The following is a description of the principal risks and uncertainties which may affect the Issuer's or the Guarantor's, as the case may be, ability to fulfil its obligations under the Bonds.

Before applying for any of the 6.50 per cent. guaranteed bonds due 2022 (the “**Bonds**”), you should consider whether the Bonds are a suitable investment for you. There are risks associated with an investment in the Bonds, many of which are outside the control of Burford Capital PLC (the “**Issuer**”) and Burford Capital Limited (the “**Guarantor**”) who irrevocably and unconditionally guarantees the Issuer's payment obligations under the Bonds (the “**Guarantee**”). These risks include those in this Section.

You should carefully consider the risks described below and all other information contained in this Prospectus and reach your own view before making an investment decision. Each of the Issuer and the Guarantor believe that the factors described below represent the principal risks and uncertainties which may affect its ability to fulfil its obligations under the Bonds, but the Issuer or the Guarantor may face other risks that may not be considered significant risks by the Issuer or the Guarantor based upon information available to them at the date of this Prospectus or that they may not be able to anticipate. Factors which the Issuer or the Guarantor believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer or the Guarantor thinks are immaterial at the date of this Prospectus, actually occur, then these could have a material adverse effect on the Issuer's or Guarantor's ability to fulfil its obligations to pay interest, principal or other amounts in connection with the Bonds.

You should note that the risks relating to the Issuer, the Guarantor, the Group and its industry and the Bonds summarised in Section 1 (*Summary*) are the risks that the Issuer and the Guarantor believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Bonds. However, as the risks which the Issuer and the Guarantor face relate to events and depend on circumstances that may or may not occur in the future, you should consider not only the information on the key risks summarised in Section 1 (*Summary*) but also, among other things, the risks and uncertainties described below.

Risks which may affect the Issuer's ability to fulfil its obligations under the Bonds

The Issuer acts as a special purpose company to raise capital by the issue of Bonds

The sole function of the Issuer is to act as a special purpose company to raise money by the issue of the Bonds. The net proceeds received by the Issuer from the issue of the Bonds will be lent by the Issuer to other subsidiaries within the Group. Subsidiaries of the Group will use the amounts lent to it by the Issuer for the general corporate purposes of the Group and to introduce debt to its capital structure for economic efficiency. The Issuer's only material assets will therefore be the obligation of other subsidiaries within the Group to pay interest on and to repay such on-lent funds to it. As the funds to pay interest on the on-lent funds and repay the on-lent funds will originate from cash-flow generated from the wider business of the Group, the ability of other subsidiaries within the Group to pay interest on such loan to the Issuer and to repay the loan and accordingly the ability of the Issuer to pay interest on and repay the Bonds will be subject to all the risks to which the Group is subject. See “Risks relating to the Group” below for a further description of certain of these risks.

Risks relating to the Guarantee

If both the Issuer and the Guarantor default on their obligations to make payments on or to repay the Bonds or to make payments under the Guarantee, as applicable, and there are insufficient funds to repay all amounts outstanding under the Bonds, as well as having an unsecured claim against the Issuer, Bondholders will have unsecured claims for any outstanding amount against the Guarantor under the Guarantee. Those unsecured claims will rank behind the claims of any secured creditors of the Issuer and the Guarantor. Bondholders will not have any direct claim for such outstanding amount against any subsidiary of the Guarantor.

Generally, creditors of a subsidiary will be entitled to the assets of that subsidiary before any of those assets can be distributed to its direct or indirect shareholders (in this case including the Guarantor) upon its liquidation or winding up. These creditors may include secured creditors who have the benefit of security over the assets of the relevant subsidiary in priority to unsecured creditors. The Guarantor's claims to the assets of the subsidiaries that generate its income are subordinated to the creditors of those subsidiaries. 'Subordinated' in this context means that, in the event of a winding up or insolvency of any of the Guarantor's subsidiaries, any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Guarantor.

In the event that members of the Group are unable or unwilling to remit funds to the Guarantor, the Guarantor's ability to fulfil its commitments to Bondholders to make payments under the Guarantee may be adversely affected. Whilst the Guarantor believes that members of the Group would consider it in their commercial interests to meet a claim under the Guarantee, there is no legal commitment by them to do so.

Risks which may affect the Guarantor's ability to fulfil its obligations under the Guarantee

The Guarantor is a holding company of the Group

If the Issuer or the Guarantor defaults on its obligations to make payments on or to repay the Bonds or to make payments under the Guarantee, Bondholders will have unsecured claims for any outstanding amount against the Guarantor under the Guarantee. Bondholders will not have any direct claim for such outstanding amount against any subsidiary of the Guarantor. See "The Issuer acts as a special purpose company to raise capital by the issue of the Bonds" above for a description of the risk in relation to the Issuer.

The Guarantor's principal business is that of holding shares in its subsidiaries. As a holding company, the Guarantor conducts all of its operations through its subsidiaries and is dependent on the financial performance of its subsidiaries and payments of dividends and intercompany payments (both advances and repayments) from these subsidiaries to meet its debt obligations including its ability to fulfil its obligations under the Guarantee.

Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary and preferred shareholders (if any) of the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to its direct or indirect shareholders (including the Guarantor) upon its liquidation or winding up. The Guarantor's subsidiaries may have other liabilities, including secured liabilities and contingent liabilities, which could be substantial. Note 15 of the Guarantor's consolidated financial statements for the year ended 31 December 2013 provide an indication of the Group's liabilities as at 31 December 2013. Since Bondholders are not creditors to these subsidiaries, their claims to the assets of the subsidiaries that generate the Guarantor's income (and consequently, their right to receive payments

under the Terms and Conditions of the Bonds) are structurally subordinated to the creditors of these subsidiaries. In the event that members of the Group are unable to remit funds to the Guarantor, the Guarantor's ability to fulfil its commitments to Bondholders to make payments under the Guarantee may be adversely affected.

Risks relating to the Group

Investment selection and performance

The Group is dependent on whether or not the investments, financings and insurance contracts (collectively, "*investments*") which it undertakes will be successful or will pay returns. Assessing the value, strengths and weaknesses of litigation is complex and the outcome is not certain. Should the investments, financings and insurance contracts in which the Group is or becomes involved prove to be unsuccessful or produce returns below those expected, the ability of the Group to meet its commitments under the Bonds could be materially adversely affected.

Inability to locate, and delay in entering into, investments, financings and insurance contracts

The success of the Group is dependent upon the conclusion, management and realisation of suitable investments. There is no guarantee that the Group will be successful in sourcing suitable investments in a timely manner or at all, or in sourcing a sufficient number of suitable investments that meet the diversification and underwriting and other requirements of the Group in jurisdictions where such investments are desirable.

The Group may experience fluctuations in its operating results

Investors contemplating an investment in the Bonds should recognise that their market value can fluctuate and may not always reflect the underlying operating results of the Group. Such operating results may themselves vary from time to time due to a variety of factors including, but not limited to, the accounting valuations of the investments made by the Group, the recognition of recoveries and the collection of awards, settlement monies or other funds from investments. The actual results of the Group for a particular period should therefore not be taken as indicative of its performance in a future period.

Regulation

Law and professional regulation (including ethics regulation) in the area of acquiring or otherwise taking a financial position or a commercial interest with respect to claims and defences can be complex and uncertain in the US and elsewhere. In various jurisdictions there are prohibitions or restrictions in connection with purchasing claims from claimants (known as maintenance, and a form of maintenance, called champerty), assignment of certain kinds of claims and/or participating in a lawyer's contingent fee interests (including ethical rules against sharing fees with lawyers and non-lawyers). Such prohibitions and restrictions, to the extent they exist, are governed by the rules and regulations of each state and jurisdiction in the US and elsewhere and vary in degrees of strength and enforcement in different states and federal jurisdictions. This is a complex issue that involves both substantive law and also choice of law principles. The Group has retained counsel experienced in ethics and other professional matters, and assesses the foregoing legal and ethical and other issues as appropriate and on an overall ongoing basis. However, in many jurisdictions, the relevant issues may not have been considered by the courts nor addressed by statute and thus obtaining clear opinions or legal advice may be difficult to achieve. Thus the Group's investments could be open to challenge or subsequently reduced in value or extinguished.

Changes in laws, regulation or ethical rules could further reduce or limit opportunities for the Group to make investments or could result in the reduction or extinction of the value of investment already concluded by the Group in such jurisdictions, and such changes are regularly proposed by groups opposed to litigation proliferation and others.

Competition

Competition for attractive investment opportunities may lead to lower potential returns than expected from individual investments, which may affect the Group's ability to invest on terms which it considers attractive. The Group may face competition from other entities, some of which may have significantly greater financial and/or technical resources than the Group, whose business may be at a more mature stage of development than that of the Group, which may develop or market alternative financial arrangements that are more effective or less susceptible to challenge than those developed or marketed by the Group, or that might render the Group's investment strategy obsolete or uncompetitive.

Reputational risk

Failure to protect the Group's reputation and brand in the face of ethical, legal or moral challenges could lead to a loss of trust and confidence. This could result in a decline in the client base and affect the Group's ability to recruit and retain good people, which could have a material adverse effect on the Group's financial performance.

The Guarantor recognises the high standards of corporate governance demanded of listed companies. The Guarantor has adopted and complied with the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission (the "**Code**"). The Code includes many of the principles contained in the UK Corporate Governance Code. While the Company is no longer required to comply with the Code following its reorganisation in 2012, it has nevertheless elected to do so.

Currency risk

The Group's financial statements are presented in Dollars and many of its assets are denominated in Dollars. Some of the Group's expenses are denominated in Dollars but others are in sterling and other currencies. Principal and interest on the Bonds are denominated and will be paid in sterling. There is a risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of Dollars) and the risk that the US Federal Reserve may impose or modify exchange controls. The Group may hedge some of its exposure to the Dollar or other non-sterling currencies through forward foreign exchange contracts or through other financial products. While hedging may reduce currency risk, it is not possible to hedge fully or perfectly against currency fluctuations, and the Group may also elect to forego hedging. Accordingly, Bondholders may be exposed to exchange rate risks between Dollars (or other non-sterling currency) and sterling such that if the value of the Dollar (or other non-sterling currency) falls relative to sterling, the Group's assets will, in sterling terms, be worth less.

Evaluation and disclosure of investments and investment performance

Details of investments that the Group has or is pursuing or intends to pursue, cannot and will not be disclosed on a named or detailed basis to Bondholders because of confidentiality and other restrictions. To this extent, Bondholders will therefore not have an opportunity to evaluate for themselves such investments and therefore Bondholders will be dependent upon the Group's judgement and ability in investing and managing its assets.

Recovery collection risks

The Group is exposed to credit risk in various investment structures, most of which involve investing sums recoverable only out of successful investments with a risk of loss of its investment cost. On becoming contractually entitled to proceeds, depending on the structure of the particular investment, the Group could be a creditor of, or otherwise subject to credit risk from, a claimant, a defendant, both or other parties. Moreover, the Group may be indirectly subject to credit risk to the extent a defendant does not pay a claimant immediately, notwithstanding successful adjudication of a claim in the claimant's favour. Part of the case selection process for investment involves an assessment by the Group of the ability of the defendant to pay a judgement or award if the case is successful. If the defendant is unable to pay or the claimant or defendant challenges the judgement or award, the Group may encounter difficulties in recovery.

Potential commitments in excess of funds raised

The Group may contract for commitments in matters in excess of its total funds. While the Group intends to manage its investment portfolio in such a manner as to minimise the risk of a mismatch between commitments and available cash, it is possible that such a mismatch will occur, which could cause damage to the Group and the potential loss of business and financial relationships.

Reliance on lawyers

The Group is particularly reliant on lawyers to litigate claims and defences with due skill and care. If they are not able to do this, or do not do this for other reasons, it is likely to have a material adverse effect on the value of the Group's investment. Whilst the Group will evaluate the lawyers involved in any investment (who are generally not selected by the Group), there is no guarantee that the outcome of a case will be in line with the lawyers' assessment of the case or in line with the expected skill and care from the lawyers.

Changes in regulation

The Group is subject to regulatory requirements currently and may be subject to additional regulatory requirements both in its current areas of activity and any future areas of activity. The Group will be under a duty to comply with any new rules, regulations and laws applicable to it. Compliance with these rules, regulations and laws could create additional burdens for the Group and could have a material adverse effect on the investment strategies of, and/or the value of, direct or indirect business or financial interests of the Group.

Impact of UK regulatory changes

The implementation of the Legal Aid, Sentencing and Prosecution of Offenders Act (the "***Jackson Reforms***") has, as expected, reduced demand for the Group's current UK insurance offerings. As a result, the Group is unlikely to be able to continue to write new insurance business at its historical levels and thus the profitability of the UK insurance business will decline over time as its current matters run off. Moreover, while the Jackson Reforms were philosophically in favour of litigation funding, the implementation of the Jackson Reforms has created uncertainty in the UK legal market which may reduce the total volume of litigation or restrict the returns available for the Group from UK litigation matters.

Legal professional duties

The Group will generally not wholly own or control a claim in which it has invested, and as a result the Group will not be the client of the law firm representing the owner of the claim that is the subject of an investment or financing of the Group. Accordingly that law firm may be required to act in accordance with its client's wishes rather than those of the Group or may be subject to an overriding duty to the courts.

Operational Risk

Operational risks, including the risk of fraud and other criminal acts carried out against the Group, are inherent in the Group's business. As the Group's business grows in size and complexity, and in particular as the Group enters new markets, operational risk increases.

Operational risk and losses can result from external and internal fraud, failures or inadequacies in systems or processes, failure to comply with regulatory requirements and conduct of business rules, errors by employees, natural disasters or the failure of external systems, for example, those of the Group's contractual counterparties. The Group has implemented a risk management framework which seeks to maintain residual risk exposures within defined risk appetite thresholds, and appropriate resources are devoted to developing efficient procedures, including the identification and rectification of weaknesses. However, it is not possible to implement procedures which fully control each of the operational risks noted above.

Terrorist acts, other acts of war or hostility and geopolitical, pandemic or other such events may result in economic and political uncertainties which could have a material adverse effect on US, UK and international economic conditions and more specifically on the Group's results of operations, financial condition or prospects. In addition, an incident incapacitating the Group's management or systems could impact on the Group's ability to carry on its business.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Group will be unable to comply with its obligations as a company with securities admitted to the Official List of the Financial Conduct Authority.

Reliance on key personnel

The Group's performance is, to a large extent, dependent upon the judgement and ability of its senior management to implement the Group's strategy to use and commit the Group's capital and finance, manage and realise returns on its investments. The success of the Group will therefore depend largely upon the ability of certain members of its senior management and the Group's ability to train, motivate and retain them to ensure their continuing availability. The death, incapacity or loss of the service of any of its senior management could have a material adverse impact on the business of the Group.

In addition, the Group's performance may be limited by its ability to employ, train, motivate and retain sufficient skilled personnel. Such a failure to retain or recruit suitable replacements for significant numbers of skilled personnel could damage the Group's business.

Tax risks

Characterisation of Investments

Tax laws and regulations are under constant development and often subject to change as a result of government policy. The Group structures investments on a case-by-case basis in accordance with legal

and ethical principles and limitations identified by the Group and its professional advisors. There is no guarantee that a state, federal or other governmental taxing authority in the jurisdiction where the investment is made or where the relevant claim is pending will accept, for tax or other regulatory purposes, the characterisation of the investment as intended and documented by the Group and reflected in the investment documents. Taxing or other regulatory authorities may deem the transaction to be characterised differently for local tax or other regulatory purposes, which could yield a different tax or regulatory treatment of the associated investment returns.

If the Group or a taxing authority does re-characterise investment contracts or disbursements for their accounting or taxing purposes respectively, this could result in additional tax being assessed on the Group on investment returns associated with the contract; a write down of the value of the investment asset on the books of the Group; or a re-characterisation of the investment contract for purposes of interpretation or enforcement of the Group's rights in a place whose courts have jurisdiction over the enforcement of the investment contract or judgement or arbitral award based on such contract.

Tax Leakage

Some or all revenues earned by the Group may be subject to a significant income or corporate income tax liability (including withholdings) which cannot be reclaimed by the Group. If applicable, the rates of such taxes (or withholdings) will depend on the jurisdiction in which the revenues are earned (or with which they are connected) and will reduce the net returns on the Group's investments and, as a result, diminish the potential value of the Group's assets.

Changes in taxation legislation or regulation may adversely affect the Group or Bondholders

Any change in the Group's tax status, or in taxation legislation in any jurisdiction in which the Group carries on, or is deemed to carry on, a trade or business or from which its income is sourced, could affect the value of its investments and the Group's ability to achieve its investment objective, and may adversely affect returns to Bondholders.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

Risks related to the Bonds

The Bonds are not protected by the Financial Services Compensation Scheme (FSCS): Unlike a bank deposit, the Bonds are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer and the Guarantor to pay amounts owing under the Bonds. If the Issuer and the Guarantor go out of business or become insolvent, the Bondholders may lose all or part of their investment in the Bonds.

The value of the Bonds could be adversely affected by a change in English law: The structure of the issue of the Bonds is based on English law, regulatory and administrative practice in effect as at the date of this Prospectus, and has due regard to the expected tax treatment of all relevant entities under UK tax law and the published practice of HM Revenue & Customs in force or applied in the UK as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law, regulatory or administrative practice in the UK, or to UK tax law, or the interpretation or administration thereof, or to the published practice of HM Revenue & Customs as applied in the UK after the date of this Prospectus.

Risk of early repayment: In the event of any change in tax law after the Bonds have been issued that would result in the Issuer or the Guarantor being required to pay any additional amount in respect of a

withholding or deduction on account of tax, the Bonds may be repaid if the Issuer chooses to do so pursuant to Condition 8.2. The redemption price in these circumstances is at the principal amount of the Bonds plus accrued interest.

In addition, the Bonds may be repaid early, at any time, if the Issuer chooses to do so pursuant to Condition 8.3, at 100 per cent. of their principal amount or, if higher, an amount calculated by reference to the then current yield of the UK 4.00 per cent. Treasury Gilt 2022 plus a margin of 1.00 per cent., together with any accrued interest.

Upon repayment of the Bonds, if you chose to reinvest the repayment proceeds from the Bonds, you may not be able to reinvest those proceeds at an effective interest rate as high as the interest rate on the Bonds being repaid and may only be able to do so at a significantly lower rate. At the time you invest in the Bonds, you should consider this reinvestment risk in light of other investments available at that time.

The Terms and Conditions of the Bonds contain provisions which may permit their modification, waiver and substitution without the consent of all Bondholders: The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a different manner than the majority did.

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, agree to: (a) any modification of any of the provisions of the trust deed constituting the Bonds (which includes the Guarantee) dated 19 August 2014 (the “**Trust Deed**”) that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven; (b) any other modification of, and any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed if, in the opinion of the Trustee such modification is not materially prejudicial to the interests of the Bondholders; or (c) the substitution of the Guarantor or a subsidiary of the Guarantor as principal debtor under the Bonds in place of the Issuer, in the circumstances described in Condition 15 and subject to the satisfaction of certain conditions.

Trustee Indemnity: In certain circumstances, the Bondholders may be dependent on the Trustee to take certain actions in respect of the Bonds. Prior to taking such action, pursuant to the Terms and Conditions of the Bonds the Trustee may require to be indemnified and/or secured and/or pre-funded to its satisfaction. If so, and the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction, it may decide not to take such action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Bondholders would have to either provide such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Trustee. Bondholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any potential inaction by the Trustee. Such inaction by the Trustee will not entitle Bondholders to take action directly against the Issuer or the Guarantor to pursue remedies for any breach by any of them of terms of the Trust Deed or the Bonds unless the Trustee has failed within a reasonable time to do so.

The EU Directive on the taxation of savings income may result in the imposition of withholding taxes in certain jurisdictions: Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest and other similar income paid or secured by a person established in a Member

State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

U.S. Foreign Account Tax Compliance Withholding: Payments on the Bonds are not expected to be subject to withholding under FATCA because the Bonds are expected to be grandfathered obligations and because the Issuer does not expect to be treated as a “financial institution” for the purposes of FATCA. However, if the Issuer were to be treated as a “financial institution” for the purposes of FATCA and the Bonds are materially modified within the meaning of FATCA (which can occur as a result of a substitution of the Issuer under certain circumstances) on a date falling six months after publication of regulations defining the term “foreign passthru payment” within the meaning of FATCA (the “**Grandfathering Date**”), then payments on the Bonds (including repayment of principal) and gross proceeds received on the disposition of the Bonds made or received on or after 1 January 2017 may become subject to FATCA withholding to the extent such amounts are considered “foreign passthru payments.”

If the Bonds were to become subject to FATCA withholding, it is not expected that FATCA will affect the amount of any payment received by Euroclear or Clearstream, Luxembourg (together the “**ICSDs**”) while the Bonds are in global form and held within the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. The Issuer’s obligations under the Bonds are discharged once it has paid the common

depository or common safekeeper for the ICSDs (as holder of the Bonds) and the Issuer therefore has no responsibility for any amount transmitted thereafter through the ICSDs and custodians or intermediaries. Accordingly, investors should consider their custodians and financial institution intermediaries carefully and provide each such custodian or intermediary with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Holding CREST depository interests: You may hold the Bonds through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”). CREST allows bondholders to hold bonds in a dematerialised form, rather than holding physical bonds. Instead of issuing physical bonds, CREST issues what are known as depository interests which are held and transferred through CREST (CDIs), representing the interests in the relevant Bonds underlying the “**CDIs**” (the “**Underlying Bonds**”). Holders of CDIs (the “**CDI Holders**”) will not be the legal owners of the Underlying Bonds. The rights of CDI Holders to the Underlying Bonds are represented by the relevant entitlements against CREST Depository Limited (the “**CREST Depository**”) through which CREST International Nominees Limited (the “**CREST Nominee**”) holds interests in the Underlying Bonds. Accordingly, rights under the Underlying Bonds cannot be enforced by CDI Holders directly against the Issuer; instead they must be enforced through CREST. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of any of CREST, the CREST Depository and the CREST Nominee, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of CREST.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (“**CREST Deed Poll**”). You should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the “**CREST Rules**”) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Bonds which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Bonds through the CREST International Settlement Links Service.

You should note that none of the Issuer, the Lead Manager, the Trustee or the Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There may not be a liquid secondary market for the Bonds and their market price may be volatile:

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, neither the Lead Manager nor any other person is under an obligation to maintain such a market for the life of the Bonds and the market may not be liquid. Therefore, you may not be able to sell your Bonds easily or at prices that will provide you with a then current yield comparable to similar investments that have a developed secondary (i.e. after the Issue Date) market. The Bonds are sensitive to interest rate, currency or market risks and are designed to meet the investment requirements of limited categories of investors. For these reasons, the Bonds generally will have a limited secondary market. This lack of liquidity may have a severely adverse effect on the market value of the Bonds.

The Lead Manager is expected to be appointed as registered market-maker on the Order book for Retail Bonds in respect of the Bonds from the date of admission of the Bonds to trading. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours. However, the Lead Manager may not continue to act as market-maker for the life of the Bonds. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the Bonds.

Global economic disruption: In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds, concerns over the liquidity of major banks and building societies and the consequent effects on the general economy. The Issuer cannot predict when these circumstances will change and, if and when they do, whether conditions of general market illiquidity for the Bonds and instruments similar to the Bonds will be available in the future.

Legal investment considerations may restrict certain investments: The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Bonds are legal investments for it. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

A credit rating is only an opinion and is subject to change: At the date of this Prospectus, neither the Issuer nor the Guarantor have been assigned a credit rating by any independent credit rating agency and, accordingly, the Bonds have not been assigned a credit rating by any independent credit rating agency. Investors will need to make their own assessment of the credit of the Issuer and the Guarantor and the other factors which may affect the value of the Bonds without the benefit of an independent credit rating.

There can be no guarantee that a credit rating will be assigned to the Issuer, the Guarantor or the Bonds in the future. Even if such a credit rating is obtained, investors in the Bonds should be aware that a credit rating is not a recommendation to buy, sell or hold any of the Bonds and any credit rating that

may be assigned to the Bonds may be subject to suspension, change or withdrawal at any time by the rating agency. Any credit rating that may be assigned to the Bonds may go down as well as up.

Yield: The indication of yield (i.e. the income return on the Bonds) stated within this Prospectus (see Section 3 (*Information about the Bonds – What is the yield on the Bonds?*)) applies only to investments made at (as opposed to above or below) the issue price of the Bonds. If you invest in the Bonds at a price other than the issue price of the Bonds, the yield on the investment will be different from the indication of yield on the Bonds as set out in this Prospectus.

Realisation from sale of the Bonds may be less than your original investments: If you choose to sell the Bonds at any time prior to their maturity, the price received from such sale could be less than the original investment you made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer and the Guarantor.

Changes in interest or inflation rates may adversely affect the value of the Bonds: The Bonds bear interest at a fixed rate rather than by reference to an underlying index. Accordingly, you should note that if interest rates rise, then the income payable on the Bonds might become less attractive and the price that you could realise on a sale of the Bonds may fall. However, the market price of the Bonds from time to time has no effect on the total income you receive on maturity of the Bonds if you hold the Bonds until the Maturity Date. Further, inflation will reduce the real value of the Bonds over time, which may affect what you could buy with your investment in the future and may make the fixed rate payable on the Bonds less attractive in the future, again affecting the price that you could realise on a sale of the Bonds.

The clearing systems: Because the Global Certificate may be held by or on behalf of Euroclear and Clearstream, Luxembourg and a nominee of the common depository of such clearing systems entered in the register of Bondholders, you will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Bonds will be evidenced by the Global Certificate. Such Global Certificate may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, you will not be entitled to receive Certificate Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the Global Certificate. While the Bonds are represented by the Global Certificate, you will be able to trade your interests only through Euroclear or Clearstream, Luxembourg.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under such Bonds by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Certificate.

Holders of interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

3

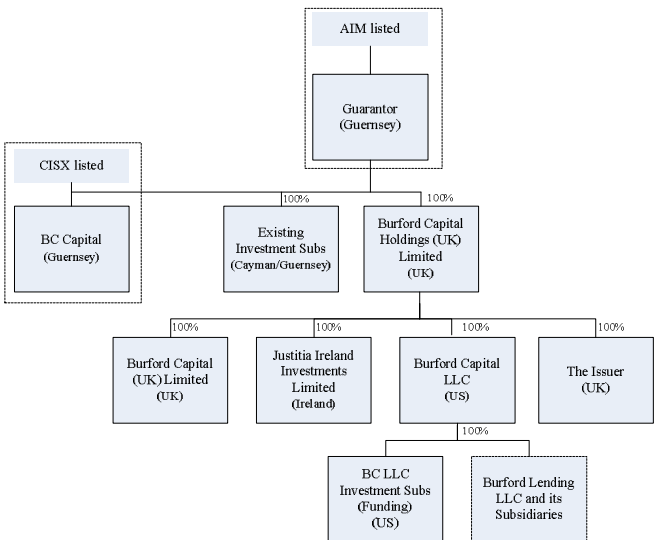
Information about the Bonds

INFORMATION ABOUT THE BONDS

The following is an overview of the key terms of the Bonds.

The full Terms and Conditions of the Bonds are contained in Appendix 2. It is important that you read the entirety of this Prospectus, including the Terms and Conditions of the Bonds, before deciding to invest in the Bonds. If you have any questions, you should seek advice from your independent financial adviser or other professional adviser before deciding to invest.

		Refer to
What are the Bonds?	The Bonds are debt instruments issued by the Issuer and guaranteed by the Guarantor. The Bonds will be subject to the “Terms and Conditions of the Bonds” which are set out in Appendix 2. The “ Bonds ”:	Appendix 2 (<i>Terms and Conditions of the Bonds</i>)
	<ul style="list-style-type: none"> (a) entitle Bondholders to receive semi-annual interest payments at a fixed interest rate of 6.50 per cent. per annum; (b) have a principal amount of £100 per Bond; (c) must be paid back in full on 19 August 2022 (the “Maturity Date”); (d) in certain circumstances however, may be repaid prior to the Maturity Date if the Issuer chooses to do so; (e) are not secured by the Issuer’s or the Guarantor’s assets; and (f) are intended to be admitted to trading on the London Stock Exchange, through its Order book for Retail Bonds. 	
Who is issuing the Bonds?	The Bonds will be issued by Burford Capital PLC (the “ Issuer ”).	Section 6 (<i>Description of the Issuer</i>)
Who is guaranteeing the Bonds?	<p>The obligation of the Issuer to pay interest and principal in respect of the Bonds is guaranteed by Burford Capital Limited (the “Guarantor”).</p> <p>If any subsidiary of the Guarantor (other than certain excluded subsidiaries) incurs financial indebtedness (such as loans, bonds or other forms of borrowing) exceeding £2,000,000 (in aggregate), then the Guarantor shall procure that such subsidiary also guarantees the obligation of the Issuer to pay interest and principal in respect of the Bonds.</p>	Section 7 (<i>Description of the Guarantor and the Group</i>)

<p>What is the relationship between the Issuer, the Guarantor and the Group?</p>	<p>The Issuer is a special purpose company which is a subsidiary of Burford Capital Holdings (UK) Limited (“BCHUKL”), which is itself a subsidiary of the Guarantor, and which was established to raise money for use by the Guarantor and its other subsidiaries (the “Group”).</p> <p>The Guarantor is a holding company. It is the parent of the Group. The Group’s operations are generally conducted through direct and indirect subsidiaries of the Guarantor. This means that the Guarantor is, in part, dependent on the performance of such members of the Group and the subsequent receipt of funds by way of dividends to the Guarantor for its principal source of funds.</p> <p>Below is a chart illustrating the Group structure at the date of the Prospectus:</p>  <pre> graph TD AIM[AIM listed] --- Guarantor[Guarantor (Guernsey)] Guarantor -- 100% --- BC_Capital[BC Capital (Guernsey)] Guarantor -- 100% --- Existing[Existing Investment Subs (Cayman/Guernsey)] Guarantor -- 100% --- BCHUKL[Burford Capital Holdings (UK) Limited (UK)] BCHUKL -- 100% --- BC_UK[Burford Capital (UK) Limited (UK)] BCHUKL -- 100% --- Justitia[Justitia Ireland Investments Limited (Ireland)] BCHUKL -- 100% --- BC_US[Burford Capital LLC (US)] BCHUKL -- 100% --- Issuer[The Issuer (UK)] BC_US -- 100% --- BC_LLC[BC LLC Investment Subs (Funding) (US)] BC_US -- 100% --- Lending[Burford Lending LLC and its Subsidiaries] </pre>	<p>Sections 6 (<i>Description of the Issuer</i>) and 7 (<i>Description of the Guarantor and the Group</i>)</p>
<p>Why are the Bonds being issued? What will the proceeds be used for?</p>	<p>The offer of the Bonds is being made to enable the Group to further pursue its general corporate purposes and to introduce debt to its capital structure for economic efficiency.</p> <p>The proceeds from the issue of the Bonds (after deduction of expenses incurred in connection with the issue) will be applied for the general corporate purposes of the Group.</p>	<p>Section 7 (<i>Description of the Guarantor and the Group</i>)</p>
<p>Will I be able to trade the Bonds?</p>	<p>The Issuer will make an application for the Bonds to be admitted to trading on the London Stock Exchange plc, on its regulated market and through its electronic Order book for Retail Bonds (the “ORB”). If this application is accepted, the Bonds are expected to commence trading on 20 August 2014.</p>	<p>Section 10 (<i>Additional Information – Listing and admission to trading of the Bonds</i>)</p>
	<p>Once admitted to trading, the Bonds may be purchased or sold through a broker. The market price of the Bonds may be</p>	

	higher or lower than their issue price depending on, among other things, the level of supply and demand for the Bonds, movements in interest rates and the financial performance of the Issuer, the Guarantor and the Group. See Section 2 (<i>Risk Factors – Risks related to the market generally – There may not be a liquid secondary market for the Bonds and their market price may be volatile</i>).	
How will interest payments on the Bonds be funded?	Interest payments in respect of the Bonds will effectively be paid from cash flows generated from the business of the Group, which, as referred to in “ <i>What is the relationship between the Issuer, the Guarantor and the Group</i> ” above, is generally conducted through the Guarantor’s direct and indirect subsidiaries rather than by the Guarantor itself.	Section 7 (<i>Description of the Guarantor and the Group</i>)
What is the interest rate?	Subject to the following paragraph, the interest rate payable on the Bonds will be fixed until the Maturity Date at 6.50 per cent. per year.	Appendix 2 (<i>Terms and Conditions of the Bonds – Condition 6</i>)
Can the interest rate change?	Yes. In the event that any member of the Group (other than certain excluded subsidiaries) becomes rated by any of Moody’s Investors Service Limited (“ Moody’s ”), Standard & Poor’s Credit Market Services Europe Limited (“ S&P ”) or Fitch Ratings Ltd (“ Fitch ”) (or, in each case, any of their affiliate companies) and such rating is below “Ba3” (in the case of Moody’s) or “BB-” (in the case of S&P or Fitch), then the rate of interest payable on the Bonds will increase by 1 per cent. per annum to 7.50 per cent. per annum from the next interest payment date following the rating being obtained. Once the rate of interest payable on the Bonds has increased, it will remain at that increased rate of interest for the rest of the life of the Bonds.	Appendix 2 (<i>Terms and Conditions of the Bonds – Condition 6 (Interest)</i>)
When will interest payments be made?	The first payment of interest in relation to the Bonds is due to be made on 19 February 2015. Following the first payment, interest is expected to be paid on 19 February and 19 August in each year up to and including the date the Bonds are repaid.	Appendix 2 (<i>Terms and Conditions of the Bonds – Condition 6 (Interest)</i>)
How is the amount of interest payable calculated?	The Issuer will pay a fixed rate of 6.50 per cent. interest per year in respect of the Bonds. Interest will be payable in two semi-annual instalments. Therefore, for each £100 principal amount of Bonds that you buy on 19 August 2014, for instance, you will receive £3.25 on 19 February 2015 and £3.25 on 19 August 2015, and so on every six months until and including the Maturity Date (unless you sell the Bonds or they are repaid by the Issuer before the Maturity Date).	Appendix 2 (<i>Terms and Conditions of the Bonds – Condition 6 (Interest)</i>)

	The amounts of interest payable would increase in the circumstances set out in “ <i>Can the rate of interest change?</i> ” above.																			
What is the yield on the Bonds?	On the basis of the issue price of the Bonds being 100 per cent. of their principal amount and the rate of interest being 6.50 per cent. per annum, the initial yield (being the interest received from the Bonds expressed as a percentage of their principal amount) of the Bonds on the Issue Date is 6.50 per cent. on an annual basis. This initial yield is not an indication of future yield.		N/A																	
What will Bondholders receive in a winding up of the Issuer and the Guarantor?	If the Issuer or the Guarantor becomes insolvent and is unable to pay its debts, an administrator or liquidator would be expected to make distributions to its creditors in accordance with a statutory order of priority. Your claim as a Bondholder would be expected to rank after the claims of any creditors that are given preferential treatment by applicable laws of mandatory application relating to creditors, but ahead of any shareholder of the Issuer or the Guarantor, as applicable. A simplified diagram illustrating the expected ranking of the Bonds compared with other creditors of the Issuer and the Guarantor, as the case may be, is set out below:		N/A																	
	<table><tr><td></td><td>Type of obligation</td><td>Examples of obligations</td></tr><tr><td rowspan="5">Higher Ranking</td><td>Proceeds of fixed charge assets</td><td>Currently none</td></tr><tr><td>Expenses of the liquidation /administration</td><td>Currently none</td></tr><tr><td>Preferential creditors</td><td>Including remuneration due to employees</td></tr><tr><td>Proceeds of floating charge assets</td><td>Currently none</td></tr><tr><td>Unsecured obligations, including guarantees in respect of them</td><td>Including the Bonds and the Guarantee of the Guarantor.</td></tr><tr><td>Lower ranking</td><td>Shareholders</td><td>Any Preference shareholders Ordinary shareholders</td></tr></table>		Type of obligation	Examples of obligations	Higher Ranking	Proceeds of fixed charge assets	Currently none	Expenses of the liquidation /administration	Currently none	Preferential creditors	Including remuneration due to employees	Proceeds of floating charge assets	Currently none	Unsecured obligations, including guarantees in respect of them	Including the Bonds and the Guarantee of the Guarantor.	Lower ranking	Shareholders	Any Preference shareholders Ordinary shareholders		
	Type of obligation	Examples of obligations																		
Higher Ranking	Proceeds of fixed charge assets	Currently none																		
	Expenses of the liquidation /administration	Currently none																		
	Preferential creditors	Including remuneration due to employees																		
	Proceeds of floating charge assets	Currently none																		
	Unsecured obligations, including guarantees in respect of them	Including the Bonds and the Guarantee of the Guarantor.																		
Lower ranking	Shareholders	Any Preference shareholders Ordinary shareholders																		
	However, as well as being aware of the ranking of the Bonds compared with the other categories of creditor, and shareholders of the Guarantor, you should note that the Guarantor holds all of its assets in its subsidiaries. (<i>See</i>																			

	<p><i>“Description of the Guarantor and the Group”</i> for details of the Guarantor’s principal subsidiaries.)</p> <p>The Guarantor’s right to participate in a distribution of its subsidiaries’ assets upon their liquidation, re-organisation or insolvency is generally subject to any claims made against the subsidiaries, including creditors such as any lending bank and trade creditors. The obligations of the Guarantor under the Guarantee are therefore structurally subordinated to any liabilities of the Guarantor’s subsidiaries. Structural subordination in this context means that, in the event of a winding up or insolvency of the Guarantor’s subsidiaries, any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Guarantor (i.e. including Bondholders).</p> <p>A simplified diagram illustrating the structural subordination of the Guarantor’s obligations under the Bonds to any liabilities of the Guarantor’s subsidiaries referred to above is set out below by way of example by reference to a subsidiary of the Guarantor, BCHUKL.</p>														
	<div>Higher Ranking</div>	<table><tr><th>Type of obligation</th><th>Examples of obligations</th></tr><tr><td>Proceeds of fixed charge assets</td><td>Currently none</td></tr><tr><td>Expenses of the liquidation /administration</td><td>Currently none</td></tr><tr><td>Preferential creditors</td><td>Including remuneration due to employees</td></tr><tr><td>Proceeds of floating charge assets</td><td>Currently none</td></tr><tr><td>Unsecured obligations, including guarantees in respect of them</td><td>e.g. trade creditors and unsecured obligations (including obligations as borrower or guarantor)</td></tr></table>	Type of obligation	Examples of obligations	Proceeds of fixed charge assets	Currently none	Expenses of the liquidation /administration	Currently none	Preferential creditors	Including remuneration due to employees	Proceeds of floating charge assets	Currently none	Unsecured obligations, including guarantees in respect of them	e.g. trade creditors and unsecured obligations (including obligations as borrower or guarantor)	
Type of obligation	Examples of obligations														
Proceeds of fixed charge assets	Currently none														
Expenses of the liquidation /administration	Currently none														
Preferential creditors	Including remuneration due to employees														
Proceeds of floating charge assets	Currently none														
Unsecured obligations, including guarantees in respect of them	e.g. trade creditors and unsecured obligations (including obligations as borrower or guarantor)														

	Lower ranking Shareholders	Any Preference shareholders Ordinary shareholders	
	<p>If any subsidiary of the Guarantor (other than certain excluded subsidiaries) incurs financial indebtedness (such as loans, bonds or other forms of borrowing) exceeding £2,000,000 (in aggregate), then the Guarantor shall procure that such subsidiary also guarantees the obligation of the Issuer to pay interest and principal in respect of the Bonds. This mitigates the effect of the structural subordination described above once the financial indebtedness of that subsidiary exceeds £2,000,000 because (once the guarantee is in place), in the event of a winding up or insolvency of that subsidiary, the Bondholders would have a direct claim against that subsidiary as an unsecured creditor.</p>		
Are the Bonds secured?	Neither the Issuer's nor the Guarantor's obligations to pay interest and principal on the Bonds will be secured either by any of the Issuer's or any other member of the Group's assets or otherwise.		N/A
Do the Bonds have a credit rating?	At the date of this Prospectus, neither the Issuer nor the Guarantor have been assigned a credit rating by any independent credit rating agency and, accordingly, the Bonds have not been assigned a credit rating by any independent credit rating agency.		Section 2 (<i>Risk Factors</i>)
When will the Bonds be repaid?	<p>The Issuer must repay all the Bonds on the Maturity Date (unless repaid earlier), which is 19 August 2022. The repayment price under such circumstances will be the principal amount of the Bonds.</p> <p>The Issuer may repay all or any part of the Bonds prior to the Maturity Date in certain circumstances. In the event of any change in tax law after the Bonds have been issued that would result in the Issuer or the Guarantor being required to pay any additional amount in respect of a withholding or deduction on account of tax, the Bonds may be repaid if the Issuer chooses to do so. The redemption price in these circumstances is at the principal amount of the Bonds plus accrued interest.</p>		Appendix 2 (<i>Terms and Conditions of the Bonds – Condition 8 (Redemption and Purchase)</i>)

	<p>The Issuer also has a right to redeem the Bonds early at its option at any time. In this case, you will receive back a minimum of the principal amount of your Bonds plus any interest accrued thereon until the date of repayment; in certain circumstances you may receive a higher amount of cash compensation for the loss of income you would have received had the Bonds remained outstanding. On repayment, such payments will be made to you equal to the higher of the principal amount of the Bonds (£100 per £100 in principal amount of Bonds) you hold, or a price whereby the yield given up as a result of the Bonds being repaid early will equal that of a bond issued by HM Treasury of comparable maturity plus a margin of 1.00 per cent., together with any accrued interest. For example, as the Bonds have a fixed interest rate of 6.50 per cent. and mature on 19 August 2022, if the Bonds were repaid on 19 August 2015 the cash payment would amount to £121.20 for every Bond issued at a principal amount of £100.</p>	
<p>Do the Bonds have voting rights?</p>	<p>Bondholders have certain rights to vote at meetings of Bondholders, but are not entitled to vote at any meeting of shareholders of the Issuer, the Guarantor or any member of the Group.</p>	<p>Appendix 2 (<i>Terms and Conditions of the Bonds – Condition 16 (Meetings of Bondholders, Modification, Waiver, Authorisation and Determination)</i>)</p>
<p>Who will represent the interests of the Bondholders?</p>	<p>U.S. Bank Trustees Limited (the “Trustee”) is appointed to act on behalf of the Bondholders as an intermediary between Bondholders and the Issuer and the Guarantor throughout the life of the Bonds. The main obligations of the Issuer and the Guarantor (such as the obligation to pay and observe the various covenants in the Terms and Conditions of the Bonds) are owed to the Trustee. These obligations are enforceable by the Trustee only, not the Bondholders themselves. Although the entity chosen to act as Trustee is chosen and appointed by the Issuer, the Trustee’s role is to protect the interests of the Bondholders.</p>	<p>Appendix 2 (<i>Terms and Conditions of the Bonds</i>)</p>

<p>Can the Terms and Conditions of the Bonds be amended?</p>	<p>The Terms and Conditions of the Bonds provide that the Trustee may agree to: (a) any modification of any of the provisions of the trust deed pursuant to which the Bonds are constituted (which includes the Guarantee) dated 19 August 2014 (the “Trust Deed”) that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error (which is an indisputable error) or an error which, in the opinion of the Trustee, is proven; (b) waive, modify or authorise a proposed breach by the Issuer of a provision of the Trust Deed if, in the opinion of the Trustee, such modification is not prejudicial to the interests of the Bondholders; or (c) the substitution of a member of the Group as principal debtor under the Bonds in place of the Issuer, in certain circumstances and subject to the satisfaction of certain conditions. The Trustee can agree to any such changes without obtaining the consent of any of the Bondholders.</p> <p>Bondholders may also sanction a modification of the Terms and Conditions of the Bonds by passing an Extraordinary Resolution.</p>	<p>Appendix 2 (<i>Terms and Conditions of the Bonds – Condition 16 (Meetings of Bondholders, Modification, Waiver, Authorisation and Determination)</i>)</p>
<p>How do I apply for Bonds?</p>	<p>Details on how to apply for the Bonds are set out in Section 4 (<i>How to apply for the Bonds</i>).</p>	<p>Section 4 (<i>How to apply for the Bonds</i>)</p>
<p>What if I have further queries?</p>	<p>If you are unclear in relation to any matter, or uncertain if the Bonds are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether to invest.</p>	<p>N/A</p>

4

How to apply for the Bonds

HOW TO APPLY FOR THE BONDS

The following is a description of what you must do if you wish to apply for any Bonds.

How and on what terms will Bonds be allocated to me?	Applications to purchase the 6.50 per cent. guaranteed bonds due 2022 (the “ Bonds ”) cannot be made directly to Burford Capital PLC (the “ Issuer ”). Bonds will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.
	It is important to note that none of the Issuer, Burford Capital Limited (the “ Guarantor ”), Canaccord Genuity Limited (the “ Lead Manager ”) or U.S. Bank Trustees Limited (the “ Trustee ”) are party to such arrangements between you and the relevant Authorised Offeror (being any financial intermediary which satisfies the conditions as set out in the section of the Prospectus titled “Important Legal Information”). You must therefore obtain this information from the relevant “ Authorised Offeror ”. Because they are not party to the dealings you may have with the Authorised Offeror, the Issuer, the Guarantor, the Lead Manager and the Trustee will have no responsibility to you for any information provided to you by the Authorised Offeror.
How many Bonds will be issued to investors?	The total amount of the Bonds to be issued will depend partly on the amount of Bonds for which indicative offers to purchase Bonds are received during the Offer Period (as defined below). This total amount will be specified in an announcement which the Issuer intends to publish through a Regulatory Information Service (which is expected to be the Regulatory News Service operated by the London Stock Exchange plc (the “ London Stock Exchange ”) (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html)) on or about 13 August 2014 (the “ Sizing Announcement ”).
How and when must I pay for my allocation and when will that allocation be delivered to me?	You will be notified by the relevant Authorised Offeror of your allocation of Bonds (if any) and the arrangements for the Bonds to be delivered to you in return for payment.
When can the Authorised Offerors offer the Bonds for sale?	An offer of the Bonds may, subject to applicable law or regulation, be made by the Lead Manager and the other Authorised Offerors in the UK, the Bailiwick of Guernsey, Jersey and/or the Isle of Man during the period from 21 July 2014 until 12.00 noon (London time) on 12 August 2014, or such earlier time and date as agreed between the Issuer, the Guarantor and the Lead Manager and announced via a Regulatory Information Service (which is expected to be the Regulatory News Service operated by the London Stock Exchange) (the “ Offer Period ”).
Is the offer of the Bonds	The issue of the Bonds is conditional upon the subscription agreement

conditional on anything else?	to be dated on or around 14 August 2014 (the “ Subscription Agreement ”) being signed by the Issuer, the Guarantor and the Lead Manager. The Subscription Agreement will include certain conditions which must be satisfied (including the delivery of legal opinions and auditors comfort letters satisfactory to the Lead Manager and the execution of the Trust Deed). If these conditions are not satisfied, the Lead Manager may be released from its obligations under the Subscription Agreement before the issue of the Bonds. For further information on the Subscription Agreement, see Section 9 (Subscription and Sale).
Is it possible that I may not be issued with the number of Bonds I apply for? Will I be refunded for any excess amounts paid?	You may not be allocated all (or any) of the Bonds for which you apply. This might happen for example if the total amount of orders for the Bonds exceeds the number of Bonds that are issued. There will be no refund as you will not be required to pay for any Bonds until any application for the Bonds has been accepted and the Bonds have been allocated to you.
Is there a minimum or maximum amount of Bonds that I can apply for?	The minimum application amount for each investor is £2,000. There is no maximum amount of application.
How and when will the results of the offer of the Bonds be made public?	The results of the offer of the Bonds will be made public in the Sizing Announcement, which will be published prior to the Issue Date. The Sizing Announcement is currently expected to be made on or around 13 August 2014.
Who can apply for the Bonds? Have any Bonds been reserved for certain countries?	Subject to certain exceptions, and to applicable law and regulation, Bonds may only be offered by the Authorised Offerors in the UK, the Bailiwick of Guernsey, Jersey and/or the Isle of Man during the Offer Period. No Bonds have been reserved for certain countries.
When and how will I be told of how many Bonds have been allotted to me?	You will be notified by the relevant Authorised Offeror of your allocation of Bonds (if any) in accordance with the arrangements in place between you and the Authorised Offeror.
Have any steps been taken to allow dealings in the Bonds before investors are told how many Bonds have been allotted to them?	No steps have been taken by the Issuer to allow the Bonds to be traded before informing you of your allocation of Bonds.
What is the amount of any expenses and taxes specifically that will be charged to me?	None of the Issuer, the Guarantor or the Lead Manager will charge you any expenses.
What are the names and addresses of those	As of the date of this Prospectus, the persons listed below are initial Authorised Offerors who have each been appointed by the Issuer, the Guarantor and the Lead Manager to offer and distribute, subject to

distributing the Bonds?	applicable law or regulation, the Bonds in the UK, the Bailiwick of Guernsey, Jersey and/or the Isle of Man during the Offer Period.
	<p>Barclays Stockbrokers 1 Churchill Place London E14 5HP www.barclaysstockbrokers.co.uk/investments/new-issues/Pages/burford-capital-new-bond-issue.aspx</p> <p>Canaccord Genuity Wealth (International) Limited 2 Grange Place The Grange St Peter Port Guernsey GY1 2QA www.canaccord.com/WM</p> <p>Interactive Investor Standon House 21 Mansell Street London E1 8AA www.ii.co.uk/bond/burford-capital</p> <p>NCL Investments Limited (trading as Smith & Williamson Securities) 25 Moorgate London EC2R 6AY www.smith.williamson.co.uk/fixed-income-dealingservice</p> <p>Redmayne-Bentley LLP 9 Bond Court Leeds LS1 2JZ www.redmayne.co.uk/burford</p> <p>Talos Securities Limited (trading as Selftrade) Boatman's House 2 Selsdon Way London E14 9LA www.selftrade.co.uk/burfordcapital</p> <p>Each of the Issuer and the Guarantor has granted consent to the use of this Prospectus by other relevant stockbrokers and financial intermediaries during the Offer Period on the basis of, and so long as they comply with, the conditions described in Section 11 (Important Legal Information - Consent). None of the Issuer, the Guarantor or the Lead Manager has authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.</p>
Will a registered market-maker be appointed?	The Lead Manager will be appointed as registered market-maker through the Order for Retail Bonds in respect of the Bonds from the date on which the Bonds are admitted to trading on the London Stock

	Exchange. Market-making means that a person will quote prices for buying and selling the Bonds during trading hours.
--	--

5

Taxation

TAXATION

If you are considering applying for the Bonds, it is important that you understand the taxation consequences of investing in the Bonds. You should read this Section and discuss the taxation consequences with your tax adviser, financial adviser or other professional adviser before deciding whether to invest.

The summary below is intended as a general guide only and is not intended to be, nor should it be construed to be, legal or tax advice. It is based on the Issuer's understanding of current law and practice in the relevant jurisdictions as of the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. If you may be subject to tax in a jurisdiction other than the UK or Guernsey or are unsure as to your tax position, you should seek your own professional advice.

UK

The summary set out below describes certain UK taxation considerations relating to the Bonds. It applies only to persons who are the absolute beneficial owners of Bonds, who hold their Bonds as investments and (save where it is explicitly stated otherwise) who are resident and (in the case of individuals) domiciled for tax purposes in the UK. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with the Issuer) to whom special rules may apply. The UK tax treatment of prospective Bondholders depends on their individual circumstances and may therefore differ to that set out below.

This summary only deals with the matters expressly set out below. It does not purport to be a complete analysis of all tax considerations relating to the Bonds.

Interest on the Bonds

Withholding tax on the Bonds

Payments of interest by the Issuer on the Bonds may be made without deduction of or withholding on account of UK income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**"). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000 ("**FSMA**")) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds remain so listed, interest on the Bonds will be payable without withholding or deduction on account of UK tax.

Interest on the Bonds may also be paid without withholding or deduction on account of UK tax where interest on the Bonds is paid by a company and, at the time the payment is made, the Issuer reasonably believes that the beneficial owner is within the charge to UK corporation tax as regards the payment of interest, provided that HM Revenue & Customs ("**HMRC**") has not given a direction to the contrary.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of UK income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Provision of Information

HMRC has powers, in certain circumstances, to obtain information and documents about: payments derived from securities (whether income or capital); certain payments of interest (including payments treated as interest); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest (including payments treated as interest) is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; and details of the person for whom the securities are held, and details of the person to whom the payment is to be (or may be) made.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest and other similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts and partnerships) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The attention of the Bondholders is drawn to Condition 9 of the terms and conditions of the Bonds.

Further UK income tax issues

Interest on the Bonds constitutes UK source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a UK source properly received without deduction or withholding on account of UK tax will not be chargeable to UK tax in the hands of a Bondholder who is not resident for tax purposes in the UK unless that Bondholder carries on a trade, profession or vocation in the UK through a UK branch or agency or for holders who are companies through a UK permanent establishment, in connection with which the interest is received or to which the Bonds are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

Guaranteed Issues

If a Guarantor makes any payments in respect of interest on the Bonds, such payments may be subject to withholding on account of UK tax, subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other relief that may apply. Such payments by such Guarantor may not, however, be eligible for the exemption from the obligation to withhold tax described in the first paragraph under *Withholding tax on the Bonds* above.

UK Corporation Tax Payers

In general, Bondholders which are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment so long as the accounting treatment is in accordance with generally accepted accounting practice as that term is defined for tax purposes.

Other UK Tax Payers

Interest

Bondholders who are individuals and are resident for tax purposes in the UK or who carry on a trade, profession or vocation in the UK through a branch or agency to which the Bonds are attributable will generally be liable to UK tax on the amount of any interest received in respect of the Bonds.

Taxation of Chargeable Gains

For Bondholders who are individuals, the Bonds will constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond (including a redemption) will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

Accrued Income Scheme

The Bonds are likely to constitute variable rate securities for the purposes of the accrued income scheme. Under the accrued income scheme on a disposal of Bonds by a Bondholder who is resident in the UK or carries on a trade in the UK through a branch or agency (other than a Bondholder within the charge to UK corporation tax with respect to the Bonds) to which the Bonds are attributable the Bondholder may be charged to income tax on an amount of income which is just and reasonable in the circumstances. The purchaser of such a Bond will not be entitled to any equivalent tax credit under the accrued income scheme to set against any actual interest received by the purchaser in respect of the Bonds (which may therefore be taxable in full).

Individual Savings Accounts

For Bondholders who are individuals, the Bonds will be qualifying investments for the stocks and shares component of an Individual Savings Account (an “**ISA**”) under the Individual Savings Account Regulations 1998 (the “**ISA Regulations**”) provided the Bonds are listed on the official list of a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Individual Bondholders who acquire or hold their Bonds through an ISA and who satisfy the requirements for tax exemption in the ISA Regulations will not be subject to UK tax on interest or other amounts received in respect of the Bonds.

The opportunity to invest in Bonds through an ISA is restricted to individuals. Individuals wishing to purchase the Bonds through an ISA should contact their professional advisers regarding their eligibility.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

SIPP Eligibility

The Bonds should be eligible for inclusion within a SIPP (a self-invested personal pension) that is a registered pension scheme under the Finance Act 2004.

Guernsey

The summary set out below describes certain taxation matters of Guernsey based on the Issuer’s understanding of current law and practice in Guernsey as of the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. This summary is intended as a general guide only and is not intended to be, nor should it be construed to be, legal or tax advice.

The Issuer should not be considered Guernsey tax resident on the basis that the Issuer was not incorporated in Guernsey, and is not controlled in Guernsey. Therefore, the Issuer should not be liable to Guernsey corporate income tax on the basis the Issuer is not considered Guernsey tax resident; does not carry on business in Guernsey, and does not receive Guernsey source income taxable at the 10 per cent. or 20 per cent. tax rates.

The Guarantor applies on an annual basis for tax exempt status in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989, as amended (the “**Ordinance**”). Under the provisions of the Ordinance, exemption is renewed annually, and will be granted by the Director of Income Tax,

provided the Guarantor continues to comply with the requirements of the Ordinance, and upon payment of an annual fee, currently £600 per annum. As an exempt entity, the Guarantor is treated as non tax resident in Guernsey.

If the Guarantor becomes obliged in its capacity as guarantor of the Issuer to make principal and / or interest repayments to Bondholders, such repayments would not be subject to any withholding tax in Guernsey.

Guernsey Bondholders

Guernsey resident Bondholders will generally be liable to Guernsey income tax on the amount of any interest received in respect of the Bonds, though the treatment will depend on the specific circumstances of the Bondholders.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration, and no stamp duty is chargeable in Guernsey.

Foreign Account Tax Compliance Act

FATCA imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a “foreign financial institution”, or “**FFI**” (as defined by FATCA)) that does not enter into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and certain investors, or is not otherwise exempt from or in deemed compliance with FATCA (such as by complying with the terms of an intergovernmental agreement between its jurisdiction of residence and the United States (an “**IGA**”)).

Payments on the Bonds are not expected to be subject to withholding under FATCA because the Bonds are expected to be grandfathered obligations and because the Issuer does not expect to be treated as a “financial institution” for purposes of FATCA under the terms of the IGA between the United States and the United Kingdom States (the “**UK IGA**”). However, if the Issuer were to be treated as a “financial institution” for purposes of FATCA and the Bonds are materially modified within the meaning of FATCA (which can occur as a result of a substitution of the Issuer under certain circumstances) after the Grandfathering Date, then payments on the Bonds (including repayment of principal) and gross proceeds received on the disposition of the Bonds made or received on or after 1 January 2017 may become subject to FATCA withholding to the extent such amounts are considered “foreign passthru payments.”

If the Bonds were to become subject to FATCA withholding, it is not expected that FATCA will affect the amount of any payment received by the ICSDs while the Bonds are in global form and held within the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is an FFI that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

The Issuer’s obligations under the Bonds are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as holder of the Bonds) and the Issuer therefore has no

responsibility for any amount transmitted thereafter through the ICSDs and custodians or intermediaries. Accordingly, investors should choose their custodians and financial institution intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each such custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Prospective investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding. However, definitive Certificates will only be printed in remote circumstances and if the Issuer were considered a “financial institution” under the UK IGA, it generally would not be required to make any FATCA withholding.

If further Bonds of the same series are issued on or after the Grandfathering Date, the further Bonds may not be treated as grandfathered, which may have negative consequences for the existing Bonds, including a negative impact on market price unless the further Bonds can be distinguished from the original Bonds.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established or deemed to be established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued on 6 May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Bonds.

The FTT proposal remains subject to negotiation between the participating Member States and may be the subject of legal challenge. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

6

Description of the Issuer

DESCRIPTION OF THE ISSUER

This Section sets out information about the Issuer.

Information about the Issuer

The Issuer was incorporated and registered in England and Wales on 9 June 2014 under the Companies Act 2006 as a public limited company with registered number 09077893 under the name of Burford Capital PLC. The principal legislation under which the Issuer operates is the Companies Act 2006.

The Issuer's registered office and principal place of business is 5th Floor Norfolk House, Wellesley Road, Croydon, England, CR0 1LH and its telephone number is 0845 077 5547. As of the date of this Prospectus, the total allotted, issued and fully paid share capital of Issuer is £50,000 divided into 50,000 ordinary shares of £1 each, all of which are held by Burford Capital Holdings (UK) Limited, which itself is a wholly-owned subsidiary of the Guarantor.

Principal activities

The Issuer's objects and purposes are unrestricted. The Issuer is organised as a special purpose company. The Issuer was established for the purposes of issuing the Bonds and lending the proceeds thereof to the Group.

The Issuer's only material assets will be the obligation of other subsidiaries within the Group to repay funds that the Issuer on-lends to them. Therefore, the Issuer is dependent on other subsidiaries within the Group to satisfy its obligations in full and on a timely basis.

Since its incorporation, the Issuer has not engaged in material activities other than those incidental to its registration as a public limited company under the Companies Act 2006 and those related to the issue of the Bonds. The Issuer has no employees.

Directors and Secretary

The Directors of the Issuer are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Miriam Connole	36	Director
Hayley Leake	31	Director

The company secretary of the Issuer is Julia Mahoney.

The business address of each of the above persons is 5th Floor Norfolk House, Wellesley Road, Croydon, England, CR0 1LH.

There are no potential conflicts of interest between the private interests or other duties to third parties of the directors of the Issuer and their duties to the Issuer.

Corporate Governance

The Issuer is not a company with a primary equity listing and accordingly is not required to comply with the UK's corporate governance standards. Instead, as the Issuer is a wholly-owned subsidiary of Burford Capital Holdings (UK) Limited, which itself is a wholly-owned subsidiary of the Guarantor, it adheres to the corporate governance policies applied by the Guarantor to all of its subsidiaries.

Use of Proceeds

The proceeds from the issue of the Bonds will be advanced by the Issuer to one or more members of the Group to enable the Group to further pursue its general corporate purposes and to introduce debt to its capital structure for economic efficiency.

The proceeds from the issue of the Bonds (after deduction of expenses incurred in connection with the issue) will be applied for the general corporate purposes of the Group.

Financial Information

Since the date of its incorporation, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Prospectus. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2014. The financial year of the Issuer ends on 31 December in each year.

Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at its business address set out above and within the "Retail Bonds" section of the Group's website.

The Issuer has appointed Ernst & Young LLP of 1 More London Place, London SE1 2AF, as its auditors. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

Recent Developments

There have been no recent events particular to the Issuer that are, to a material extent, relevant to the evaluation of the Issuer's solvency.

7

Description of the Guarantor and the Group

DESCRIPTION OF THE GUARANTOR AND THE GROUP

This Section sets out information about the Guarantor and the Group.

Information on the Guarantor and the Group

The Guarantor's legal and commercial name is Burford Capital Limited. The Guarantor is a company limited by shares incorporated and registered in Guernsey under the Companies (Guernsey) Law 2008 with registered number 50877. The principal legislation under which the Guarantor operates is the Companies (Guernsey) Law 2008. The Guarantor's objects are unrestricted.

The Guarantor's registered office and principal place of business is Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 1WW and its telephone number is + 44 (0) 845 077 5547.

As of the date of this Prospectus, the total allotted, issued and fully paid share capital of the Guarantor is £204,545,455 divided into 204,545,455 ordinary shares of nil par value in issue.

The Guarantor is the ultimate holding company of the Group. Its only assets are its shares in certain subsidiaries within the Group. The Guarantor is responsible for the overall business strategy and performance of the Group.

Introduction

The Group is the world's largest provider of investment capital and risk solutions for litigation and arbitration, with a large and experienced team. The Group provides a broad range of corporate finance and insurance solutions to lawyers and their clients engaged in significant litigation and arbitration around the world, with a particular focus on the US, the UK and international arbitration. The Group generated more than \$60 million in income in the year ended 31 December 2013 and had more than \$350 million in net assets on that date.

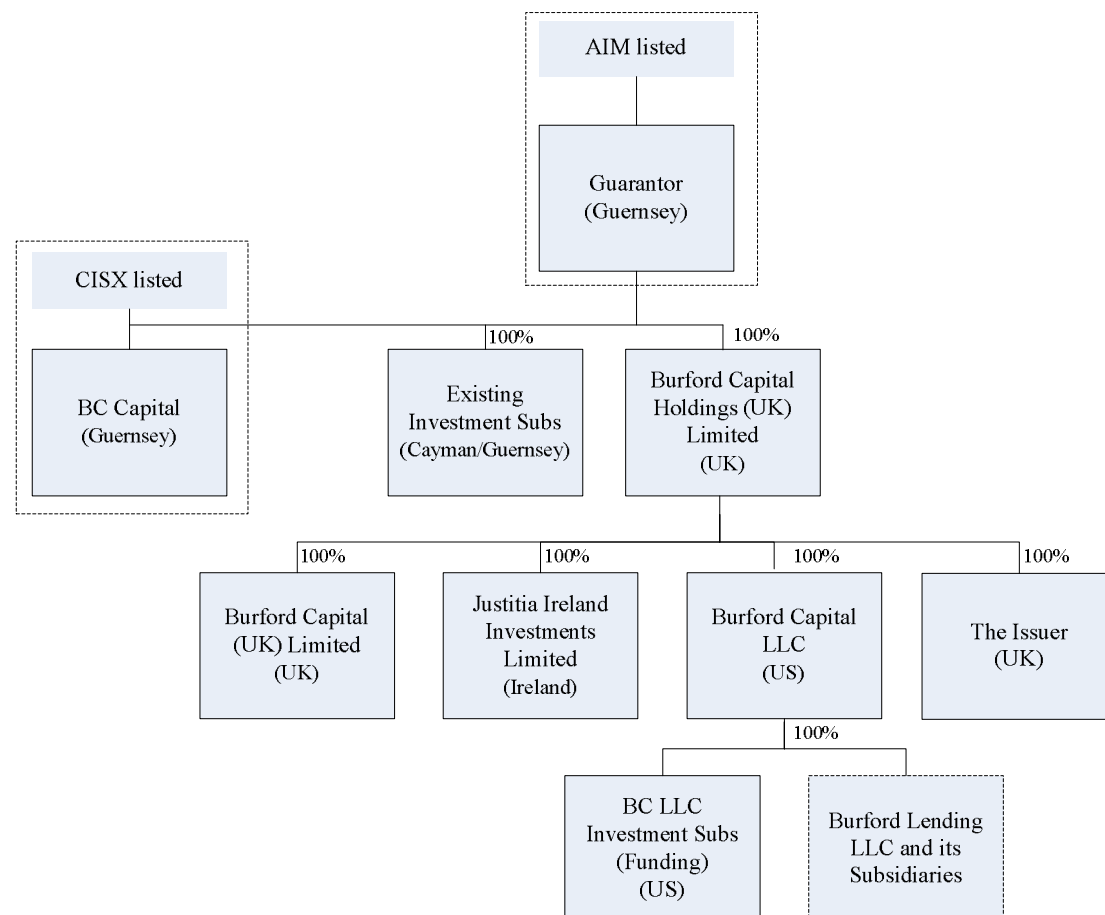
The Group has approximately 40 staff located in the US (New York, Washington DC and California) and the UK (London). The Group's team is multi-disciplinary and includes a number of senior finance and investment professionals, but is notable for those staff members with corporate litigation experience bringing to bear more than 200 years of collective experience.

The Group pioneered the institutionalised litigation finance business in the US and in the international arbitration area. While other market participants had provided litigation finance before the Group's inception, the Group was the first to create an integrated firm combining substantial capital with significant dedicated and experienced resources. The Group has subsequently expanded into the domestic UK market and also provides litigation finance in other countries from its US and UK offices. In the five years since the Group's formation, litigation finance has generated substantial interest and attention from the legal community worldwide. That has led to increased demand for litigation financing solutions.

Between its inception in September 2009 and December 2013, 25 investments by the Group had generated \$147 million in gross investment recoveries and \$50 million net of invested capital, producing a 52 per cent. net return on invested capital. The Group deployed \$62 million of new capital in 2013, bringing commitments since inception to \$419 million through 59 investments, and current commitments at 31 December 2013 of \$264 million through 35 investments (some of which are comprised of multiple underlying litigation matters). The Group's investment portfolio continues to develop and mature.

In 2013, the Group generated \$31.3 million of cash from its litigation investment portfolio, an increase of 78 per cent. over 2012's \$17.7 million. The Group's outstanding portfolio receivables, being amounts due to the Group over time as to which there is no further litigation risk, increased to \$50.9 million.

Group Structure Chart



Organisational Structure

The Group operates through a series of wholly-owned, consolidated subsidiaries of the Guarantor. The Group's ultimate parent is the Guarantor, which is a Guernsey company traded on the Alternative Investment Market ("AIM") of the London Stock Exchange.

Burford Capital Holdings (UK) Limited is a private limited company incorporated in England and Wales. It is a wholly-owned subsidiary of the Guarantor, and the parent of the entire Group's operating businesses. Burford Capital Holdings (UK) Limited conducts its business through the following wholly-owned subsidiaries:

- The Issuer, a special purpose company established to raise money for use by the Group;
- Burford Capital (UK) Limited ("BCUUKL"), the Group's UK-based operating entity that employs all of the Group's UK staff, provides UK litigation investment services to other Group entities and operates the Group's litigation expenses insurance business. This entity is regulated by the UK's Financial Conduct Authority ("FCA") as an insurance intermediary;

- Justitia Ireland Investments Limited, an Irish subsidiary that holds certain of the Group's investments in a tax-efficient structure; and
- Burford Capital LLC, the Group's US-based operating entity that employs all of the Group's US staff and provides US and some international litigation investment services to other Group entities. This entity uses wholly-owned Delaware-incorporated subsidiaries to make US litigation investments. This entity also owns Burford Lending LLC and its subsidiaries (together, the ***Excluded Subsidiaries***) which operate a separate and recently launched lending business focused on small and mid-sized US law firms.

All of the other direct subsidiaries of the Guarantor are non-operating wholly-owned special purpose entities that house investments made by the Group with the exception of BC Capital Limited which is a wholly-owned Guernsey company that has issued preference shares and units representing preference shares, which units are listed on the Channel Islands Securities Exchange.

History

The Guarantor was incorporated in Guernsey in September 2009. Initially, it was established as a registered closed-ended collective investment scheme. In October 2009 the Guarantor's ordinary shares commenced trading on the London Stock Exchange's AIM. The Guarantor made a further placing of shares in December 2010. Through its two share issues, the Guarantor has raised more than \$300 million in equity capital.

The Guarantor was a founder member of the Association of Litigation Funders, which was established in November 2011 to coincide with the launch of the Code of Conduct for Litigation Funders by the Civil Justice Council, a government agency that is part of the Ministry of Justice in England and Wales, and continues to be active in its affairs.

In February 2012, the Guarantor completed its acquisition of Firstassist Legal Expenses Insurance, a leading provider of litigation expenses insurance in the UK that issues insurance policies on behalf of a subsidiary of the Munich Re Group. Since February 2013 Firstassist has operated under the Burford brand as Burford UK.

In late 2012, the Guarantor altered its corporate structure by deregistering its status as a registered closed-ended collective investment scheme and reorganising to implement a new group structure incorporating certain of the Guarantor's wholly-owned subsidiaries (the "***2012 Reorganisation***"). In connection with the 2012 Reorganisation, the Guarantor acquired its investment adviser, Burford Group LLC, through a cashless merger.

In November 2013, to enhance its liquidity and optimise its balance sheet, the Group issued contingent preference shares together with units representing such preference shares, which units are listed on the Channel Islands Securities Exchange through BC Capital Limited, a wholly-owned subsidiary. Prior to the fifth anniversary of issue, the Group has the right to make capital calls on the preference shares up to \$40 million in aggregate.

Financial summary

The following financial summary is derived from the Group's audited consolidated financial statements.

(US\$'000)	2013	2012	% change
Litigation-related investment income	38,847	32,457	20%
Insurance-related income	20,910	16,152	29%
Other income	903	5,628	
Total income	60,660	54,237	12%
Operating expenses – corporate and investment	(11,367)	(15,054)	
Operating expenses – insurance	(6,779)	(5,085)	
Profit before tax and the impacts relating to the Burford UK acquisition, the 2012 Reorganisation and UK restructuring costs	42,514	34,098	25%
Taxation ⁽¹⁾	(2,276)	(2,556)	
Profit after tax⁽²⁾	40,238	31,542	28%

Notes

- (1) Taxation does not include deferred taxation credit on amortisation of embedded value intangible asset.
- (2) Profit after tax excluding the impact of the Burford UK acquisition, the 2012 Reorganisation and UK restructuring costs, which are included in the Consolidated Statement of Comprehensive Income.

Industry

Litigation finance is a specialty finance business focused on litigation and arbitration. It encompasses the provision of capital and other financial services along with risk transfer solutions and is premised on the status of litigation claims as assets – specifically *choses in action*. Litigation finance is generally regarded as a high return, uncorrelated asset class. Moreover, unlike many types of private equity and venture capital investment, the litigation system itself provides an exit in litigation investments, simply because the adjudicative system ultimately forces matters to come to an end. Those exits are a function of each adjudicative system's timing and process, and as such they are entirely unrelated to economic cycles or activity. The litigation finance industry is experiencing a considerable level of growth around the world. From being largely unknown when the Group was founded in 2009, litigation finance is an ever-growing focus of attention for law firms and their clients.

Many law firm clients are unwilling to embark upon large and uncertain levels of expenditure to pursue litigation claims. There are several reasons for this. Litigation costs have risen over the past decade while corporate budget tolerance for high and unpredictable spending has declined. Moreover, spending on litigation defence has also risen, especially in certain industries such as financial services, leaving clients particularly disinclined to commit capital to pursue claims on top of the spending already occurring on defence matters. Finally, the accounting treatment of pursuing litigation claims is unfavourable for many corporate clients because the costs of doing so are treated as current expenses and pending claims do not give rise to balance sheet assets. All of these factors lead many clients to seek alternatives to conventional law firm billings for the pursuit of litigation.

In addition to client disenchantment with the costs of litigation, businesses are also recognising that their ownership of significant litigation claims proceeding through the litigation process may represent meaningful contingent asset value that is capable of being monetised without waiting for resolution and payment. Businesses factor receivables and securitise future cash flows, and pending litigation claims may be treated in a similar way.

Law firms have varying but generally low tolerance for assuming their clients' litigation risk. While there are exceptions, law firms are generally equity partnerships, in which partners earn annual compensation based on the firm's performance and do not retain their equity interests following retirement. Moreover, law firms tend not to take on external equity or term debt. Thus, they tend to run very simple balance sheets, and law firm partners are sensitive to reducing their cash compensation in exchange for longer-term potential rewards because partners who retire while those rewards are being created not only do not share in them but also suffer reductions in current compensation while at-risk matters run through the litigation process. Thus, law firms tend not to be complete solutions for their clients' financial preferences and just as in many other lines of business, there is demand for specialised external financial providers.

The litigation market is significant in size. While global statistics are not available, in the US alone, there are more than one million lawyers. Of the US lawyers involved in litigation, tens of billions of Dollars each year are believed to be generated in legal fees alone, to say nothing of the recoveries made in litigation matters.

Litigation is not short-term in nature. A typical significant litigation matter takes several years from inception to initial adjudication, and still more time if appeals are available and taken. While most litigation matters settle before their initial adjudication, they tend to settle later rather than earlier in the process, holding average duration of a litigation investment at two years or more.

There is no reason preventing the Group from offering litigation finance to defendants in a litigation matter. The Group is amenable to financing defendants and has done so in the past. However, a significant majority of the Group's litigation finance business presently focuses on claims and claimants.

Strategy

The Group believes that litigation finance is an attractive and rapidly growing asset class, with the potential for uncorrelated high returns provided by investments with automatic exits. The Group's investment experience and returns to date support this belief.

The Group's strategy is to continuously meet the demand for litigation finance solutions at a variety of recourse, risk and cost of capital levels. The Group believes there are opportunities both to continue to expand its existing lines of business and also launch new lines of business in adjacent areas. The Group has expanded its offerings to include products such as portfolio financing and recourse lines of credit. Internationally, there is growing demand for litigation finance in a number of new markets, ranging from Canada and the Caribbean to Europe and Asia, just as there is demand for an expanded product offering in established markets such as the US and the UK.

A fundamental tenet of the Group's strategy is portfolio construction and diversification. Litigation is inherently unpredictable, and every litigation matter carries the risk of complete loss. This is simply the nature of the adversary system. Therefore, the Group is focused on constructing a large and well-diversified portfolio that can bear the inevitable risk of loss on some litigation matters. The Group approaches litigation investing as investing first, and litigation second, as a focus of its investing

activity. To that end, the Group's investing approach is multi-disciplinary, incorporating financial and credit analysis alongside litigation evaluation.

A core part of the Group's strategy is to maintain its own highly experienced multi-disciplinary team. The Group believes having its own significant team is both a competitive advantage, in that it enables more rapid and consistent responses to investment opportunities, and also provides consistency and quality in investment decisions.

The Group's litigation investment business

The Group makes many different types of investments, such as investing capital in single litigation matters at their outset, in portfolios of matters in various stages of the litigation process and in assets or entities whose value is principally based on litigation outcomes. As the litigation finance market continues to develop and mature, the Group's business has evolved to be much more than simply funding legal fees in a single litigation matter.

The Group uses various investment structures, with capital invested entirely at closing or provided over time. The Group's capital can be used for many different purposes, ranging from paying litigation costs to providing risk transfer solutions for law firms and their clients and providing operating capital for businesses with material litigation assets. The Group engages in both recourse and non-recourse transactions. It seeks to generate overall high returns by creating a diversified portfolio of litigation risk, with different risk and return profiles. While the Group provides financing for the defence of litigation, the demand for such financing is significantly less than for claimant financing.

There is a market for basic litigation funding – a transaction in which the Group pays some or all of the costs of a claimant bringing a litigation matter using an hourly fee law firm. Typically, the Group engages in such transactions using a non-recourse investment or a structure that provides the Group's capital back plus a first Dollar priority return (often increasing over time), followed by an entitlement to some portion of the net recovery. However, the Group has (especially in the US, which is the Group's largest market) moved significantly towards transactions in which the risk of loss can be reduced, typically by using a portfolio or multi-case structure, but also through other structures such as interest-bearing recourse debt (sometimes with a premium based on net recoveries) or the purchase of equity or debt assets that underlie the relevant litigation or arbitration claims. This reduction in the risk of loss can allow a reduction in the risk premium the Group charges. The Group also offers a variety of other structures, such as recourse revolving lines of credit based on litigation-related assets.

The fundamental reason for this evolution is that the price the Group charges for its capital in single case non-recourse matters is relatively high, reflecting the binary risk of loss such investments present, and many counterparties are enthusiastic about the concept of litigation finance but not about the implied cost of capital. Litigants often tend to believe strongly in the merits of their own litigation position, and thus find it difficult to be dispassionate about the concept of the Group's need to price matters to overcome a certain level of aggregate losses. Nevertheless, there is substantial interest in the various propositions the Group can offer, and it continues to expand its offerings in response to market demand. Each year, the Group speaks to many law firms and corporate clients about litigation finance, and continues to build new relationships. The Group works with many of the world's largest law firms as well as a significant number of litigation boutiques, and in an increasing number of instances receives repeat business from the same law firm.

As a normal part of its business, the Group enters into investment agreements under which it makes continuing investments over time, whereas other agreements provide for the immediate funding of the total investment commitment. The terms of the former type of investment agreements vary widely. In

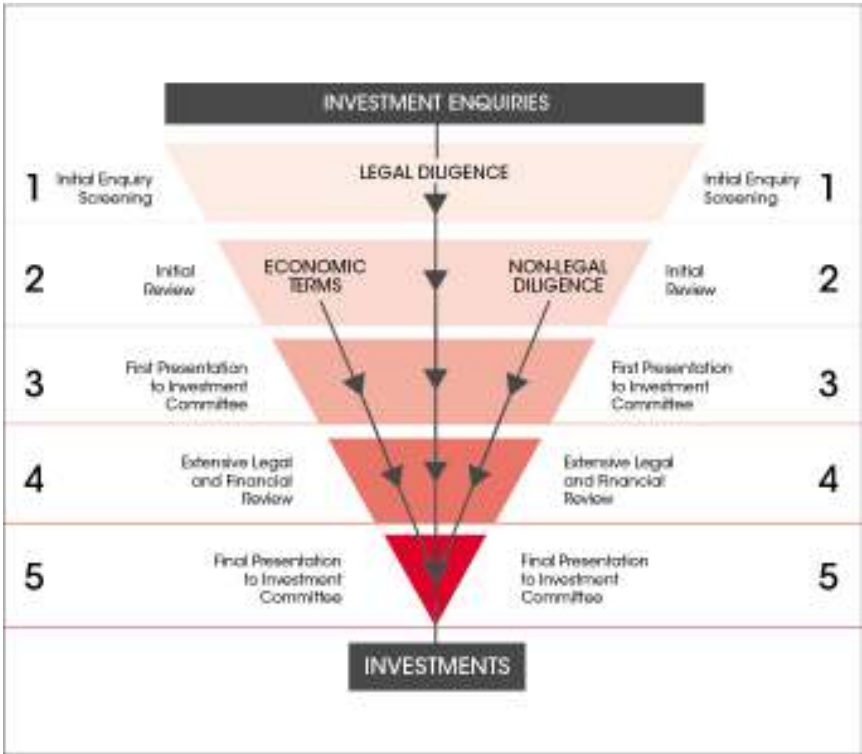
some cases, the Group has broad discretion as to each incremental funding of a continuing investment, and in others, it has little discretion and would suffer punitive consequences were it to fail to provide incremental funding.

In some agreements, the Group’s funding obligations are capped at a fixed amount, whereas in others the commitment is not fixed (although the Group estimates its likely future commitment to each such investment). At 31 December 2013, considering the amount of capped commitments and the Group’s estimate of uncapped funding obligations, the Group had outstanding commitments of approximately \$63 million. That figure does not include executed investment agreements that are capable of cancellation without penalty by the Group for adverse findings during a post-agreement diligence period. Of the \$63 million in commitments, the Group expects less than 50 per cent. to be sought from it during 2014.

The timing and nature of the Group’s returns are variable. There is frequently a linear process from investment to increases in unrealised value based on the progress of the litigation. Resolution of the litigation then creates a receivable leading to payment, sometimes in a non-cash form that takes further time to convert to cash. Many of the Group’s investment structures include a time-based component so that delays in monetising litigation results, and in the Group receiving its entitlement, will result in the Group receiving incremental compensation.

The Group’s status as a passive finance provider means that it generally has no ability to control or influence the litigation forming the basis of its investments. The Group’s returns are set by the initial structuring of its investments. It is not uncommon for businesses to be able to extract better litigation settlements if they either contain a delayed payment provision or include non-cash assets as part of a settlement.

The Group follows a rigorous and detailed investment process that is conducted primarily in-house. The Investment Committee’s approval is required for any new investment. The Group’s investment selection process takes the following steps:



When the Group first invests in a matter, it holds that investment at cost. As the matter progresses, developments in the litigation process (such as interlocutory rulings by the court or tribunal) typically cause an adjustment in the fair value of the matter. While each matter is unique both in its transaction structure and the manner in which it progresses through the litigation process, the fair value is more likely to be adjusted based on guaranteed recoveries than contingent recoveries. So, for example, if the investment terms provide for a priority return of two times investment with a back end contingency of 25 per cent. of the recovered damages, the fair value of that matter would generally increase (if appropriate) by recognising some part of the priority return, and it would be less likely to assign some value to the back end 25 per cent. contingency before there is some merits adjudication of the matter. In the same way, the fair value of a matter for which progress is disappointing may be reduced.

Once there is no longer any litigation risk on a matter, such as when there has been an agreed (but unpaid) settlement, the matter becomes a receivable. At that point, the Group records the estimated result (discounted appropriately), and thereafter recognises separately any further increments in value caused by the passage of time, such as from interest running on the entitlement. Although the receivable is expected to generate cash, many matters are likely to progress through the receivable stage for varying lengths of time before generating cash.

Thus, as presented below, several different strands of recovery are relevant to assessing the total return from a matter, including both cash receipts and receivables.

Since inception, the Group has committed \$419 million of capital to 59 investments:

	Commitment Amount (\$m)	Number of Investments
Short duration portfolio	65	13
Core portfolio	268	41
Special situations portfolio	27	3
Other investments	59	2
Total	419	59

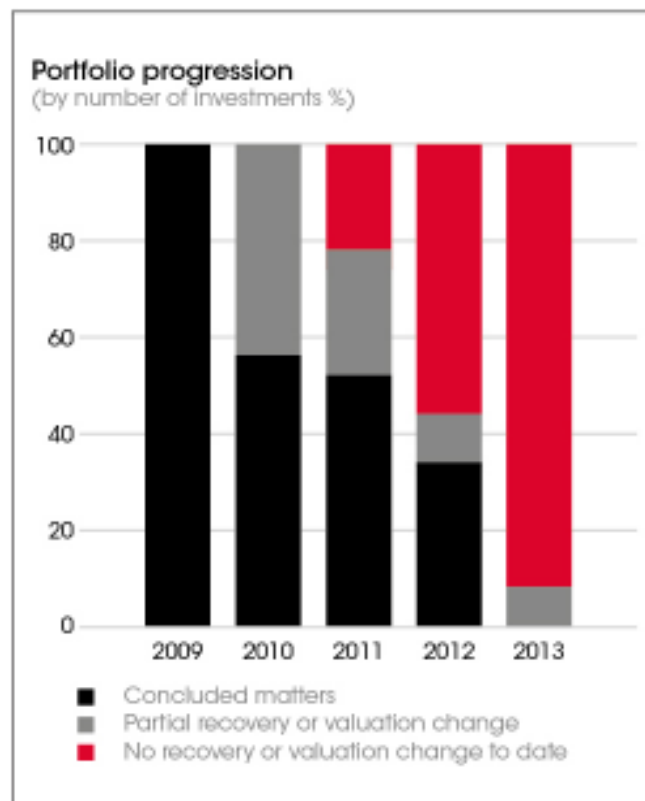
At 31 December 2013, the Group's outstanding commitments were as follows:

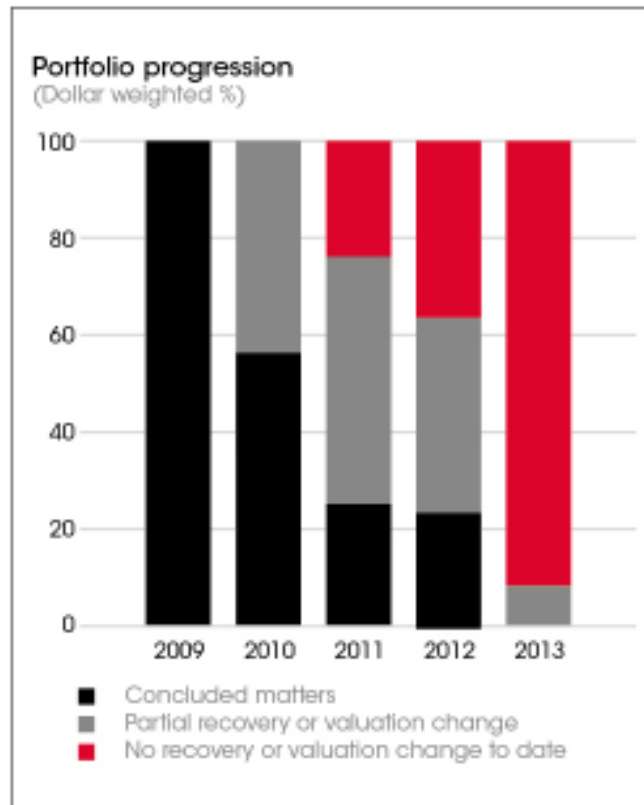
	Commitment Amount (\$m)	Number of Investments
Short duration portfolio	27	5
Core portfolio	200	28
Special situations portfolio	8	1
Other investments	29	1
Total	264	35

While the portfolio continues to revolve, it has shown consistent asset value growth.



The charts that follow illustrate the progression of investments over time. The older the investment, the more likely it is to have either concluded entirely or achieved material substantive progress. Thus, while 2009 investments are entirely concluded, 2013 investments as expected show relatively little activity. This suggests that the portfolio should continue to deliver realised value as investments continue to mature, and that continuing investment in matters has the potential to generate on going, long-term profitability.





The preceding information provides context to the Group's performance. The Group measures performance using the concept of net returns on invested capital once matters are concluded (that is, when they are no longer subject to litigation risk).

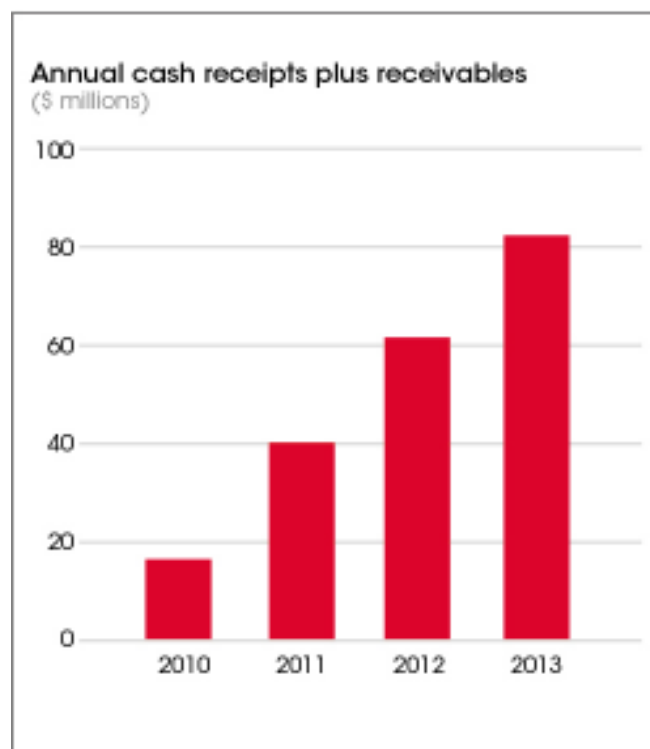
Since inception, 25 investments have generated \$147 million in gross investment recoveries and \$50 million net of invested capital, producing a 52 per cent. net return on invested capital.



Considering only actual cash receipts:

- Since inception, the Group has generated \$90.5 million in gross cash receipts from investments.
- The pace of cash generation has increased substantially as the portfolio has matured, such that in 2013, the Group generated \$31.3 million in gross cash receipts, a 78 per cent. increase over 2012.

The combination of actual cash receipts and receivables created (which are not subject to litigation risk) shows steady growth:



The Group's investments are expected to produce widely varying results, some performing as expected, some outperforming substantially, and some disappointing or producing total losses. The performance of individual investments is shown below.

(All numbers in US \$'m unless otherwise noted)

Vintage	Total Investment	Total Recovered	Return on Invested Capital	IRR
Investments made in 2009 – 100 per cent. complete				
	7.0	24.6	254%	51%
	2.0	2.0	(1%)	-
	2.5	-	-	-
2009 Performance to Date	11.5	26.6	133%	33%

Vintage	Total Investment	Total Recovered	Return on Invested Capital	IRR
Investments made in 2010 – 56% complete				
	2.1	4.5	119%	52%
	1.4	2.5	76%	32%
	6.1	10.5	71%	75%
	4.8	7.8	62%	23%
	2.6	3.5	33%	11%
	9.1	10.2	13%	15590%
	4.5	4.0	(12%)	-
	3.2	0.2	(95%)	-
	3.9	0.03	(99%)	-
2010 Performance to Date	37.7	43.2	15%	10%
Investments made in 2011* – 53 per cent. complete				
	7.4	15.8	113%	104%
	3.5	6.4	83%	34%
	4.9	6.5	32%	29%
	10.0	7.5	(25%)	-
	4.4	-	-	-
	1.1**	11.8**	996%	311%
2011 Performance to Date	31.3	48.0	53%	31%
Investments made in 2012 – 33 per cent. complete				
	1.0	2.4	150%	436%
	2.9	5.2	76%	156%
	4.3	7.5	74%	13%
	8.2**	13.7**	67%	29%
2012 Performance to Date	16.4	28.8	75%	32%
Investments made in 2013 – all still ongoing				
	0.1**	0.7**	1172%	1166%
2013 Performance to Date	0.1	0.7	1172%	1166%
Total Investment Recoveries to Date	97.0	147.3	52%	26%

* Investments with immaterial performance excluded, such as rapidly terminated investment agreements.

** Ongoing matters with partial recoveries.

The competitive environment in litigation finance is fragmented. There are other specialty litigation finance providers with available capital, but the market is not deep or particularly price competitive. As transaction sizes increase, however, hedge funds and other multi-strategy investment vehicles become more prevalent, although their general lack of specialised in-house diligence capability tends to put them at a disadvantage in transactions when speed or efficiency are important considerations.

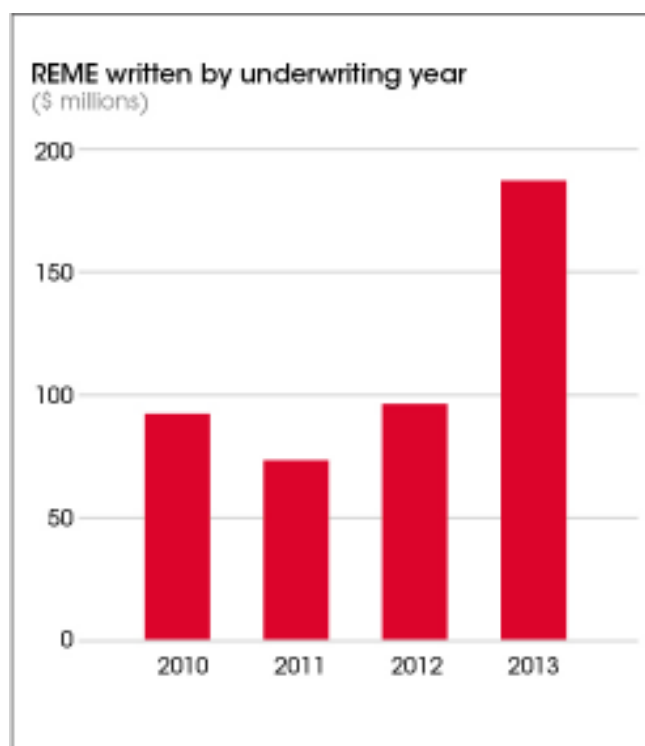
The Group's insurance business

The Group entered the litigation expenses insurance business through its February 2012 acquisition of Firstassist, a long-standing UK-based provider of such insurance. Firstassist rebranded as Burford UK in early 2013. The performance of Burford UK's existing book of business has been strong. The Group does not recognise revenue from insurance matters until it earns a premium, which generally occurs only at the successful conclusion of a litigation case (either through settlement or adjudication). As a result, Burford UK is now generating the profits from business generally written several years ago.

The insurance business produced more than \$20 million in income and \$10 million in profits in 2013. In 2013, there was profound regulatory change in UK litigation (known as the “*Jackson Reforms*”) that affected all aspects of the market, including litigation expenses insurance, and among other things expressed a strong policy choice in favour of litigation funding. The change which impacted most on the litigation expenses insurance business was to stop making the defendant responsible for the insurance premium incurred by the claimant in the event the claimant was successful in the litigation. Before the Jackson Reforms took effect in April 2013, the Group wrote more new insurance business in the first three months of 2013 than it had in all of the two preceding years combined. It is still too soon to make any future predictions about the size and economics of the post-Jackson Reforms litigation expenses insurance market, although volumes have (as expected) fallen sharply. However, the Group has a significant tail of business written during and before 2013 which, along with business from prior years, is expected to generate cash income for some years to come. The Group was aware of the impending regulatory change when it acquired Firstassist, and the strategic rationale for the acquisition was to reposition the insurance business following the implementation of the Jackson Reforms to focus on the provision of litigation funding in the UK.

A considerable degree of skill and effort is required to maximise performance of the insurance book, and the Group has adopted a fully integrated and active approach to managing its insurance business.

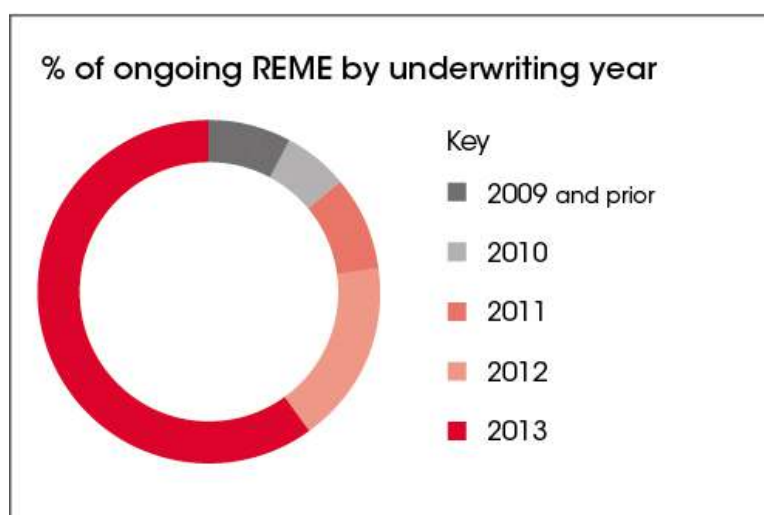
One yardstick by which the Group manages its insurance business is its “realistic estimated maximum exposure” (“**REME**”). This is the amount of litigation cost that the Group estimates it would have to pay in the event of a loss if a matter went to trial (and the denominator in premium calculations if matters proceed to trial and win, as premiums are generally expressed as a percentage of the actual exposure ultimately assumed in a matter). This is necessarily an overstated number, as many matters settle before reaching trial and in such an event the Group's premium will only be the agreed percentage of the adverse costs exposure to that point in the matter, but it is a key metric in the management of the business, as it is impossible to predict which matters will settle as opposed to proceed to trial, and exposure levels should generally correlate to future premium income.



* Excludes lines of business that are not directly underwritten by BCUKL

Future profitability will depend not only on initial activity levels but on outstanding balances of REME, as those represent matters in progress and thus premiums still to be earned.

As at 31 December 2013, the distribution of REME in outstanding matters was as follows:



* Excludes lines of business that are not directly underwritten by BCUKL

This chart demonstrates an expected multi-year continuation of insurance profits from the Group's existing business.

Regulation

BCUKL is the only regulated entity within the Group. BCUKL is regulated by the FCA as an Intermediary in the general insurance class, authorised to write policies on behalf of Great Lakes Reinsurance UK PLC (a UK subsidiary of Munich Re), who are regulated by the FCA and the Bank of England's Prudential Regulation Authority.

Directors, senior management and corporate governance

Directors

The Guarantor is managed by its Board of Directors. All four Directors are independent non-executives, and all four have been Directors since the Guarantor's inception. The following table lists the names, positions and ages of the Directors:

Name	Age	Position
Sir Peter Middleton GCB.....	80	Chairman
Hugh Steven Wilson.....	66	Vice Chairman
Charles Parkinson.....	60	Non-executive Director
David Lowe OBE	77	Non-executive Director

The business address of each of the above is Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 1WW.

There are no potential conflicts of interest between duties to the Guarantor of its Directors and their private interests and other duties.

Sir Peter Middleton GCB, *Chairman*

Sir Peter Middleton is UK Chairman of Marsh & McLennan and Chairman of Mercer Ltd. He was previously Permanent Secretary at HM Treasury and Group Chairman and Chief Executive of Barclays Bank PLC.

Hugh Steven Wilson, *Vice Chairman*

Mr. Wilson was a senior partner with Latham & Watkins, where he was Global Co-Chair of the Mergers and Acquisitions Practice Group and former Chairman of both the National Litigation Department and the National Mergers and Acquisitions Litigation Practice Group. He is a former Managing Partner of Tennenbaum Capital Partners.

Charles Parkinson, *Director*

Charles Parkinson is formerly the Minister of Treasury and Resources for the States of Guernsey. He is a past Partner/Director of PKF Guernsey, accountants and fiduciaries, and is a barrister and an accountant.

David Lowe OBE, *Director*

David Lowe was until recently Senior Jurat of the Guernsey Royal Court. He was previously the Chief Executive of Bucktrout & Company Limited and a former director of Lazard and Barclays Capital in Guernsey.

Management team

The Group conducts its operations through various operating subsidiaries that employ members of the management team, depending on their geographic location and scope of responsibility. None of the Group's management team is employed by, or is an officer or director of, the Guarantor. The current members of the management team are:

Name	Age	Position
Christopher Bogart	48	Chief Executive Officer
Jonathan Molot.....	48	Chief Investment Officer
Ernest Getto	70	Managing Director
Aviva Will.....	45	Managing Director
Miriam Connole	36	Chief Financial Officer
Peter Benzian	71	Managing Director
John Blackburn.....	55	Managing Director
Ross Clark.....	45	UK Chief Investment Officer
Elizabeth O'Connell	47	Managing Director
Nick Rowles-Davies	45	Managing Director
Jeremy Garber	45	Chief Operating Officer

The business address of each of the above is Regency Court, Gategny Esplanade, St Peter Port, Guernsey GY1 1WW.

There are no potential conflicts of interest between duties to the Group of its management team and their private interests and other duties.

Christopher Bogart, Chief Executive Officer

Mr. Bogart co-founded the Group. He was the Executive Vice President & General Counsel of Time Warner Inc. and a litigator at New York's Cravath, Swaine & Moore. Before founding the Group he held a variety of executive management roles, including as the Chief Executive of Time Warner Cable Ventures and the Chief Executive of Churchill Ventures Limited.

Jonathan Molot, Chief Investment Officer

Mr. Molot co-founded the Group. He is a Professor of Law at Georgetown University Law Center and an experienced litigator, an expert in the litigation finance field and a former senior U.S. government official. He clerked for Justice Breyer of the U.S. Supreme Court and practiced with Cleary Gottlieb and Kellogg, Huber.

Ernest Getto, Managing Director

Mr. Getto was a senior partner and Global Chair of the Litigation Department at Latham & Watkins, one of the world's largest law firms, and is a Fellow of the American College of Trial Lawyers.

Aviva Will, *Managing Director*

Ms. Will was a senior litigation manager and Assistant General Counsel at Time Warner Inc. and a litigator at Cravath, Swaine & Moore.

Miriam Connole, *Chief Financial Officer*

Ms. Connole was Group Commercial Finance Director at Friends Life Group and Chief Financial Officer of RSA's Central & Eastern European region. She has a CA and a Masters in Accounting and practiced with Arthur Andersen before entering the insurance industry with AIG and ACE.

Peter Benzian, *Managing Director*

Mr. Benzian was a senior partner at Latham & Watkins and Chairman of the firm's San Diego Litigation Department.

John Blackburn, *Managing Director*

Mr. Blackburn was a Managing Director at Merrill Lynch for 16 years managing various principal investment desks at the firm. He has both a JD and a MBA and has worked previously with Citibank, Freddie Mac and AmRock Capital.

Ross Clark, UK *Chief Investment Officer*

Mr. Clark has spent more than twenty years at Burford UK and its predecessors following his studies during which he earned a law degree, an MBA and the Chartered Insurer designation.

Elizabeth O'Connell CFA, *Managing Director*

Ms. O'Connell was the Chief Financial Officer of Glenavy Capital LLC and Churchill Ventures Limited, and was a senior investment banker at Credit Suisse and Citigroup.

Nick Rowles-Davies, *Managing Director*

Mr. Rowles-Davies is an English solicitor who most recently ran Vannin Capital's UK litigation funding operation.

Jeremy Garber, *Chief Operating Officer*

Mr. Garber has spent his career in financial services, most recently as the Chief Operating Officer of Trilogy Capital LLC and Longacre Fund Management, LLC. He also has a law degree, a JD and is a member of the New York Bar.

In addition to these members of management, the Group's team includes experienced lawyers and finance professionals drawn from major law firms, professional services firms and financial institutions such as Debevoise & Plimpton, Ernst & Young, Travelers Insurance, Olswang, Freshfields Bruckhaus Deringer and American Express.

Corporate governance

The Directors recognise the high standards of corporate governance demanded of listed companies. The Company has adopted and complied with the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission (the "*Code*"). The Code includes many of the principles contained in the UK Corporate Governance Code. While the Company is no longer

required to comply with the Code following the 2012 Reorganisation, it has nevertheless elected to continue to do so.

The Board holds a quarterly in-person meeting during which it reviews all aspects of the business' strategy and performance and every Director attended all meetings held in 2013. The Board reviews its performance and Director compensation annually and regularly discusses succession planning and management oversight. The Board meets in closed session without management present at each of its meetings. The Board also operates through three committees, Audit, Investment and Remuneration, all of which meet throughout the year as required. The Remuneration committee reviews and approves compensation for all senior staff. No members of management sit on the Board.

The Group is organised with operations in both the US and the UK. The Group has introduced a robust global compliance programme, with compliance officers in both countries where it has operations. In the US, the Group has staff located in New York, Washington DC and California, with further market coverage via arrangements with a collection of distinguished retired lawyers in other locations. In the UK, the Group's staff are located in London. As a general proposition, the Group engages in underwriting and managing UK and Channel Islands domestic litigation and insurance matters from its UK office, and US and international matters from its US team. The Group does however run a globally integrated investment function that both pools resources and also involves personnel from both countries in its global Investment Committee, whose approval is required for any new investment. The Group has approximately 40 full-time staff.

The Group's team is multi-disciplinary, with senior and experienced finance and investment professionals, which are critical components in any investment decision-making undertaking.

Audit Committee

As at the date of this Prospectus, the Audit committee consisted of Charles Parkinson who chairs the committee and David Lowe. The committee meets at least two times per year.

The Audit committee monitors the integrity of the Guarantor's financial reporting, monitors and reviews the Guarantor's accounting policies, reviews the Guarantor's internal control and risk management systems, reviews the Guarantor's whistleblowing procedure, monitors and reviews the Guarantor's internal audit function, monitors the relationship between the Guarantor and the external auditors and provides a forum through which the Guarantor's external audit functions report to the Board of Directors. The Audit committee is also responsible for reviewing the results of the annual external audit, its effectiveness and the independence and objectivity of the external audit.

Share Capital and Major Shareholders

The market capitalisation of the Guarantor on the AIM of the London Stock Exchange at the close of business on 18 July 2014 was £244,431,819. As of the date of this Prospectus, the Guarantor has 204,545,455 ordinary shares of nil par value in issue. There are no restrictions on the transfer of the Guarantor's shares.

Based on information obtained by the Guarantor from public announcements made by shareholders upon their purchase and sale of the Guarantor's shares above applicable regulatory thresholds, the Guarantors significant shareholders as of the date of the Prospectus are as follows:

Shareholder Name	Amount	% Holding
Invesco Perpetual	61,154,384	29.89%
Baillie Gifford	18,632,747	9.11%
Eton Park	17,919,999	8.76%
Woodford Investment	14,791,509	7.23%
Christopher Bogart	13,186,290	6.45%
Jonathan Molot	12,839,394	6.28%
Reservoir Capital	11,400,000	5.57%
Fidelity Worldwide Investment	10,681,277	5.22%

Recent Trading Developments

On 3 July 2014, the Group released a trading statement update on its financial performance for the six months ended 30 June 2014:

- The Group continued its trend of strong investment returns: since its inception, 26 investments had generated \$173.9 million in gross investment recoveries and \$67 million net of invested capital, producing a 63 per cent. net return on invested capital. Term definitions and computation methodology are set forth in the Group's 2013 annual report. This represents a 67 per cent. increase, \$27 million, over the net position as at 30 June 2013.
- The Group experienced a material increase in cash generation during this period: the Group generated \$41.9 million of cash from its litigation investment portfolio in this period, an increase of 94 per cent. over the period for the six months ended 30 June 2013.
- The Group experienced ongoing demand for its capital which was reflected in \$62 million of new capital committed in the period, a six-fold increase over the period for the six months ended 30 June 2013.
- The Group successfully completed an innovative financing transaction with Rurelec PLC, a publicly-traded power generation company, that provided recourse financing linked to an arbitration claim. This provided a \$11 million profit to the Group (a 73 per cent. return and a 34 per cent. internal rate of return) while providing Rurelec PLC with expansion capital.

8

Selected Financial Information

SELECTED FINANCIAL INFORMATION

This Section sets out important historical financial information relating to the Group.

The following tables set out in summary form the consolidated income statement, balance sheet and statement of cash flows of Burford Capital Limited (the “**Guarantor**”) for the years ended 31 December 2012 and 31 December 2013. Such information is extracted (without material adjustment) from, and is qualified by reference to and should be read in conjunction with, the audited consolidated annual financial statements of the Guarantor for the years ended 31 December 2012 and 31 December 2013, both of which are set out in full in Appendix 4.

Profit and Loss Account

	Audited year ended 31 December 2013 \$'000	Audited year ended 31 December 2012 \$'000
Litigation-related investment income	38,847	32,457
Insurance-related income	20,910	16,152
Other income	903	5,628
Total income	60,660	54,237
Operating expenses (corporate and investment)	(11,367)	(15,054)
Operating expenses - insurance	(6,779)	(5,085)
Profit before tax and the impacts relating to the Burford UK acquisition, the 2012 Reorganisation and UK Restructuring costs	42,514	34,098
Taxation*	(2,276)	(2,556)
Profit after tax**	40,238	31,542

* Taxation does not include deferred taxation credit on amortisation or embedded value intangible asset.

** This is profit after tax excluding the impact of the Burford UK acquisition, the 2012 Reorganisation and UK Restructuring costs which are included in the Consolidated Statement of Comprehensive Income on page 22 of the Annual Report.

Consolidated Balance Sheet

	Audited year ended 31 December 2013 \$'000	Audited year ended 31 December 2012 \$'000
Assets		
Non-current assets	267,273	239,992
Current assets	108,809	105,018
Total assets.....	376,082	345,010
Liabilities		
Current liabilities	22,344	7,815
Non-current liabilities.....	2,227	5,087
Total liabilities	24,571	12,902
Total net assets.....	351,511	332,108
Total equity shareholders' funds.....	351,511	332,108

Consolidated Cash Flow Statement

	Audited year ended 31 December 2013 \$'000	Audited year ended 31 December 2012 \$'000
Net cash inflow from operating activities.....	41,924	50,342
Net cash outflow from financing activities	(10,013)	(6,732)
Net cash outflow from investing activities.....	(236)	(27,065)
Net increase in cash and cash equivalents.....	31,675	16,545
Reconciliation of net cash flow to movements in cash and cash equivalents		
Cash and cash equivalents at beginning of year	25,559	8,902
Increase in cash and cash equivalents	31,675	16,545
Effect of exchange rate changes on cash and cash equivalents.....	433	112
Cash and cash equivalents at end of year.....	57,667	25,559

9

Subscription and Sale

SUBSCRIPTION AND SALE

This Section contains a description of the material provisions of the Subscription Agreement.

Under a subscription agreement expected to be dated on or about 14 August 2014 (the “**Subscription Agreement**”), Canaccord Genuity Limited (the “**Lead Manager**”) is expected to agree to procure subscribers for the 6.50 per cent. guaranteed bonds due 2022 (the “**Bonds**”) at the issue price of 100 per cent. of the principal amount of the Bonds, less arrangement, management and applicable distribution fees. The Lead Manager will receive fees of 1.25 per cent. of the principal amount of the Bonds. “**Authorised Offerors**” (being any financial intermediary which satisfies the conditions as set out in the section of this Prospectus titled “*Important Legal Information*”) may also be eligible to receive a distribution fee as follows:

- (i) each initial Authorised Offeror will be eligible to receive a distribution fee of 0.50 per cent. of the principal amount of the Bonds allotted to them; and
- (ii) each additional Authorised Offeror may be eligible to receive a distribution fee of 0.25 per cent. of the principal amount of the Bonds allotted to them.

Burford Capital PLC (the “**Issuer**”) (failing whom Burford Capital Limited (the “**Guarantor**”) will also reimburse the Lead Manager in respect of certain of its expenses, and the Issuer and the Guarantor are expected to agree to indemnify the Lead Manager against certain liabilities, incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer. The issue of the Bonds will not be underwritten by the Lead Manager, the Authorised Offerors or any other person.

Selling restrictions

Under the terms of the Subscription Agreement, the Issuer, the Guarantor and the Lead Manager have agreed to comply with the selling restrictions set out below. The Authorised Offerors are also required to comply with these restrictions under the Authorised Offeror Terms. See Section 11 (*Important Legal Information - Consent*).

US

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and the Bonds are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the US or to, or for the account or benefit of, U.S. persons or in a manner which would require the Issuer to register under the U.S. Investment Company Act of 1940, as amended. The Lead Manager has agreed that it will not offer, sell or deliver any Bonds within the US or to, or for the account or benefit of, U.S. persons.

UK

The Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of FSMA) would not apply to the Issuer or the Guarantor; and

- (b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the UK.

Jersey

The Lead Manager has represented and agreed that it has not circulated, and will not circulate, in Jersey any offer for subscription, sale or exchange of Bonds unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998, as amended and (a) such offer does not for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, constitute an offer to the public; or (b) an identical offer is for the time being circulated in the United Kingdom without contravening the Financial Services and Markets Act 2000 and is, mutatis mutandis, circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

Guernsey

The Lead Manager has represented and agreed that:

- (a) the Bonds cannot be promoted, marketed, offered or sold in or from within the Bailiwick of Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the regulations enacted thereunder, or any exemption therefrom;
- (b) this Prospectus has not been approved, authorised or registered by the Guernsey Financial Services Commission for circulation in the Bailiwick of Guernsey; and
- (c) this Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:
 - (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended; or
 - (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law 1994, as amended, the Insurance Business (Bailiwick of Guernsey) Law 2002, as amended, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended or the Regulation of Fiduciaries, Administration Business and Company Directors etc (Bailiwick of Guernsey) Law 2000, as amended.

Isle of Man

The Lead Manager has represented and agreed that the Bonds cannot be marketed, offered or sold in, or to persons resident in, the Isle of Man, other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 or in accordance with any relevant exclusion contained in the Isle of Man Regulated Activities Order 2011 or in accordance with any relevant exemption contained in the Isle of Man Financial Services (Exemptions) Regulations 2011.

Public offer selling restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented

in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Bonds to the public in that Relevant Member State other than the offers contemplated in this Prospectus in the UK from the time the Prospectus has been approved by the competent authority in the UK and published in accordance with the Prospectus Directive as implemented in the UK until the Issue Date or such later date as the Issuer may permit, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Lead Manager nominated by the Issuer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds referred shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In this provision, the expression an “**offer of Bonds to the public**” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the “**Prospectus Directive**” in that Member State; the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State; and the expression “**PD Amending Directive**” means Directive 2010/73/EU.

General

Save for the offers to be made in the UK, no action has been taken by the Issuer, the Guarantor or the Lead Manager that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Lead Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus or any amendment or supplement thereto or any other offering material, in all cases at its own expense.

10

Additional Information

ADDITIONAL INFORMATION

You should be aware of a number of other matters that may not have been addressed in detail elsewhere in this Prospectus.

These include the availability of certain relevant documents for inspection, confirmations from the Issuer and details of the listing of the Bonds.

Listing and admission to trading of the Bonds

It is expected that the admission of the 6.50 per cent. guaranteed bonds due 2022 (the “**Bonds**”), to be issued by Burford Capital PLC (the “**Issuer**”) and guaranteed by Burford Capital Limited (the “**Guarantee**” and the “**Guarantor**” respectively), to the Official List will be granted on or about 20 August 2014. Application will be made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the Regulated Market and through its electronic Order book for Retail Bonds. Admission of the Bonds to trading is expected to occur on 20 August 2014.

The amount of expenses related to the issue of the Bonds will be specified in the Sizing Announcement published by the Issuer on a Regulatory Information Service.

The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (“**MiFID**”). MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors.

Issuer’s and Guarantor’s authorisation

The issue of the Bonds was duly authorised by a resolution of the Board of Directors of the Issuer passed on 16 July 2014.

The giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Guarantor passed on 16 July 2014.

The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in England and Wales (in the case of the Issuer) and Guernsey (in the case of the Guarantor) in connection with the issue and performance of the Bonds and the giving of the Guarantee.

Significant or material change statement

There has been no significant change in the financial or trading position of the Issuer, and no material adverse change in the prospects of the Issuer, since its date of incorporation.

There has been no significant change in the financial or trading position of the Guarantor, and no material adverse change in the prospects of the Guarantor, since 31 December 2013.

There has been no significant change in the financial or trading position of the Guarantor and its subsidiaries (the “**Group**”), and no material adverse change in the prospects of the Group, since 31 December 2013.

Litigation statement

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) against the Issuer since the date of its incorporation which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) against the Guarantor during the 12 month period preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Guarantor's financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor or any member of the Group is aware) against any member of the Group during the 12 month period preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

Clearing systems information and Bond security codes

The Bonds will initially be represented by a global certificate (the "**Global Certificate**"), which will be deposited with a common depository for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**") on or about the Issue Date. The Global Certificate will be exchangeable for definitive certificates ("**Definitive Certificates**") in the limited circumstances set out in it. See Appendix 3 (*Summary of Provisions Relating to the Bonds While in Global Form*) of this Prospectus.

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Bonds will be accepted for settlement in CREST via the CDI mechanism. Interests in the Bonds may also be held through CREST through the issuance of CDIs representing the Underlying Bonds. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus. For more information on the CDI mechanism, refer to the section of the Prospectus titled "*Risk Factors –Holding CREST depositary interests*". The ISIN for the Bonds is XS1088905093 and the Common Code is 108890509.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking *société anonyme*, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

Documents available for inspection

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer:

- (a) the constitutional documents of the Issuer and the Guarantor;
- (b) the most recently published annual and interim financial statements (if any) of the Issuer, together with any audit or review reports prepared in connection therewith;

- (c) the audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2012 and 31 December 2013, in each case together with the audit reports prepared in connection therewith;
- (d) the most recently published interim financial statements (if any) of the Guarantor, together with any audit or review reports prepared in connection therewith;
- (e) the Trust Deed dated 19 August 2014 pursuant to which the Bonds are constituted (which includes the Guarantee);
- (f) the Agency Agreement dated 19 August 2014 pursuant to which Elavon Financial Services Limited, acting through its UK Branch is appointed as Principal Paying Agent and Registrar in respect of the Bonds;
- (g) a copy of this Prospectus; and
- (h) any future prospectuses and supplements to this Prospectus.

Auditors

The consolidated financial statements of the Guarantor for the financial years ended 31 December 2012 and 31 December 2013 have been audited without qualification by Ernst & Young LLP, members of the Guernsey Society of Chartered and Certified Accountants, of Royal Chambers, St. Julians Avenue, St Peter Port, GY1 4AF, Guernsey.

Material and conflicts of interest in the offer

So far as the Issuer and the Guarantor are aware, no person involved in the offer of the Bonds has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Bonds.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Group's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's, or the Guarantor's, as the case may be, ability to meet its obligations to Bondholders in respect of the Bonds being issued.

11

Important Legal Information

IMPORTANT LEGAL INFORMATION

This Section contains some important legal information regarding the basis on which this Prospectus may be used and other matters.

This Prospectus has been prepared on a basis that permits a **“Public Offer”** (being an offer of the 6.50 per cent. guaranteed bonds due 2022 (the **“Bonds”**)) that is not within an exemption from the requirement to publish a prospectus under Article 5.4 of the Prospectus Directive) in the UK. Any person making or intending to make a Public Offer of Bonds in the UK on the basis of this Prospectus must do so only with the consent of Burford Capital PLC (the **“Issuer”**) and Burford Capital Limited (the **“Guarantor”**) – see “Consent given in accordance with Article 3.2 of the Prospectus Directive” below.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of any Public Offer of Bonds in the UK, each of the Issuer and the Guarantor accepts responsibility, in the UK, for the content of this Prospectus under section 90 of FSMA in relation to any person in the UK to whom an offer of any Bonds is made by a financial intermediary (including Canaccord Genuity Limited) to whom the Issuer and the Guarantor has given its consent to use the Prospectus, where the offer is made in compliance with all conditions attached to the giving of such consent. Such consent and the attached conditions are described under “Consent” below.

Except in the circumstances described below, neither the Issuer, the Guarantor nor Canaccord Genuity Limited (the **“Lead Manager”**) have authorised the making of any Public Offer and the Issuer has not consented to the use of this Prospectus by any other person in connection with any offer of the Bonds. Any offer made without the consent of the Issuer and the Guarantor is unauthorised and neither the Issuer, the Guarantor nor the Lead Manager accept any responsibility in relation to such offer.

If, in the context of a Public Offer, you are offered Bonds by a person which is not an Authorised Offeror (as defined below), you should check with such person whether anyone is responsible for this Prospectus for the purpose of section 90 of FSMA in the context of the Public Offer and, if so, who that person is. If you are in any doubt about whether you can rely on this Prospectus and/or who is responsible for its contents, you should take legal advice.

Consent

The Issuer and the Guarantor consent to the use of this Prospectus in connection with any Public Offer of Bonds in the UK during the Offer Period by:

- (i) the Lead Manager; and
- (ii) any financial intermediary (an **“Authorised Offeror”**) which satisfies the Authorised Offer Terms and other conditions as set out below.

The **“Authorised Offeror Terms”** are that the relevant financial intermediary represents and agrees that it:

- (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (**“MiFID”**) (in which regard, you should consult the register of authorised entities maintained by the FCA at www.fca.org.uk/firms/systems-reporting/register). MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European

Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors;

- (b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the Financial Conduct Authority (“**FCA**”) (including its guidance for distributors in “The Responsibilities of Providers and Distributors for the Fair Treatment of Customers”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by any person and disclosure to any potential investor;
- (c) complies with the restrictions set out under “*Subscription and Sale*” in this Prospectus which would apply as if it were a Lead Manager;
- (d) ensures that any fee (and any commissions, rebate or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to investors or potential investors;
- (e) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under the Financial Services and Markets Act 2000 (“**FSMA**”) and/or the Financial Services Act 2012;
- (f) complies with and takes appropriate steps in relation to applicable anti-money laundering, anti-bribery and “know your client” Rules, and does not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- (g) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Lead Manager, the Issuer and the Guarantor or directly to the appropriate authorities with jurisdiction over the Issuer and/or the Guarantor and/or the Lead Manager in order to enable the Issuer and/or the Guarantor and/or the Lead Manager to comply with anti-money laundering, anti-bribery and “know your client” Rules applying to the Issuer and/or the Guarantor and/or the Lead Manager;
- (h) does not, directly or indirectly, cause the Issuer or the Guarantor or the Lead Manager to breach any Rule or subject the Issuer or the Guarantor or the Lead Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (i) agrees and undertakes to indemnify each of the Issuer, the Guarantor and the Lead Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantor or the Lead Manager;

- (j) will immediately give notice to the Issuer, the Guarantor and the Lead Manager if at any time such Authorised Offeror becomes aware or suspects that they are or may be in violation of any Rules or the Authorised Offeror Terms, and will take all appropriate steps to remedy such violation and comply with such Rules and the Authorised Offeror Terms in all respects;
- (k) will not give any information other than that contained in this document (as may be amended or supplemented by the Issuer from time to time) or the information booklet prepared by the Issuer, the Guarantor and the Lead Manager or make any representation in connection with the offering or sale of, or the solicitation of interest in, the Bonds;
- (l) agrees that any communication in which it attaches or otherwise includes the Prospectus or any announcement published by the Issuer via a Regulatory Information Service at the end of the Offer Period will be consistent with the Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and the Guarantor and must expressly confirm that neither the Issuer nor the Guarantor accepts any responsibility for the content of any such communication;
- (m) will not use the legal or publicity names of the Lead Manager, the Issuer, the Guarantor (other than to describe such entity as the Lead Manager, the Issuer or the Guarantor of the Bonds (as applicable)) or any other name, brand or logo registered by the Guarantor or any of its subsidiaries or any material over which any member of the Guarantor or its subsidiaries retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Bonds; and
- (n) agrees and accepts that:
 - (i) the contract between the Issuer, the Guarantor and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Prospectus with its consent in connection with the relevant Public Offer (the “**Authorised Offeror Agreement**”), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Agreement, shall be governed by, and construed in accordance with, English law;
 - (ii) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Agreement) and accordingly submits to the exclusive jurisdiction of the English courts; and
 - (iii) the Lead Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Agreement which are, or are expressed to be, for its benefit, including the agreements, representations, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

Any financial intermediary who wishes to use this Prospectus in connection with a Public Offer as set out above is required, for the duration of the Offer Period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the Guarantor and the conditions attached thereto in the following form (with the information in square brackets completed with the relevant information):

“We, [insert legal name of financial intermediary], refer to the 6.50 per cent. sterling denominated guaranteed Bonds due 2022 of Burford Capital PLC. In consideration of Burford Capital PLC and Burford Capital Limited offering to grant its consent to our use of the Prospectus dated 21 July 2014 relating to the Bonds in connection with the offer of the Bonds in the UK (the “Public Offer”) during the Offer Period and subject to the other conditions to such consent, each as specified in the Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Prospectus) and we are using the Prospectus in connection with the Public Offer accordingly”.

A Public Offer may be made subject to the conditions set out above, during the Offer Period by any of the Issuer, the Guarantor, the Lead Manager or the other Authorised Offerors.

Other than as set out above, none of the Issuer, the Guarantor or the Lead Manager have authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of Bonds. Any such offers are not made on behalf of the Issuer or by the Guarantor, the Lead Manager or the other Authorised Offerors and none of the Issuer, the Guarantor, the Lead Manager or the other Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

Arrangements between you and the financial intermediaries who will distribute the Bonds

None of the Issuer, the Guarantor or the Lead Manager have any responsibility for any of the actions of any Authorised Offeror (except for the Lead Manager, where they are acting in the capacity of an Authorised Offeror), including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

It is expected that any new information with respect to a financial intermediary that is unknown as at the date of this Prospectus will be published in the investor relations section of the website of such financial intermediary.

If you intend to acquire or do acquire any Bonds from an Authorised Offeror, you will do so, and offers and sales of the Bonds to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you, including as to price, allocations and settlement arrangements (see Section 4 (*How to apply for the Bonds*)) at the time the offer and sale is made.

Neither the Issuer nor the Guarantor will be a party to any such arrangements with you in connection with the offer or sale of the Bonds and, accordingly, this Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to you at the relevant time. None of the Issuer, the Guarantor, the Lead Manager or the other Authorised Offerors has any responsibility or liability for such information.

Notice to investors

The Bonds may not be a suitable investment for all investors. You must determine the suitability of any investment in light of your own circumstances. In particular, you may wish to consider, either on your own or with the help of your financial and other professional advisers, whether you:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus (and any applicable supplement to this Prospectus);

- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the Bonds and the impact the Bonds will have on your overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments (sterling) is different from the currency which you usually use;
- (d) understand thoroughly the terms of the Bonds and are familiar with the behaviour of the financial markets; and
- (e) are able to evaluate possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

No person is or has been authorised by the Issuer, the Guarantor, the Lead Manager or U.S. Bank Trustees Limited (the “**Trustee**”) to give any information or to make any representation not contained in or not consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Lead Manager or the Trustee.

Neither the publication of this Prospectus nor the offering, sale or delivery of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date of this Prospectus or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date of this Prospectus or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Lead Manager nor the Trustee undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds should be considered as a recommendation by the Issuer, the Guarantor, the Lead Manager or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and any purchase of Bonds should be based upon such investigation as it deems necessary.

The Lead Manager and the Trustee

Neither the Lead Manager nor the Trustee has independently confirmed the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made by the Lead Manager or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the offering of the Bonds. Neither the Lead Manager nor the Trustee accepts liability in relation to the information contained in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the offering of the Bonds or their distribution.

The Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantor and the Guarantor’s affiliates in the ordinary course of business.

No incorporation of websites

The contents of the websites of the Group do not form part of this Prospectus, and you should not rely on them.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, 'forward-looking' statements. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'expects', 'intends', 'may', 'will' or 'should', or in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer, the Guarantor or the Group concerning, amongst other things, the Group's operations, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, strategies or industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Offering Circular. In addition, even if the results of operations, strategies and the development of industries in which the Group operates, are consistent with the forward-looking statements obtained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. These and other issues are described in more detail in the section headed 'Risk Factors'. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which forward-looking statements are based prove incorrect, actual results and development may vary materially from those described in this Prospectus as believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer and the Guarantor do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Prospectus.

This Prospectus is based on English law in effect as of the date of this Prospectus. Except to the extent required by laws and regulations, the Issuer and the Guarantor do not intend, and do not assume any obligation, to update the Prospectus in light of the impact of any judicial decision or change to English law or administrative practice after the date of this Prospectus.

CREST depository interests

In certain circumstances, investors may also hold interests in the Bonds through CREST through the issue of CDIs representing interests in Underlying Bonds. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Bonds nor any rights attached to the Bonds will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

Selling restrictions

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy, Bonds to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. This Prospectus is not for distribution in the US, Australia, Canada or Japan. The Bonds and the Guarantee have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or qualified for sale under the laws of the US or under any applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the US or to, or for the account or benefit of U.S. persons.

The distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. No action has been or will be taken by the Issuer, the Guarantor, the Lead Manager or the Trustee anywhere which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction, other than in the UK, the Bailiwick of Guernsey, Jersey and/or the Isle of Man. You must inform yourself about, and observe, any such restrictions.

APPENDIX 1

DEFINED TERMS INDEX

APPENDIX 1

DEFINED TERMS INDEX

The following is an index that indicates the location in this Prospectus where certain capitalised terms have been defined.

£, 96	Global Certificate, 84
2012 Reorganisation, 58	Grandfathering Date, 26
Accountholder, 123	gross investment recoveries, 96
Accrual Date, 103	Group, ii, 5, 32, 83
Act, 45	Guarantee, ii, 9, 18, 83, 99
Agency Agreement, 98	Guarantor, ii, 5, 18, 31, 40, 76, 79, 83, 87
AIM, 57	Guarantors, 98
Authorised Offeror, 2, 40, 87	HMRC, 45
Authorised Offeror Agreement, 4, 89	ICSDs, 26
Authorised Offeror Terms, 2, 87	IGA, 49
Authorised Offerors, 79	IRS, 49
BCHUKL, 32	ISA, 48
BCUKL, 57	ISA Regulations, 48
Bondholder, 98	ISIN, 9
Bondholders, 11, 98, 122	Issue Date, 9
Bonds, ii, 9, 18, 31, 40, 79, 83, 87, 98, 122	Issuer, ii, 5, 18, 31, 40, 79, 83, 87, 98
business day, 99	Jackson Reforms, 14, 22
CDI Holders, 27	Lead Manager, iii, 2, 40, 79, 87
CDIs, 27	London Stock Exchange, 40
Certificate, 98	Maturity Date, 12, 31
Clearstream, Luxembourg, 84	MiFD, 2
Code , 21, 115	MiFID, 83, 87
Commission's Proposal, 50	Moody's, 12, 33
concluded, 96	offer of Bonds to the public, 81
CREST, 27	Offer Period, 2, 40
CREST Deed Poll, 27	ORB, 32
CREST Depository, 27	Ordinance, 48
CREST International Settlement Links Service, 27	participating Member States, 50
CREST Manual, 27	PD Amending Directive, 81
CREST Nominee, 27	principal, 106
CREST Rules, 27	principal amount, 98
Day Count Fraction, 103	Proceedings , 114
Definitive Certificates, 84	Prospectus, ii
Dollar, 96	Prospectus Directive, 81
Euroclear, 84	Public Offer, 4, 87
Events of Default, 108	record date, 104
FCA, ii, 2, 57, 88, 122	Relevant Implementation Date, 81
FFI, 49	Relevant Member State, 80
Fitch, 12, 33	Relevant Nominee, 122
FSCS, ii, 24	REME, 68
FSMA, 3, 45, 79, 88	Rules, 2, 88
	S&P, 12, 33

Securities Act, 93	Taxes, 107
Security Interest, 101	Trust Deed, 9, 25, 38, 98
Sizing Announcement, 40	Trustee, 9, 37, 40, 91, 98
sterling, 96	UK, 96
Subscription Agreement, 16, 40, 79	UK IGA, 49
subsidiary, 96	Underlying Bonds, 27
Subsidiary Guarantor, 100	US, 96

All references in this Prospectus to “**sterling**” and “**£**” refer to the lawful currency of the UK.

References to the singular in this document shall include the plural and vice versa, where the context so requires.

The term “**subsidiary**” means a subsidiary within the meaning of Section 1159 of the Companies Act 2006, as amended.

All references to time in this Prospectus are to London time.

“**\$**” and “**Dollar**” means United States dollars.

“**concluded**” means the Group views matters as concluded when there is no longer litigation risk associated with their outcome and when the Group’s entitlement is crystallised or well-defined. While concluded matters often produce cash returns rapidly, some concluded matters are still in the process of being monetised;

“**gross investment recoveries**” means these are (i) entirely concluded investments from which the Group has received all proceeds to which it is entitled (net of any entirely concluded investment losses); (ii) the portion of investments from which the Group has received some proceeds (for example, from a settlement with one party in a multi-party case) but where the investment is continuing with the possibility of receiving additional proceeds; and (iii) investments in respect of which the underlying litigation has been resolved and there is a promise to pay proceeds in the future (for example, in a settlement that is to be paid over time) and there is no longer any litigation risk involved in the investment. When the Group expresses returns, it does so assuming all investment recoveries are paid currently, discounting back future payments as appropriate. The Group does not include wins or other successes where there remains litigation risk in the definition of “investment recoveries”;

“**UK**” means the United Kingdom; and

“**US**” means the United States of America (including the States and the District of Columbia and its possessions).

APPENDIX 2

TERMS AND CONDITIONS OF THE BONDS

APPENDIX 2

TERMS AND CONDITIONS OF THE BONDS

The following (disregarding any footnotes in italics) is the text of the Conditions of the Bonds which (subject to modification) will be endorsed on the Certificates issued in respect of the Bonds:

The sterling denominated 6.50 per cent. Guaranteed Bonds due 19 August 2022 (the **Bonds**, which expression shall in these Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 18 and forming a single series with the Bonds of Burford Capital PLC (the **Issuer**)) are constituted by a Trust Deed dated the Issue Date (the **Trust Deed**) made between the Issuer, Burford Capital Limited (**BCL**) as guarantor and U.S. Bank Trustees Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Bonds (the **Bondholders**). References in these Conditions to the **Guarantors** shall be references to BCL and each Subsidiary of BCL which becomes a Guarantor pursuant to Condition 4.3 but shall not include any Subsidiary of BCL which has ceased to be a Guarantor pursuant to Condition 4.4.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated the Issue Date (the **Agency Agreement**) made between the Issuer, BCL, the Registrar, the initial Transfer Agent, the initial Paying Agent and the Trustee are available for inspection during normal business hours by the Bondholders at the registered office for the time being of the Trustee, being at the date of issue of the Bonds at 125 Old Broad Street, London EC2N 1AR and at the specified office of each of the Paying Agents. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Bonds are issued in registered form in amounts of £100 (referred to as the **principal amount** of a Bond). A certificate (each a **Certificate**) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar.

1.2 Title

Title to the Bonds passes only by registration in the register of Bondholders. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Bondholder** and (in relation to a Bond) **holder** means the person in whose name a Bond is registered in the register of Bondholders.

2. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

2.1 Transfers

A Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed, at the specified office of any Transfer Agent.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Bonds will, within five business days of receipt by the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Bond to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Bonds not so transferred will, within five business days of receipt by the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred to the address of such holder appearing on the register of Bondholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Bonds will be effected without charge by or on behalf of the Issuer or any Transfer Agent but upon payment (or the giving of such indemnity as the Issuer or the relevant Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Bondholder may require the transfer of a Bond to be registered during the period of 15 days ending on the due date for any payment of principal, premium or interest on that Bond.

2.5 Regulations

All transfers of Bonds and entries on the register of Bondholders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Transfer Agents and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder who requests one.

3. STATUS OF THE BONDS

The Bonds are direct, unconditional and (subject to the provisions of Condition 5.1) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. GUARANTEE

4.1 Guarantee

The payment of the principal and interest in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been jointly and severally unconditionally and irrevocably guaranteed by BCL (such guarantee together with any additional guarantees provided pursuant to Condition 4.3, the **Guarantee**) in the Trust Deed.

4.2 Status of the Guarantee

The obligations of each Guarantor under the Guarantee constitute direct, unconditional and (subject to the provisions of Condition 5.1) unsecured obligations of such Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of such Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4.3 Addition of Subsidiary Guarantors

Without prejudice to Condition 5, if any Subsidiary of BCL (other than an Excluded Subsidiary) has Financial Indebtedness which in aggregate (without duplication) amounts to more than £2,000,000 (or its equivalent in any other currency), BCL covenants that it shall procure that such Subsidiary shall as soon as reasonably practicable, but in any event no later than 60 days after the date on which it incurs such Financial Indebtedness, provide a Guarantee in respect of the Trust Deed and the Bonds by procuring the delivery to the Trustee of a deed of accession substantially in the form scheduled to the Trust Deed or otherwise as the Trustee may agree, duly executed, and relevant legal opinions having been delivered to the Trustee in accordance with the Trust Deed.

Notice of any addition of a Subsidiary Guarantor (as defined below) pursuant to this Condition 4.3 will promptly be given by the Issuer to the Bondholders in accordance with Condition 14.

Upon execution of the deed of accession referred to above and relevant legal opinions having been delivered to the Trustee (and subject to Condition 4.4) the relevant acceding Subsidiary shall be referred to as a **Subsidiary Guarantor**.

4.4 Release of Subsidiary Guarantors

A Subsidiary Guarantor which has Financial Indebtedness which in aggregate (without duplication) amounts to £2,000,000 (or its equivalent in any other currency) or less shall be immediately, automatically and (subject to Condition 4.3) irrevocably released and relieved of all its future obligations under the Guarantee and all of its future obligations as a Subsidiary Guarantor under the Trust Deed upon BCL giving written notice to the Trustee signed by two directors of BCL or by a director and the secretary of BCL. Such notice must also contain the following certifications:

- (i) that no Event of Default or Potential Event of Default (as defined in the Trust Deed) is continuing; and
- (ii) that such Subsidiary Guarantor has Financial Indebtedness which in aggregate (without duplication) amounts to £2,000,000 (or its equivalent in any other currency) or less.

Neither the Issuer, BCL nor any Subsidiary Guarantor will be required to execute or provide any other document in relation to any release pursuant to this Condition 4.4 but, if the Issuer requests in writing, the Trustee shall (at the expense of the Issuer) enter into any documentation in relation to the release of any Subsidiary Guarantor which the Issuer (acting reasonably) considers necessary or desirable and in a form satisfactory to the Trustee to evidence the release of that Subsidiary Guarantor, provided that, the Trustee shall not be obliged to enter into any documentation which, in the sole opinion of the Trustee, would have the effect of:

- (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or
- (ii) increasing or imposing new and/or additional obligations or duties, or reducing the protections, of the Trustee in the Trust Deed, the Agency Agreement and the Bonds.

Notice of any release of a Subsidiary Guarantor pursuant to this Condition 4.4 will promptly be given by the Issuer to the Bondholders in accordance with Condition 14.

If any Subsidiary of BCL released from the Guarantee as described above subsequently has Financial Indebtedness which in aggregate (without duplication) amounts to more than £2,000,000 (or its equivalent in any other currency) at any time after such release, such Subsidiary of BCL shall (unless it is an Excluded Subsidiary) be required to provide a Guarantee as described in Condition 4.3.

4.5 No Requirement to monitor

The Trustee shall not be obliged to monitor compliance by BCL with Conditions 4.3 or 4.4 and shall have no liability to any person for not doing so. The Trustee shall be entitled to rely without further enquiry or evidence, without liability to any person, on any notice provided by BCL in relation to this Condition 4, and until it receives such notice shall be entitled to assume that no other Subsidiary of BCL (other than an Excluded Subsidiary) has Financial Indebtedness which in aggregate (without duplication) amounts to more than £2,000,000 (or its equivalent in any other currency).

5. COVENANTS

5.1 Negative Pledges

So long as any of the Bonds remain outstanding (as defined in the Trust Deed):

- (a) the Issuer will not, create, assume or permit to subsist any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Financial Indebtedness of any person other than an Excluded Subsidiary¹ unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
 - (i) all amounts payable by it under the Bonds and the Trust Deed are secured by the Security Interest equally and rateably with the Financial Indebtedness to the satisfaction of the Trustee; or
 - (ii) such other Security Interest or guarantee or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Bondholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders;

¹ In relation to Financial Indebtedness of Excluded Subsidiaries please see Condition 5.1(c) below.

- (b) no Guarantor will, and each Guarantor will procure, so far as it can by the proper exercise of voting and other rights or powers of control exercisable by it in relation to its Subsidiaries that none of its Subsidiaries (other than Excluded Subsidiaries) will, create, assume or permit to subsist any Security Interest upon, or with respect to, the whole or any part of the present or future business, undertaking, assets or revenues (including any uncalled capital) of such Guarantor and/or any of its respective Subsidiaries (other than Excluded Subsidiaries) to secure any Financial Indebtedness of any person other than an Excluded Subsidiary¹ unless the relevant Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
 - (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Financial Indebtedness to the satisfaction of the Trustee; or
 - (ii) such other Security Interest or guarantee or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Bondholders or (B) as is approved by an Extraordinary Resolution of the Bondholders; and
- (c) neither the Issuer nor any Guarantor will, and each Guarantor will procure, so far as it can by the proper exercise of voting and other rights or powers of control exercisable by it in relation to its Subsidiaries that none of its Subsidiaries (other than Excluded Subsidiaries) will:
 - (i) create, assume or permit to subsist any Security Interest upon, or with respect to, the whole or any part of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer, any Guarantor and/or any of their respective Subsidiaries (other than Excluded Subsidiaries) to secure any Financial Indebtedness of any Excluded Subsidiary; or
 - (ii) create, assume or permit to subsist any guarantee or indemnity of any Financial Indebtedness of any Excluded Subsidiary.

5.2 Financial Covenant

So long as any Bond remains outstanding (as defined in the Trust Deed), BCL shall ensure that, as at each Reference Date the Leverage Ratio is no more than 1:2.

5.3 Compliance Certificate

BCL shall, concurrently with the delivery of each of the annual and semi-annual Consolidated Financial Statements referred to in Condition 5.4, provide to the Trustee a Directors' Certificate confirming compliance with the covenant contained in Condition 5.2 with respect to the most recent Reference Date.

5.4 Financial Information

BCL has agreed in the Trust Deed, so long as any of the Bonds remain outstanding, to supply to the Trustee:

- (a) as soon as they may become available, but in any event within six months of its most recent financial year-end, a copy of its audited Consolidated Financial Statements for such financial year, together with the report thereon of BCL's independent auditors; and
- (b) as soon as they may become available, but in any event within three months of the end of the first half of each financial year, a copy of its unaudited Consolidated Financial Statements for such period.

5.5 No Requirement to Monitor

The Trustee shall not be obliged to review any Consolidated Financial Statements provided to it pursuant to Condition 5.4, nor to monitor the Leverage Ratio on any Reference Date for the purposes of Condition 5.2.

6. INTEREST

6.1 Interest Rate and Interest Payment Dates

The Bonds bear interest from (and including) 19 August 2014 at the rate of 6.50 per cent. per annum, payable semi-annually in arrear on 19 February and 19 August (each an **Interest Payment Date**) in each year until (and including) the Maturity Date. The first payment (for the period from (and including) 19 August 2014 to (but excluding) 19 February 2015 and amounting to £3.25 per £100 principal amount of Bonds) shall be made on 19 February 2015.

6.2 Interest Accrual

Each Bond will cease to bear interest from (and including) its due date for redemption unless upon due presentation payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

6.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a Bond for a period of less than a full half-year, it shall be calculated by applying the rate of interest on the Bonds to the denomination of the Bonds and multiplying the sum by the Day Count Fraction, and rounding the resultant figure to the nearest pence wherein the **Day Count Fraction** is calculated on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the **Accrual Date**) to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by two.

6.4 Interest Rate Step-up

If following the Issue Date a Step-Up Event occurs, the rate of interest payable on the Bonds under Condition 6.1 shall increase by 1.00 per cent. per annum from (and including) the Interest Payment Date following the occurrence of such Step-Up Event and the Bonds shall thereafter bear interest at an increased rate of interest of 7.50 per cent. per annum.

Notice of any increase in the rate of interest pursuant to this Condition 6.4 will promptly be given by the Issuer to the Bondholders in accordance with Condition 14.

7. PAYMENTS

7.1 Payments in respect of Bonds

Payments of principal and interest in respect of each Bond will be made by transfer to the registered account of the Bondholder or by a cheque in Sterling drawn on a bank that processes payment in Sterling mailed to the registered address of the Bondholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Interest on Bonds due on an Interest Payment Date will be paid to the holder shown on the register of Bondholders at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Bondholder's registered account means the Sterling account maintained by or on behalf of it with a bank that processes payments in Sterling, details of which appear on the register of Bondholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Payment Business Day before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Bondholder's registered address means its address appearing on the register of Bondholders at that time.

7.2 Payments subject to Applicable Laws

Payments will be subject in all cases, to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 9, in the place of payment. Any such amounts withheld or deducted will be treated as paid for all purposes under the Bonds, and no additional amounts will be paid on the Bonds with respect to any such withholding or deduction.

7.3 No commissions

No commissions or expenses shall be charged to the Bondholders in respect of any payments made in accordance with this Condition.

7.4 Payment on Payment Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

7.5 Partial Payments

If the amount of principal or interest which is due on the Bonds is not paid in full, the Registrar will annotate the register of Bondholders with a record of the amount of principal or interest in fact paid.

7.6 Initial Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantors reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (a) there will at all times be a Principal Paying Agent, a Transfer Agent and a Registrar;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Bondholders promptly by the Issuer in accordance with Condition 14.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds at their principal amount on the Maturity Date.

8.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after (i) in the case of the Issuer or BCL, the Issue Date; or (ii) in the case of any Subsidiary Guarantor, the first day on which such Subsidiary Guarantor becomes a Guarantor pursuant to Condition 4.3, on the next Interest Payment Date either the Issuer would be required to pay additional amounts as provided or referred to in Condition 9.1 or any Guarantor could, if the Guarantee was called, be required to pay such additional amounts ; and
- (b) the requirement cannot be avoided by the Issuer or any Guarantor taking reasonable measures available to them (including by BCL procuring payment by the Issuer, itself or any other Guarantor),

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all the Bonds, but not some only, at any time at their principal amount together with interest accrued to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the relevant Guarantor would be required to pay such additional amounts, were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a Directors' Certificate from the Issuer or, as the case may be, the relevant Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or the Guarantors taking reasonable measures available to them, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

8.3 Redemption at the Option of the Issuer

The Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Bondholders in accordance with Condition 14; and
- (b) notice to the Registrar, the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a);

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Bonds, at any time prior to the Maturity Date at an amount (together with interest accrued to (but excluding) the date of redemption) being the higher of:

- (i) 100 per cent. of the principal amount of the Bonds; and
- (ii) the principal amount of the Bonds multiplied by the price, as reported to the Issuer and the Trustee by the Financial Adviser, at which the Gross Redemption Yield on the Bonds on the Make-Whole Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at 11.00 a.m. (London time) on the Make-Whole Reference Date of the Reference Bond, plus 1.00 per cent., all as determined by the Financial Adviser.

References to the payment of **principal** in respect of the Bonds in these Conditions shall, to the extent relevant, be deemed to include any premium payable pursuant to this Condition 8.3.

8.4 Purchases

The Issuer, any Guarantor or any other member of the Group may at any time purchase Bonds in any manner and at any price. Such Bonds may be held, reissued or resold, or at the option of the Issuer or BCL, surrendered to any Paying Agent for cancellation.

8.5 Cancellations

All Bonds which are redeemed or purchased by the Issuer, any Guarantor or any member of the Group and surrendered for cancellation in accordance with Condition 8.4 above will forthwith be cancelled, and accordingly may not be held, reissued or resold.

8.6 Notices Final

Upon the expiry of any notice as is referred to in Conditions 8.2 or 8.3 above the Issuer shall be bound to redeem the Bonds to which the notice refers in accordance with the terms of such Condition.

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Bonds by or on behalf of the Issuer or any Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Bond:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Bond by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Bond; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent in a Member State of the European Union; or
- (d) where such withholding or deduction is imposed in respect of FATCA; or
- (e) where such withholding or deduction for United States federal income taxes would not have been required but for the failure of the holder or beneficial owner to provide upon request a valid U.S. IRS Form W-8 or W-9 (or successor forms) or other documentation as required by official IRS guidance; or
- (f) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day.

9.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

10. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Bonds subject to the provisions of Condition 7.

11. EVENTS OF DEFAULT

11.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) (but, in the case of the happening of any of the events described in subparagraphs (b) to (d) inclusive (other than the winding up or dissolution of the Issuer, any Guarantor or any of the Material Subsidiaries), (e) to (g) inclusive and (k) and (l) below, only if the Trustee shall have certified in writing to the Issuer and the Guarantors that such event is, in its opinion, materially prejudicial to the interests of the Bondholders) give notice to the Issuer and the Guarantors that the Bonds are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of 7 days in the case of principal or 14 days in the case of interest; or
- (b) if the Issuer or any Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer or such Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (c) if (i) any Financial Indebtedness of the Issuer, any Guarantor or any of Material Subsidiaries becomes due and repayable prematurely or becomes capable of being declared due and repayable prematurely in each case by reason of an event of default (however described); or (ii) the Issuer, any Guarantor or any of the Material Subsidiaries fails to make any payment in respect of any Financial Indebtedness on the due date for payment as extended by any originally applicable grace period; provided that the amount of Financial Indebtedness in respect of which one or more of the events mentioned in this paragraph 11.1(c) have occurred and are continuing, individually or in aggregate exceeds £2,000,000 (or its equivalent in any other currency); or
- (d) (i) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, any Guarantor or any of the Material Subsidiaries; or (ii) if the Issuer, any Guarantor or the Group ceases or threatens to cease to carry on all or substantially all of its business or operations, save (in either case) (x) for the purposes of and followed by a reconstruction, amalgamation, reorganisation, restructuring, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders, or (y) in the

case of a Material Subsidiary, for the purposes of and followed by a Permitted Reorganisation; or

- (e) the Issuer, any Guarantor or any of the Material Subsidiaries is (or is deemed (other than where a demand is made for less than £1,000,000 under section 123(l)(a) of the Insolvency Act 1986) by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts;
- (f) if:
 - (i) proceedings are initiated against the Issuer, any Guarantor or any of the Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, any Guarantor or any of the Material Subsidiaries or, as the case may be, in relation to the whole or any material part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any material part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any material part of the undertaking or assets of any of them, and
 - (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged or stayed within 45 days,

save (x) for the purposes of and followed by a reconstruction, amalgamation, reorganisation, restructuring, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders, or (y) in the case of a Material Subsidiary, for the purposes of and followed by a Permitted Reorganisation; or

- (g) if the Issuer, any Guarantor or any of the Material Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save (in any case) (x) for the purposes of and followed by a reconstruction, amalgamation, reorganisation, restructuring, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders, or (y) in the case of a Material Subsidiary, for the purposes of and followed by a Permitted Reorganisation; or
- (h) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable

the Issuer or any Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds and the Trust Deed; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Bonds and the Trust Deed, as the case may be, admissible in evidence in the courts of England is not taken, fulfilled or done; or

- (i) if the Guarantee ceases to be, or is claimed by the Issuer or any Guarantor not to be, in full force and effect; or
- (j) it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any one or more of its obligations under the Conditions; or
- (k) if the Issuer or any Subsidiary Guarantor ceases to be a Subsidiary of BCL; or
- (l) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (g) above.

11.2 Reports

A report by two directors of BCL or by a director and the secretary of BCL whether or not addressed to the Trustee that in their opinion a Subsidiary of BCL is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

12. ENFORCEMENT

12.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer and/or any one or more of the Guarantors as it may think fit to enforce the provisions of the Trust Deed and the Bonds or otherwise, but it shall not be bound to take any such proceedings or other steps or action unless (a) it has been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

12.2 Limitation on Trustee actions

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

12.3 Enforcement by the Bondholders

No Bondholder shall be entitled to (i) take any steps or action against the Issuer or any Guarantor to enforce the performance of any of the provisions of the Trust Deed or the Bonds

or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or any Guarantor, in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

13. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnify as the Issuer and the Guarantors may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. NOTICES

All notices to the Bondholders will be valid if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Bonds are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of first publication.

15. SUBSTITUTION

The Trustee may, without the consent of the Bondholders, agree with the Issuer and the Guarantors to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Bonds and the Trust Deed, of BCL or any other Subsidiaries of BCL subject to:

- (a) the Bonds remaining jointly and severally, unconditionally and irrevocably guaranteed by the Guarantors (other than a Guarantor substituted in place of the Issuer);
- (b) the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Bondholders; and
- (c) certain other conditions set out in the Trust Deed being complied with.

16. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

16.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Bonds held or represented by him or them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms

Modification, including the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Bonds for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. An Extraordinary Resolution passed by the Bondholders will be binding on all Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

16.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Bondholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

16.3 Trustee to have Regard to Interests of Bondholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

16.4 Notification to the Bondholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Bondholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 14.

17. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTORS

17.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Guarantors and the Bondholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

17.2 Trustee Contracting with the Issuer and the Guarantors

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Guarantor and/or any other member of the Group and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any Guarantor and/or any other member of the Group, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

18. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

The Trust Deed (including the Guarantee), the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.

19.2 Jurisdiction of English Courts

Each of the Guarantors has in the Trust Deed, irrevocably agreed (or will be required to agree) for the benefit of the Trustee and the Bondholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) and accordingly has submitted (or will be required to submit) to the exclusive jurisdiction of the English courts.

Each of the Guarantors has, in the Trust Deed, waived (or will be required to waive) any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. To the extent permitted by law, the Trustee and the Bondholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed or the Bonds respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) (together referred to as **Proceedings**) against the Issuer or any Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

Each of the Guarantors incorporated in a jurisdiction other than England and Wales has in the Trust Deed irrevocably and unconditionally appointed (or will be required to appoint) the Issuer at the latter's registered office for the time being as its agent for service or process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. DEFINITIONS

In these Conditions:

Business Day means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

Cash and Cash Equivalents as at any Reference Date shall be equal to the amount recorded as "Cash and cash equivalents" in the relevant Consolidated Financial Statements; minus (ii) any such "Cash and cash equivalents" to which any Excluded Subsidiary is beneficially

entitled; and (iii) any such “Cash and cash equivalents” upon which there is any Security Interest.

Cash Management Investments as at any Reference Date shall be equal to the amount recorded as “Cash management investments at fair value through profit or loss” in the relevant Consolidated Financial Statements; minus (ii) any such “Cash management investments at fair value through profit or loss” to which any Excluded Subsidiary is beneficially entitled; and (iii) any such “Cash management investments at fair value through profit or loss” upon which there is a Security Interest.

Consolidated Financial Statements means BCL’s audited annual consolidated financial statements or its unaudited semi-annual consolidated financial statements, as the case may be, including the relevant accounting policies and notes to the accounts in each case prepared in accordance with IFRS from time to time.

Directors’ Certificate means a certificate addressed to the Trustee, signed on behalf of the Issuer or the relevant Guarantor (as the case may be) (but without personal liability) by two directors of the Issuer or the relevant Guarantor (as applicable) or any one director and the secretary of the Issuer or the relevant Guarantor (as applicable).

Excluded Financial Indebtedness means Financial Indebtedness of any Excluded Subsidiary which is not also Financial Indebtedness of a member of the Group which is not an Excluded Subsidiary.

A report by two directors of BCL or by a director and the secretary of BCL whether or not addressed to the Trustee that in their opinion Financial Indebtedness is or is not or was or was not at any particular time or throughout any specified period Excluded Financial Indebtedness may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

Excluded Subsidiary means Burford Lending LLC and its Subsidiaries, provided that BCL may by irrevocable notice to the Trustee permanently deem any entity which could otherwise be an Excluded Subsidiary not to be an Excluded Subsidiary and such entity shall no longer be an Excluded Subsidiary for the purposes of these Conditions.

A report by two directors of BCL or by a director and the secretary of BCL whether or not addressed to the Trustee that in their opinion a Subsidiary of BCL is or is not or was or was not at any particular time or throughout any specified period an Excluded Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

FATCA means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**) (including an agreement described in Section 1471(b) thereof) together with any regulations thereunder or any official interpretations thereof, any intergovernmental agreement between the US and another jurisdiction facilitating the implementation thereof or any law implementing such an intergovernmental agreement.

Financial Adviser means a financial adviser selected by the Issuer after consultation with the Trustee.

Financial Conduct Authority means the United Kingdom Financial Conduct Authority.

Financial Indebtedness means any indebtedness (other than indebtedness owed by any member of the Group which is not an Excluded Subsidiary to another member of the Group which is also not an Excluded Subsidiary) whether or not contingent, for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate, index or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

Gross Redemption Yield means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the UK Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June, 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve.

Group means BCL and its Subsidiaries taken as a whole.

Group Net Debt means (i) the aggregate of all Financial Indebtedness of the Group (other than Excluded Financial Indebtedness) at the relevant time less (ii) the sum of (x) Cash and Cash Equivalents; and (y) Cash Management Investments (other than any Cash and Cash Equivalents and Cash Management Investments to which any Excluded Subsidiary is beneficially entitled).

Group Total Assets as at any Reference Date shall be equal to:

- (i) the sum of (a) the amount recorded as "Total assets" in the relevant Consolidated Financial Statements and (b) Uncalled Preference Share Amounts; minus

- (ii) the sum (without duplication) of (x) any “Total assets” referred to in (a) above to which any Excluded Subsidiary is beneficially entitled and (y) any goodwill and intangible assets which are included in the “Total assets” referred to in (a) above.

IFRS means the generally accepted accounting practice and principles applicable to the business BCL conducts, currently International Financial Reporting Standards.

Issue Date means 19 August 2014.

Leverage Ratio means the ratio of:

- (a) Group Net Debt; to
- (b) Group Total Assets.

Make-Whole Reference Date means the date which is three London Business Days prior to the date fixed for redemption pursuant to Condition 8.3 by the Issuer.

Material Subsidiary means at any time a Subsidiary (other than an Excluded Subsidiary) of BCL:

- (a) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of BCL and its Subsidiaries relate, are equal to) not less than 5.00 per cent. of the consolidated gross assets of the Group, all as calculated respectively by reference to the then latest Directors’ Certificate relating to such Subsidiary delivered to the Trustee in accordance with the relevant provisions of the Trust Deed and the then latest audited consolidated accounts of BCL and its Subsidiaries, provided that:
 - (A) in the event that the relevant Subsidiary itself has Subsidiaries which are Excluded Subsidiaries, the gross assets of such Excluded Subsidiaries are excluded from the calculation of the consolidated gross assets of such Subsidiary;
 - (B) the gross assets of all Excluded Subsidiaries are excluded from the calculation of the consolidated gross assets of the Group; and
 - (C) in the case of a Subsidiary of BCL acquired after the end of the financial period to which the then latest audited consolidated accounts of BCL and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of BCL and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to the then latest Directors’ Certificate relating to such Subsidiary delivered to the Trustee in accordance with the relevant provisions of the Trust Deed, adjusted as deemed appropriate by BCL; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of BCL which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith

cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of BCL and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of BCL and its Subsidiaries relate, are equal to) not less than 5 per cent. of the consolidated gross assets of the Group, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated gross assets of the Group, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of BCL and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed.

In accordance with the provisions of the Trust Deed, BCL has agreed to give to the Trustee a Director's Certificate which provides a list of Material Subsidiaries (a) on the Issue Date; (b) within three business days after demand by the Trustee therefor and (c) (without the necessity for such demand) within six months of its most recent financial year-end commencing with the financial period ending 31 December 2014 and within three months of the end of the first half of each financial year commencing with the financial period ending 30 June 2014.

Maturity Date means 19 August 2022.

Payment Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

Permitted Reorganisation means, in the case of a Material Subsidiary, any reconstruction, amalgamation, reorganisation, restructuring, merger or consolidation the result of which will be that all or substantially all of the assets and undertaking of such Material Subsidiary will be transferred to or otherwise vested in the Issuer, any Guarantor or another Subsidiary of BCL (other than an Excluded Subsidiary).

Rating Agency means Moody's Investors Services Limited, Fitch Ratings Ltd. or Standard & Poor's Credit Market Services Europe Limited (or any of their respective affiliates).

Reference Date means such annual or semi-annual date or dates as at which BCL prepares its audited annual Consolidated Financial Statements or unaudited semi-annual annual Consolidated Financial Statements, as the case may be and as at the Issue Date those are 31 December and 30 June in each year, respectively.

Reference Bond means the 4.00 per cent. Treasury Stock due 2022, or if such stock is no longer in issue such other UK government stock with a maturity date as near as possible to the Maturity Date as the Financial Adviser may determine to be appropriate by way of substitution for the 4.00 per cent. Treasury Stock due 2022.

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Bondholders by the Issuer in accordance with Condition 14.

Relevant Jurisdiction means: (i) in the case of the Issuer, the UK or any political subdivision or any authority thereof or therein having power to tax; (ii) in the case of BCL, Guernsey or any political subdivision or any authority thereof or therein having power to tax; and (iii) in the case of any Subsidiary Guarantor, any jurisdiction under the laws of which that Subsidiary Guarantor for the time being is organised or in which it is treated as resident for tax purposes or any political subdivision or any authority thereof or therein having power to tax or (in each case) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the relevant Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Bonds.

Step-Up Event means that

- (i) any member of the Group (other than an Excluded Subsidiary); or
- (ii) any Financial Indebtedness of any member of the Group (other than Excluded Financial Indebtedness),

is assigned a credit rating solicited by a member of the Group by any Rating Agency and, in either case, the credit rating initially assigned by such Rating Agency is below:

- (a) Ba3 in the case of Moody's Investors Services Limited (or any of its affiliates);
- (b) BB- in the case of Fitch Ratings Ltd. (or any of its affiliates); or
- (c) BB- in the case of Standard & Poor's Credit Market Services Europe Limited (or any of its affiliates)

(or, in each case, their respective equivalent ratings for the time being).

Subsidiary means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 as amended.

UK means the United Kingdom.

Uncalled Preference Share Amounts means, for so long as it is a Subsidiary of BCL, any amounts which BC Capital Limited is entitled upon notice to receive pursuant to the Capital

Call Right on its “A” Preference Shares (as each such term is defined in the Articles of Association of BC Capital Limited).

US means the United States of America.

APPENDIX 3

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS

APPENDIX 3

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS

*The Global Certificate contains provisions which apply to the 6.50 per cent. guaranteed bonds due 2022 to be issued by Burford Capital PLC (the “**Bonds**”) while they are represented by the Global Certificate, some of which include minor and/or technical modifications to the terms and conditions of the Bonds set out in this Prospectus. The following is a summary of certain parts of those provisions.*

1. Payments of principal and interest

Payments of principal and interest in respect of Bonds represented by the Global Certificate will, subject as set out below, be made upon presentation and, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the holders of the Global Certificate (the “**Bondholders**”) for such purposes.

Distributions of amounts with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar, which endorsement shall be prima facie evidence that such payment has been made in respect of the Bonds.

In the case of Bonds which are represented by the Global Certificate, interest shall be calculated in respect of any period by applying the rate of interest to the aggregate outstanding principal amount of the Bonds represented by the Global Certificate and multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest penny, half of penny being rounded upwards or otherwise in accordance with applicable market convention.

2. Notices to Bondholders

For so long as all of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders. The relevant notice will be delivered electronically by Euroclear and/or Clearstream, Luxembourg to CREST which will arrange for electronic delivery of such notice to CDI Holders who hold interests in the underlying bonds through CREST (in accordance with the rules and procedures of CREST at the time that such notice is given), rather than by publication as required by Condition 14 (Notices) provided that, so long as the Bonds are admitted to the official list maintained by the Financial Conduct Authority (the “**FCA**”) and admitted to trading on the London Stock Exchange plc’s market for listed securities, all requirements of the FCA have been complied with. Any such notice shall be deemed to have been given to the Bondholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

3. Accountholders

For so long as all of the Bonds are represented by the Global Certificate and the Global Certificate is registered in the name of a nominee (the “**Relevant Nominee**”) of the common depositary for

Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal and interest on such principal amount of such Bonds, the right to which shall be vested, as against the Issuer, the Guarantor and the Trustee, solely in the Relevant Nominee in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

4. Cancellation

Cancellation of any Bond represented by the Global Certificate and required by the Terms and Conditions of the Bonds to be cancelled following its redemption or purchase will be effected by reduction in the principal amount of the Bonds in the register of Bondholders and by the annotation of the appropriate schedule to the Global Certificate.

5. Registration of Title

Registration of title to Bonds in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, Luxembourg notifies the Issuer and the Guarantor that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, and a successor clearing system approved by the Trustee is not appointed by the Issuer and the Guarantor within 90 days after receiving such notice from Euroclear or Clearstream, Luxembourg. In these circumstances title to a Bond may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Bonds so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Bonds in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal, or interest in respect of the Bonds.

Whilst the Bonds are represented by the Global Certificate payments will be made to the holder appearing on the Register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) preceding such due date.

6. Transfers

Transfers of book-entry interests in the Bonds will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

7. Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is held on behalf of the relevant Clearing System the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its Accountholders with entitlements to the Global Certificate.

8. Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

APPENDIX 4

FINANCIAL INFORMATION

APPENDIX 4

FINANCIAL INFORMATION

The consolidated financial statements of Burford Capital Limited, together with the reports of the auditors thereon, for the financial years ended 31 December 2012 and 31 December 2013 are set out below.

Any reference to page numbers in this Appendix 4 should be read as a reference to page numbers in the original financial statements and auditor's reports set out in Appendix 4.

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 2012**

INDEPENDENT AUDITOR'S REPORT

Burford Capital Annual Report 2012

To the members of Burford Capital Limited

We have audited the consolidated financial statements of Burford Capital Limited for the year ended 31 December 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities on page 17 the Company's directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances, and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of affairs of the Group as at 31 December 2012 and of its profit and comprehensive income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you, if, in our opinion:

- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP Guernsey

10 April 2013

Notes:

1. The maintenance and integrity of the Burford Capital Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in Guernsey governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Burford Capital Annual Report 2012

for the year ended 31 December 2012		2012	2011
	Notes	\$'000	\$'000
Income			
Net gains on litigation-related investments	10,11	21,273	14,927
Insurance-related income		16,152	–
Interest and other income from litigation-related activities	12,13	11,184	1,757
Net gains on cash management investments at fair value through profit or loss	9	4,960	8,283
Net gains on foreign exchange		661	1
Bank interest income		7	2
Total income		54,237	24,970
Operating expenses	14	(20,139)	(9,077)
Profit for the year before taxation and impacts relating to the Firstassist acquisition and the Reorganisation		34,098	15,893
Non-cash, non-NAV charge associated with the Reorganisation	7	(11,315)	–
Reorganisation advisory fees		(700)	–
Non-recurring Firstassist acquisition impacts	5	5,886	–
Amortisation of embedded value intangible asset arising on Firstassist acquisition	6	(11,079)	–
Profit for the year before taxation		16,890	15,893
Taxation	4	(2,556)	–
Deferred tax credit on amortisation of embedded value intangible asset	4	2,979	–
Total taxation		423	–
Profit for the year after taxation		17,313	15,893
Attributable to non-controlling interest		(67)	–
Attributable to controlling interests		17,380	15,893
		17,313	15,893
Other comprehensive income			
Fair value change in available-for-sale financial assets	11	–	4,340
Exchange differences on translation of foreign operations on consolidation		127	–
Total comprehensive income for the year		17,440	20,233
Attributable to non-controlling interests		(67)	–
Attributable to controlling interests		17,507	20,233
		Cents	Cents
Basic and diluted profit per ordinary share	18	9.59	8.83
Basic and diluted comprehensive income per ordinary share	18	9.66	11.24

The notes on pages 24 to 47 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Burford Capital Annual Report 2012

as at 31 December 2012		2012	2011
	Notes	\$'000	\$'000
Assets			
Non-current assets			
Embedded value intangible asset	6	21,196	–
Tangible fixed assets		565	–
Litigation-related Investments	10,11	159,749	122,940
Litigation portfolio financing	12	30,000	30,000
Due from settlement of litigation-related investments	13	28,482	14,694
		239,992	167,634
Current assets			
Cash management investments at fair value through profit or loss	9	50,790	144,805
Due from settlement of litigation-related investments	13	15,358	–
Receivables and prepayments	15	13,311	539
Cash and cash equivalents		25,559	8,902
		105,018	154,246
Total assets		345,010	321,880
Liabilities			
Current liabilities			
Payables	16	6,312	2,354
Taxation payable		1,503	–
Due for purchases of cash management investments at fair value through profit or loss		–	10,254
		7,815	12,608
Non-current liabilities			
Deferred taxation payable	4	5,087	–
Total liabilities		12,902	12,608
Total net assets		332,108	309,272
Represented by:			
Share capital	17	302,210	290,376
Revenue reserve		29,898	10,799
Other reserves		–	8,097
Total equity shareholders' funds		332,108	309,272
		Cents	Cents
Net asset value per share			
Net asset value per ordinary share	18	162.36	171.82

The notes on pages 24 to 47 form an integral part of these consolidated financial statements.

The financial statements on pages 20 to 47 were approved by the Board of Directors on 10 April 2013 and were signed on its behalf by:

Charles Parkinson

Director

10 April 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

Burford Capital Annual Report 2012

for the year ended 31 December 2012	2012 \$'000	2011 \$'000
Cash flows from operating activities		
Profit for the year before tax	16,890	15,893
Adjusted for:		
Fair value change on cash management investments at fair value through profit or loss	586	(4,923)
Fair value change on litigation-related investments	(9,517)	–
Fair value gain included in interest and other income from litigation-related activities	(5,201)	–
Realised gains on disposal of cash management investments at fair value through profit or loss	(4,704)	(318)
Realised gains on realisation of litigation-related investments	(11,782)	–
Realised gains on disposal/realisation of available-for-sale investments	–	(14,927)
Non-cash, non-NAV charge associated with the 2012 reorganisation	11,315	–
Amortisation of embedded value intangible asset	11,079	–
Non-recurring Firstassist acquisition impacts	(8,538)	–
Depreciation of tangible fixed assets	66	–
Effect of exchange rate changes on cash and cash equivalents	(112)	(1)
	82	(4,276)
Changes in working capital		
Decrease in receivables	3,353	135
Increase/(decrease) in payables	899	(111)
Taxation paid	(2,416)	(357)
Net proceeds from disposal of cash management investments at fair value through profit or loss	87,879	100,717
Purchase of litigation-related investments	(57,106)	(84,723)
Proceeds from litigation-related investments	17,651	25,307
Litigation portfolio financing	–	(30,000)
Net cash inflow from operating activities	50,342	6,692
Cash flows from financing activities		
Issue expenses	–	(201)
Dividend paid	(6,588)	(6,587)
Cost of acquisition of non-controlling interest in subsidiary	(144)	–
Net cash outflow from financing activities	(6,732)	(6,788)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(27,038)	–
Purchases of tangible fixed assets	(27)	–
Net cash outflow from investing activities	(27,065)	–
Net increase/(decrease) in cash and cash equivalents	16,545	(96)
Reconciliation of net cash flow to movements in cash and cash equivalents		
Cash and cash equivalents at beginning of year	8,902	8,997
Increase/(decrease) in cash and cash equivalents	16,545	(96)
Effect of exchange rate changes on cash and cash equivalents	112	1
Cash and cash equivalents at end of year	25,559	8,902

The notes on pages 24 to 47 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Burford Capital Annual Report 2012

for the year to 31 December 2012

31 December 2012

	Share capital \$'000	Revenue reserve \$'000	Available - for-sale reserve \$'000	Foreign currency consolidation reserve \$'000	Non- controlling interest \$'000	Total \$'000
At 1 January 2012	290,376	10,799	8,097	–	–	309,272
Transfer on adoption of IFRS 9 (note 2)	–	8,097	(8,097)	–	–	–
Profit for the year	–	17,380	–	–	(67)	17,313
Other comprehensive income	–	–	–	127	–	127
Dividends paid (note 19)	–	(6,588)	–	–	–	(6,588)
Issue of share capital (note 7)	11,834	–	–	–	–	11,834
Transactions with non-controlling interests- acquisition of minority (note 5)	–	83	–	–	67	150
Balance at	302,210	29,771	–	127	–	332,108

31 December 2012

31 December 2011

	Share capital \$'000	Revenue reserve \$'000	Available - for-sale reserve \$'000	Total \$'000
At 1 January 2011	290,577	1,493	3,757	295,827
Issue expenses	(201)	–	–	(201)
Profit for the year	–	15,893	–	15,893
Other comprehensive income	–	–	4,340	4,340
Dividends paid	–	(6,587)	–	(6,587)
Balance at	290,376	10,799	8,097	309,272

31 December 2011

The notes on pages 24 to 47 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Burford Capital Annual Report 2012

1. Legal form and principal activity

Burford Capital Limited (the “Company”) and its subsidiaries (the “Subsidiaries”) (together the “Group”) provide investment capital, financing and risk solutions with a focus on the litigation and arbitration sector and following the acquisition of Firstassist Legal Group Holdings Limited (Firstassist) on 29 February 2012, the provision of litigation insurance. Firstassist changed its name to Burford Capital Holdings (UK) Limited on 25 January 2013. The Company is a closed-ended investment company that was incorporated under The Companies (Guernsey) Law, 2008 (the “Law”) on 11 September 2009. Shares in the Company were admitted to trading on AIM, a market operated by the London Stock Exchange, on 21 October 2009. These financial statements cover the period from 1 January 2012 to 31 December 2012.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets that are not apparent from other sources. Actual results may differ from these estimates. The consolidated financial statements are presented in United States Dollars and are rounded to the nearest \$'000 unless otherwise indicated.

Significant estimates and judgements

The most significant estimates relate to the valuation of litigation-related investments at fair value through profit or loss that are determined by the Group.

Fair values are determined on the specifics of each investment and will typically change upon an investment progressing through a key stage in the litigation or arbitration process in a manner that, in the Group’s judgement, would result in a third party being prepared to pay an amount different from the original sum invested for the Group’s rights in connection with the investment. Positive, material progression of an investment will give rise to an increase in fair value whilst adverse outcomes give rise to a reduction. The quantum of change depends on the potential future stages of investment progression. The consequent effect when an adjustment is made is that the fair value of an investment with few remaining stages is adjusted closer to its predicted final outcome than one with many remaining stages.

In litigation matters, before a judgment is entered following trial or other adjudication, the key stages of any matter and their impact on fair value is substantially case-specific but may include the motion to dismiss and the summary judgment stages. Following adjudication, appeals proceedings provide further opportunities to reassess the fair value of an investment. Arbitration matters tend to have fewer stages

at which a reassessment of fair value is appropriate, often being limited to the issuance of an award by the tribunal and any permissible challenges thereafter.

The estimation of fair value is inherently uncertain. Awards and settlements are hard to predict and often have a wide range of possible outcomes. Furthermore, there is much unpredictability in the actions of courts, litigants and defendants because of the large number of variables involved and consequent difficulty of predictive analysis. In addition, there is little activity in transacting investments, hence little relevant data for benchmarking the effect of investment progression on fair value.

In addition, there are significant estimates and judgements involved in assessing the value of the embedded value intangible arising on the acquisition of Firstassist and the amortisation thereof (note 5).

Further estimates and judgements were required in recognition of the cost attributable in the period relating to the Reorganisation (note 7).

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention adjusted to take account of the revaluation of certain of the Group's financial assets to fair value.

IASB and IFRIC have issued the following standards and interpretations, which are not yet effective and have not been adopted:

		Effective date
IFRS 7	Financial Instruments: Disclosures: Offsetting of financial assets and liabilities	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interest in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Presentation of items of other comprehensive income	1 July 2012
IAS 19	Employee benefits	1 January 2013
IAS 27	Separate financial statements	1 January 2013
IAS 28	Investments in associates and joint ventures	1 January 2013
IAS 32	Financial instruments presentation: Offsetting financial assets and financial liabilities	1 January 2013

No material change is expected to result from the implementation of the above standards with the exception of additional disclosures in respect of IFRS 13.

Early adoption of IFRS 9: Financial Instruments

The Group has adopted IFRS 9: Financial Instruments (2010) ("IFRS 9") with a date of initial application of 1 January 2012. IFRS 9 is required to be adopted by 1 January 2015; the Group has elected to adopt it early, with AIM's consent, to achieve reporting consistency between unrealised and realised gains and losses that was not available under the previous accounting policy. Pursuant to IFRS 9, the Group is providing transitional disclosures but 2011 will not be restated.

Impact of change of accounting policy

In connection with the adoption of IFRS 9, the Group has reclassified its investments in litigation-related assets as fair value through profit or loss investments ("litigation-related investments at fair value through profit or loss"). Prior to 1 January 2012 these were classified as available-for-sale investments. At 1 January 2012, litigation-related investments with a carrying value of \$122,940,000 were reclassified from available-for-sale to fair value through profit or loss (see notes 10 and 11). There was no adjustment to fair value on reclassification. As a consequence of the reclassification \$2,266,000 of due diligence and closing costs incurred in the year ended 2012 that would previously have been capitalised as part of the investment cost have been expensed in the income statement. In addition, the opening available-for-sale reserve of \$8,097,000 was transferred to revenue reserves.

Following the reclassification all movements, realised and unrealised, in the fair value of the litigation-related investments are recognised in the income statement. Previously under the available-for-sale classification realised gains and losses together with unrealised impairments were recognised in the income statement but unrealised gains on investments in litigation-related assets were recognised as other comprehensive income.

Unrealised gains on litigation-related investments were \$9,517,000 in the year ended 31 December 2012 (2011: \$4,340,000)

Basis of consolidation

The consolidated financial statements comprise the financial statements of Burford Capital Limited and the entities it controls, i.e. its Subsidiaries. All the Subsidiaries are consolidated in full from the date of acquisition. The presence of non-controlling interests with respect to Firstassist is discussed further in note 5.

All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full.

The Subsidiaries' accounting policies and financial year end are consistent with those of the Company.

Insurance-related income

Insurance-related income comprises income derived from the sale of legal expenses insurance policies issued in the name of Great Lakes Reinsurance (UK) Plc, a subsidiary of MunichRe, under a binding authority agreement. Insurance-related income is calculated as the premium earned, net of reinsurance and insurance premium tax, less an allowance for claims, sales commissions, fees and the other direct insurance-related costs such as Financial Services Compensation Scheme Levy. The payment of premiums is contingent on a case being won or settled and the Group recognises the associated income only at this point, whilst a deduction is made for claims estimated to be paid on all policies in force.

Segment reporting

Management consider that there are two operating business segments, being (i) provision of litigation investment (reflecting litigation and arbitration-related investment activities anywhere in the world) and (ii) provision of litigation insurance (reflecting UK litigation insurance activities).

Business combinations, goodwill and negative goodwill

Business combinations are accounted for using the acquisition method. The Reorganisation, which is discussed further at note 7, is not considered to represent a business combination. The cost of an

acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Non-controlling interest is measured at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

Contingent consideration is recognised at fair value at acquisition date. Subsequent changes to fair value are recognised in profit or loss.

Identifiable intangible assets meeting the criteria for identification under IFRS 3 are recognised separately from goodwill.

If the aggregate of the consideration transferred and non-controlling interest is lower than the fair value of the identifiable net assets of the acquiree, the difference is recognised in profit and loss as negative goodwill (bargain purchase gain).

Embedded value intangible asset

The embedded value intangible is recognised at fair value when acquired as part of a business combination. It represents the excess of the fair value of the future cash flows over the amount recognised in accordance with the Group's policy for recognising insurance-related income. This intangible is amortised to the income statement over the expected life of the business written.

Investment sub-participations

Investment sub-participations are classified as financial liabilities and are initially recorded at the fair value of proceeds received. They are subsequently measured at fair value, with changes in fair value being recorded in net gains on litigation-related investments in the Consolidated Statement of Comprehensive Income.

Financial instruments

The Group classifies its financial assets into the categories below in accordance with IFRS 9 (until 1 January 2012, IAS 39: "Financial Instruments: Recognition and Measurement"). Where the policy has changed as a result of the adoption of IFRS 9, this has been noted.

1) Cash management investments at fair value through profit or loss

Investments for the purpose of cash management, acquired to generate returns on cash balances awaiting subsequent investment, and which are managed and evaluated on a fair value basis at the time of acquisition. Their initial fair value is the cost incurred at their acquisition. Transaction costs incurred are expensed in the Consolidated Statement of Comprehensive Income.

Recognition, derecognition and measurement

Cash management investments at fair value through profit or loss are recorded on the trade date, and those held at the year end date are valued at bid price.

Movements in the difference between cost and valuation and realised gains and losses on disposal or maturity of investments, including interest income, are reflected in Income in the Consolidated Statement of Comprehensive Income.

Net gains on cash management investments at fair value through profit or loss

Listed interest bearing debt securities are valued at their quoted bid price. Movements in fair value are included within net gains on cash management investments at fair value through profit or loss. Interest earned on these investments is recognised on an accruals basis. Listed corporate bond funds are valued at their quoted bid price. Unlisted managed funds are valued at the net asset value per share published by the administrator of those funds as it is the price at which they could have been realised at the reporting date. Movements in fair value are included within net gains on cash management investments at fair value through profit or loss in the Consolidated Statement of Comprehensive Income.

2) *Litigation-related investments at fair value through profit or loss – policy applicable from 1 January 2012*

Litigation-related investments are categorised as fair value through profit or loss. Investments are initially measured as the cash sum invested. Attributable due diligence and closing costs are expensed.

Recognition, derecognition and measurement

Purchases and sales of litigation-related investments at fair value through profit or loss are generally recognised on the trade date, being the date on which the Group disburses funds in connection with the investment (or becomes contractually committed to pay a fixed amount on a certain date, if earlier). In some cases multiple disbursements occur over time. Investments are initially measured as the sum invested. A litigation-related investment that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement made on substantially different terms, or if the terms of an existing agreement are modified, such that the renegotiated asset is substantially a different financial instrument.

Movements in fair value are included with net gains on litigation-related investments in the Consolidated Statement of Comprehensive Income.

3) *Available-for-sale financial assets – policy applicable prior to 1 January 2012*

Unless otherwise determined by the Group, its litigation-related investments are categorised as available-for-sale financial assets. Investments are initially measured as the cash sum invested. Attributable due diligence and closing costs are included in the cost of the investment.

Recognition, derecognition and measurement

Purchases and sales of available-for-sale financial assets are generally recognised on the trade date, being the date on which the Group disburses funds in connection with the investment (or becomes contractually committed to pay a fixed amount on a certain date, if earlier). In some cases multiple disbursements occur over time. Investments are measured as the sum invested including attributable due diligence and closing costs. Sales of available-for-sale financial assets are generally recognised on the date on which the Group receives, or becomes contractually entitled to receive, cash or marketable securities. When the Group has transferred its rights to receive a proportionate share of the cash flows from an asset, and has transferred substantially all of the associated risks and rewards, a proportion of the asset is derecognised.

Subsequent to initial measurement and prior to actual realisation, investments are measured at fair value. Increases and insignificant short-term decreases in fair value related to each investment are taken to the available-for-sale reserve in equity and other comprehensive income. When actual gains or losses

with respect to each investment occur, they are recorded in income and reversed out of other comprehensive income.

4) *Financial assets at amortised cost*

Financial assets, including litigation portfolio financings and amounts due from settlement of litigation-related investments, that have fixed or determinable payments representing principal and interest that are not quoted in an active market, are classified as financings and receivables, measured at amortised cost using the effective interest method, less any impairment.

Fair value hierarchy of financial instruments

The financial assets measured at fair value are disclosed using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements, as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3 – Those inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Due diligence costs – *policy applicable prior to 1 January 2012*

Due diligence costs and closing costs attributable to investments are included in the cost of the investment. Due diligence costs attributable to potential investments that the Group has decided not to pursue have been expensed in the Consolidated Statement of Comprehensive Income. Due diligence costs attributable to potential investments that remain under consideration at period end have been capitalised and are included within receivables and prepayments.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company, as determined in accordance with IFRS, is the United States Dollar ("US Dollar") because this is the currency that best reflects the economic substance of the underlying events and circumstances of the Company and its Subsidiaries. The consolidated financial statements are presented in US Dollars, the presentation currency.

Firstassist operates and prepares financial statements denominated in Sterling. For the purposes of preparing consolidated financial statements, Firstassist's assets and liabilities are translated at exchange rates prevailing at each balance sheet date. Income and expense items are translated at average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (foreign currency consolidation reserve).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets

and liabilities denominated in foreign currencies including intragroup balances are recognised in the Consolidated Statement of Comprehensive Income as part of the profit or loss for the period.

Bank interest income

Bank interest income is recognised on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents at the balance sheet date comprised amounts held on current or overnight deposit accounts.

Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

To the extent that any foreign withholding taxes or any form of profits taxes become payable these will be accrued on the basis of the event that creates the liability to taxation.

Deferred tax is provided on the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Dividends

Dividends paid during the period are dealt with in the Statement of Changes in Equity. Dividends proposed but not approved by shareholders are disclosed in the notes as commitments.

Tangible fixed assets

Fixed assets are recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less estimated residual value in equal instalments over the estimated useful lives of the assets. The expected useful lives are as follows:

Leasehold improvements	Life of lease
Fixtures, fittings and equipment	4-5 years
Computer hardware and software	4-5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in income.

Receivables and prepayments

Receivables and prepayments are recognised at nominal value, less provision for impairments for non-recoverable amounts. They do not carry any interest.

Payables

Payables are recognised at nominal value and are non-interest bearing.

Capital and reserves

Ordinary shares are classified as equity in share capital. Incremental costs directly attributable to the issue of new shares are deducted from equity in share capital.

Forward foreign exchange contracts

Forward foreign exchange contracts are valued by reference to similar contracts settled at the balance sheet date. Fluctuations in the fair value of open forward foreign exchange contracts are recorded as unrealised gains or losses. Upon the closing of a contract the gain or loss is recorded as a realised gain or loss. Realised and unrealised gains and losses are disclosed as gain or loss on foreign exchange in the Consolidated Statement of Comprehensive Income.

3. Material agreements

Investment Adviser Agreement

Prior to the Reorganisation (see note 7) and pursuant to an investment advisory agreement (the “Investment Adviser Agreement”) dated 16 October 2009, as amended, most recently as of 1 January 2012, the Group had appointed Burford Group Limited (the “Investment Adviser”) to provide advisory services to the Group. The Investment Adviser was entitled to be paid a fee based on the adjusted net asset value (“Adjusted NAV”) of the Group, payable quarterly in advance at an annual rate of 2% provided, however, that the Adjusted NAV for the period from Admission through 9 December 2010 shall exclude the impact of the Placing of ordinary shares in December 2010 and provided that the fee shall not be less than \$6 million for each of 2012 and 2013. Adjusted NAV means the net asset value of the Group at the relevant time, after accruing for the annual advisory fee but not taking into account any liability of the client for accrued performance fees and after (i) deducting any unrealised gains on available-for-sale investments; (ii) adding the amount of any write downs with respect to available-for-sale investments which have not been written off in full; and (iii) adding the amount of any dividends paid since Admission. The Investment Adviser was also entitled to be paid a performance fee under certain circumstances that had not occurred prior to the Reorganisation.

Following the acquisition of the Investment Adviser under the Reorganisation (see note 7) no fees will be payable under the Investment Adviser Agreement with effect from 1 January 2013.

Administration fee

Under the terms of an administration agreement dated 15 October 2009 between the Company and International Administration Group (Guernsey) Limited (the “Administrator”), as amended, effective 1 January 2011, the Administrator is entitled to receive an annual fee, payable quarterly in advance, and further annual fees for the administration of each of the Subsidiaries expected to total approximately \$400,000 per annum.

Cash management arrangements

The Company retained Potomac River Capital LLC (“Potomac”) to provide treasury management services and to perform investment services with respect to the Company’s surplus cash pending investment. No fees are payable other than fees embedded in the underlying investments made by Potomac.

4. Taxation

The Company is exempt from tax in Guernsey. In certain cases a subsidiary of the Company may elect to make use of investment structures that are subject to income tax in a country related to the investment. Firstassist and its subsidiaries (see note 8) are subject to UK taxation based on profits and income for the period as determined in accordance with relevant tax legislation.

All material tax arising in the current period arose in Firstassist and comprises current taxation of \$2,546,000 and a deferred tax credit of \$2,979,000 relating to the amortisation of the intangible asset.

	\$'000
Deferred tax on embedded value intangible asset at acquisition	7,968
Tax released on amortisation of embedded value intangible asset	(2,979)
Foreign exchange adjustment	98
Deferred tax liability at 31 December 2012	5,087

5. Acquisition of subsidiary

On 29 February 2012, the Company acquired Firstassist and its subsidiaries. Firstassist’s principal activity was the provision of litigation insurance. Firstassist was regulated by the FCA (formerly known as the FSA) as an insurance intermediary. The Company originally acquired 100% of Firstassist’s preferred ordinary shares and 87.5% of Firstassist’s ordinary shares. The remaining 12.5% ordinary shares were acquired on 21 December 2012. The acquisition enables expansion into the UK market through an existing profitable business and the Group also gains the services of a leading team to pursue litigation finance in addition to the insurance business acquired.

The amounts recognised at the time of acquisition in respect of the identifiable assets acquired and the liabilities assumed are as set out in the table below:

	\$'000
Assets	
Embedded value intangible asset	31,874
Tangible fixed assets	266
Trade receivables	9,194
Other receivables	5,844
Cash at bank and in hand	6,627
	53,805
Liabilities	
Accruals and other payables	(2,582)
Taxation payable	(1,363)
Deferred taxation on embedded value intangible asset	(7,968)
Total identifiable net assets	41,892
Non-controlling interest	(292)
Negative goodwill (bargain purchase gain)	(6,247)
Total consideration	35,353
Satisfied by:	
Cash (net of preferred dividend receivable)	24,916
Contingent consideration	10,437
Total consideration	35,353
	\$'000
Net cash flow arising on acquisition:	
Cash consideration	(25,872)
Settlement of contingent consideration	(8,263)
Less: cash and cash equivalent balance acquired	6,627
	(27,508)

The negative goodwill arising is principally attributable to the value of the embedded value intangible asset. The negative goodwill is not taxable.

The contingent consideration recognised at the acquisition date is the net present value of £7,000,000 (\$11,156,000) discounted at 3% per annum based on a 31 May 2014 payment date. This resulted in a net present value of £6,549,000 (\$10,437,000) at 29 February 2012. The contingent consideration arrangements required the achievement of EBITDA targets in 2012 and 2013 and total premium targets in 2013. The consideration was capped at £7,000,000. This was provided in full based on budgeted performance. The contingent consideration was settled early for £5,142,000 (\$8,263,000), resulting in a further gain, after amortisation, of US\$2,291,000.

The non-controlling interest in Firstassist is determined after deducting the preferred ordinary shares, which are held 100% by the Group from the identifiable net assets (including the embedded value intangible asset).

The acquisition of the remaining 12.5% of ordinary shares on 21 December 2012 for \$144,000 gave rise to a credit in equity of \$83,000.

The net non-recurring gain of \$5,886,000 associated with the Firstassist acquisition recorded in the Consolidated Statement of Comprehensive Income is broken down below:

	\$'000
Bargain purchase gain arising on Firstassist acquisition	6,247
Net gain on early settlement of deferred consideration	2,291
Firstassist acquisition costs – non-recurring	(2,652)
	<u>5,886</u>

Firstassist contributed \$16,152,000 total income and an after tax profit of \$8,521,000 to the Group in the period between the date of acquisition and the reporting date, before deduction of \$8,100,000 in respect of non-cash amortisation of the embedded value intangible asset less associated deferred tax credit.

If the acquisition had been completed on the first day of the financial year, attributable Group total income contributed would have been an additional \$3,325,000 and Group profit after taxation would have been an additional \$831,000.

As a result of the acquisition the Group has additional exposure to currency risk as Firstassist conducts its operations in Sterling.

Like the Company, Firstassist's business is centred around litigation activity and the assessment of litigation risk and thus the substantive risks set forth previously for the Group generally apply to Firstassist as well. The principal additional risks unique to Firstassist are (i) that Firstassist obtains insurance capacity through an arrangement with Great Lakes Reinsurance (UK) Plc (a wholly owned subsidiary of MunichRe) and thus is dependent on the continuation of that arrangement and the ongoing solvency of Great Lakes (which is currently rated A+ by AM Best and AA- by S&P) and (ii) that the implementation of the recently passed Legal Aid, Sentencing and Prosecution of Offenders Act will reduce the demand for Firstassist's current product offerings.

6. Embedded value intangible asset

	2012 \$'000	2011 \$'000
At 1 January	–	–
Additions	31,874	–
Amortisation	(11,079)	–
Exchange difference on retranslation	401	–
At 31 December	<u>21,196</u>	–

Firstassist was acquired on 29 February 2012. The intangible asset represents the value of Firstassist's book of business at the date of acquisition; it has an estimated useful life extending to 2016 and is being amortised in accordance with the expected maturity of the business.

7. Non-cash, non-NAV charge associated with the 2012 Reorganisation

On 21 November 2012, the Company entered into a reorganisation transaction (the "Reorganisation") the ultimate effect of which was to internalise the management of the Company and acquire the Investment Adviser. The consideration for the acquisition was 24,545,454 shares of the Company's

stock. The Reorganisation was completed on 12 December 2012, and the Company issued the aforementioned shares on that date to the Investment Adviser's principals, Christopher Bogart and Jonathan Molot. As a result of the Reorganisation, the Company has, inter alia, become the owner of Burford Capital LLC, the US operating entity that employs what are now the Company's US employees and which has built a substantial market-leading position in the litigation finance market, and the Company is also no longer obliged to make payments of management and performance fees to the Investment Adviser.

The fair value was determined using the implied market value of the shares issued based on their bid price converted to US Dollars and without considering their illiquidity or certain contractual restrictions on their transfer, and thus the total consideration for the Reorganisation is \$38,373,111. Of that amount, \$518,534 relating to tangible assets acquired and a non-cash charge of \$11,315,080, reflecting the internalisation referred to above are recognised in the Group's 2012 financial statements. The Group's 2013 financial statements will not include investment advisory-related fees and there will be a further non-cash charge to the income statement of \$26,539,497. No intangible assets will be created.

8. Segmental information

Management consider that there are two operating business segments, being (i) provision of litigation investment (reflecting litigation and arbitration-related investment activities anywhere in the world) and (ii) provision of litigation insurance (reflecting UK litigation insurance activities).

Segment revenue and results

31 December 2012

	Litigation Investment \$'000	Litigation Insurance \$'000	Other corporate activity \$'000	Total \$'000
Income	32,457	16,152	5,628	54,237
Operating expenses	(11,161)	(5,085)	(3,893)	(20,139)
Non-recurring Firstassist acquisition impacts	–	–	5,886	5,886
Non-cash, non-NAV charge associated with the Reorganisation	–	–	(11,315)	(11,315)
Reorganisation advisory fees	–	–	(700)	(700)
Amortisation of embedded value intangible asset	–	–	(11,079)	(11,079)
Profit for the year before taxation	21,296	11,067	(15,473)	16,890
Current taxation	–	(2,546)	(10)	(2,556)
Deferred tax credit	–	–	2,979	2,979
Other comprehensive income	–	–	127	127
Total comprehensive income	21,296	8,521	(12,377)	17,440

Segment assets

31 December 2012

	Litigation Investment \$'000	Litigation Insurance \$'000	Other corporate activity \$'000	Total \$'000
Non-current assets				
Embedded value intangible asset	–	–	21,196	21,196
Tangible fixed assets	–	231	334	565
Litigation-related Investments	159,749	–	–	159,749
Litigation portfolio financing	30,000	–	–	30,000
Due from settlement of litigation-related investments	28,482	–	–	28,482
	218,231	231	21,530	239,992
Current assets				
Cash management investments at fair value through profit or loss	–	–	50,790	50,790
Due from settlement of litigation-related investments	15,358	–	–	15,358
Receivables and prepayments	1,172	11,952	187	13,311
Cash and cash equivalents	12,249	12,809	501	25,559
	28,779	24,761	51,478	105,018
Total assets	247,010	24,992	73,008	345,010
Current liabilities				
Payables	(4,686)	(1,016)	(610)	(6,312)
Taxation payable	–	(1,503)	–	(1,503)
	(4,686)	(2,519)	(610)	(7,815)
Non-current liabilities				
Deferred taxation payable	–	–	(5,087)	(5,087)
	–	–	(5,087)	(5,087)
Total liabilities	(4,686)	(2,519)	(5,697)	(12,902)
Total net assets	242,324	22,473	67,311	332,108

For periods prior to 31 December 2012 there was a single segment being litigation investment.

9. Cash management investments at fair value through profit or loss

	2012 \$'000	2011 \$'000
Listed interest bearing debt securities – fixed rate	-	29,045
Listed corporate bond fund	9,137	14,859
Unlisted fixed income and investment funds, including mutual funds	41,653	100,901
Total cash management investments at fair value through profit or loss	50,790	144,805

Reconciliation of movements:

	2012 \$'000	2011 \$'000
Balance at beginning of year	144,805	230,027
Purchases	92,528	715,024
Proceeds on disposal	(190,661)	(805,487)
Realised gains on disposal	4,704	318
Fair value change in year	(586)	4,923
Balance at end of year	50,790	144,805

During the year ended 31 December 2012, the bulk of the cash management investments at fair value through profit or loss were in fixed income and investment funds.

Net changes in cash management investments at fair value through profit or loss:

	2012 \$'000	2011 \$'000
Realised (including interest income)	5,546	3,360
Fair value movement	(586)	4,923
Net gains	4,960	8,283

Fair value measurements are based on level 1 inputs of the three level hierarchy system for \$9,137,000 (2011: \$43,904,000) of the fair value through profit and loss investments which indicates inputs based on quoted prices in active markets for identical assets. For \$41,653,000 (2011: \$100,901,000) of the fair value through profit and loss investments (including commercial paper) fair value measurements are based on level 2 inputs of the three level hierarchy system which indicates inputs other than quoted prices included in level 1 that are observable, either directly (as prices) or indirectly (derived from prices).

10. Litigation-related investments at fair value through profit or loss

The Company structures its investment portfolio to include a mixture of shorter duration investments intended to produce short-term returns; medium duration or “core” investments and “special situations” investments with higher risk and longer duration designed to add noteworthy returns to the portfolio over time. The Group classifies its litigation-related investments at fair value through profit or loss into tranches consistent with the foregoing portfolio structure as outlined below.

31 December 2012

	Transfer from available- for- sale financial assets	Additions	Realisations	Net realised gain for year	Fair value movement	Balance at fair value as at 31 December 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short duration investments	36,646	8,356	(15,707)	5,972	(413)	34,854
Core investments	71,375	46,760	(25,855)	9,646	9,930	111,856
Special situations investments	14,919	1,990	(34)	(3,836)	–	13,039
Total litigation-related investments at fair value through profit or loss	122,940	57,106	(41,596)	11,782	9,517	159,749

The net realised gain for 2012 is not directly comparable with the net realised gain shown in note 11 for the year ending 31 December 2011 as, in accordance with IFRS 9, net realised gains in 2012 are split between litigation-related investments at fair value through profit or loss and due from settlement of litigation-related investments (note 13).

Fair value measurements are based on level 3 inputs of the three level hierarchy system which indicates inputs for the assets that are not based on observable market data (unobservable inputs).

The net gains on litigation-related investments included at fair value through profit or loss included on the face of the Consolidated Statement of Comprehensive Income comprise:

	2012 \$'000	2011 \$'000
Net realised gains on litigation-related investments at fair value through profit or loss (above)	11,782	–
Fair value movement (above)	9,517	–
Net increase in liabilities for investment sub-participations	(26)	–
Net gains on litigation-related investments at fair value through profit or loss	21,273	–

11. Litigation-related investments classified as available-for-sale

As disclosed in note 2, the Group has taken the decision to early adopt IFRS 9 in 2012 which removes the available-for-sale classification. Consequently, the Group's available-for-sale financial assets at 31 December 2011 have been reclassified as litigation-related investments at fair value through profit or loss with effect from 1 January 2012.

31 December 2011

	Balance at fair value as at 1 January				Net realised gain for year		Balance at fair value as at 31 December
	2011 \$'000	Additions \$'000	Realisations \$'000	Transfers \$'000	year \$'000	Fair value movement \$'000	2012 \$'000
Short duration investments	38,073	9,016	(29,691)	3,287	12,100	3,861	36,646
Core investments	15,662	69,150	(10,310)	(3,287)	160	-	71,375
Special situations investments	8,084	6,356	-	-	-	479	14,919
Total litigation-related investments classified as available-for-sale	61,819	84,522	(40,001)	-	12,260	4,340	122,940

The realised gains on disposal of litigation-related investments classified as available-for-sale included on the face of the Consolidated Statement of Comprehensive Income comprise:

	2012 \$'000	2011 \$'000
Net realised gain for the year	-	14,714
Impairment in respect of short duration investment	-	(2,454)
Reduction in liability for investment sub-participations	-	2,667
Net gains on litigation-related investments classified as available-for-sale	-	14,927

12. Litigation portfolio financing

	2012 \$'000	2011 \$'000
Total litigation portfolio financing	30,000	30,00
Interest and other income from litigation portfolio financing	4,407	1,757

Litigation portfolio financing is measured at amortised cost. The \$30,000,000 financing attracts interest at 13.5% per annum, payable monthly and is repayable in instalments commencing on 31 January 2014 and maturing on 31 July 2016. It is secured on the assets of the borrower. The interest income from litigation financing assets is included in interest and other income from litigation financing activities in the Consolidated Statement of Comprehensive Income.

13. Due from settlement of litigation-related investments

Amounts due from settlement of litigation-related investments relate to the recovery of litigation-related investments that have successfully concluded and where there is no longer any litigation risk remaining. The settlement terms and duration vary by investment.

	2012 \$'000	2011 \$'000
Due from settlement of litigation-related investments		
At 1 January	14,694	–
Transfer of realisations from litigation-related investments (note 10)	41,596	40,001
Fair value gain on due from settlement of litigation-related investments	5,201	–
Interest income on due from settlement of litigation-related investments	138	–
Proceeds from settled litigation-related investments	(17,651)	(25,307)
Proceeds from interest income on due from settlement of litigation-related investments	(138)	–
At 31 December	43,840	14,694
Split:		
Non-current assets	28,482	14,694
Current assets	15,358	–
Total due from settlement of litigation-related investments	43,840	14,694

The interest and other income on litigation-related activities on the face of the Consolidated Statement of Comprehensive Income comprises:

	2012 \$'000	2011 \$'000
Interest and other income on litigation portfolio financing (note 12)	4,407	1,757
Fair value gain on due from settlement of litigation-related investments (above)	5,201	–
Interest income on due from settlement of litigation-related investments (above)	138	–
Interest and other income from continuing litigation-related investments	1,438	–
Interest and other income from litigation-related activities	11,184	1,757

14. Total operating expenses

	2012	2011
	\$'000	\$'000
Investment advisory fee	5,995	5,927
Non-executive directors' remuneration	335	318
Staff costs – insurance segment	3,557	–
Non-staff costs – insurance segment	1,528	–
Non-staff costs – litigation and corporate segments	6,458	2,832
Litigation investment related costs that would previously have been capitalised	2,266	–
	20,139	9,077

Directors' remuneration comprises:

	2012	2011
	\$'000	\$'000
Sir Peter Middleton	120	119
Hugh Steven Wilson 100	100	
Charles Nigel Kennedy Parkinson 59	51	
David Charles Lowe	56	48
	335	318

Fees paid and payable to Ernst & Young LLP comprise:

	2012	2011
	\$'000	\$'000
Audit and interim review fees	412	170
Reorganisation advisory fees	700	–
Tax compliance fees	115	36
Transaction advisory fees in relation to Firstassist	199	–
Other advisory fees*	265	383
	1,691	589

* Other advisory fees for the year ended 31 December 2011 were capitalised in available-for-sale financial assets whereas fees for the year ended 31 December 2012 were expensed in profit or loss in accordance with IFRS 9.

15. Receivables and prepayments

	2012	2011
	\$'000	\$'000
Trade receivable – insurance segment	11,264	–
Prepayments accrued	441	135
Accrued bond interest	–	334
Litigation portfolio financing interest receivable	988	–
Other debtors	618	70
	13,311	539

16. Payables

	2012	2011
	\$'000	\$'000
Audit fee payable	160	94
Reorganisation advisory fees payable	450	–
General expenses payable	1,595	124
Investment advisory fee payable	–	122
Claim costs payable	562	681
Investment sub-participations	3,545	1,333
	6,312	2,354

17. Share capital

	2012	2011
	\$'000	\$'000
Authorised share capital		
Unlimited Ordinary Shares of no par value	–	–
Issued share capital	Number	Number
Ordinary shares of no par value	204,545,455	180,000,001

80,000,001 ordinary shares were issued at 100p each on 21 October 2009. A further 100,000,000 ordinary shares were issued at 110p each on 9 December 2010. As detailed in note 7, a further 24,545,454 shares were issued on 12 December 2012 as consideration for the acquisition of the Investment Adviser.

	2012	2011
	\$'000	\$'000
1 January	290,376	290,577
Shares issued in 2012 Reorganisation	11,834	–
Allocation of issue costs	–	(201)
31 December	302,210	290,376

The Company has authority to make market purchases of up to 15% of its own issued ordinary shares, expiring at the conclusion of the 2012 Annual General Meeting.

18. Profit per ordinary share, comprehensive income per ordinary share and net asset value per ordinary share

Profit per ordinary share is calculated based on profit for the year of \$17,380,000 (2011: \$15,893,000) and the weighted average number of ordinary shares in issue for the year of 181,274,219 (2011: 180,000,001). Comprehensive income per ordinary share is calculated based on comprehensive income for the year of \$17,507,000 (2011: \$20,233,000), and the weighted average number of ordinary shares in issue for the year of 181,274,219 (2011: 180,000,001). Profit for the year includes interest earned of \$10,671,000 (2011: \$3,076,000).

Profit per share in the financial summary is calculated based on the weighted average number of ordinary shares in issue for the year of 181,274,219 (2011: 180,000,001).

Net asset value per ordinary share was calculated by dividing the total assets less total liabilities of the Group of \$332,108,000 (2011: \$309,272,000) by the number of ordinary shares then in issue of 204,545,455 (2011: 180,000,001).

19. Dividends

The directors proposed and paid a dividend of 3.66¢ (United States cents) per share based on the Group's performance in 2011 and on known results in the year to the date of the dividend. The dividend was paid on 23 May 2012 to shareholders on the register as at close of business on 20 April 2012. That dividend was proposed and paid in US Dollars and was converted to Sterling for those UK shareholders not electing to receive it in US Dollars at the time of payment.

The directors propose a dividend of 4.758¢ (United States cents) per ordinary share in the capital of the Company for the year ended 31 December 2012. A resolution for the declaration of this dividend shall be put to the shareholders of the Company at the Company's forthcoming Annual General Meeting (scheduled for 15 May 2013). If approved by shareholders, the record date for this dividend will be 24 May 2013. Payment of this dividend would then occur on 17 June 2013. The proposed dividend is being proposed, and will be paid, in US Dollars, and will be converted to and paid in Sterling for UK shareholders not electing to receive it in US Dollars.

20. Financial risk management

Market and investment risk

The Group is exposed to market and investment risk with respect to its cash management investments and its litigation-related investments at fair value through profit or loss (formerly available-for-sale financial assets). The maximum risk equals the fair value of all such financial instruments.

With respect to the Group's cash management investments, including interest bearing securities, corporate bonds and investment funds, market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as interest rates, credit risk, security and bond prices and foreign exchange rates. Investments in cash management investments are made at the recommendation of Potomac in line with pre-agreed parameters and subject to Board oversight. At 31 December 2012, should the prices of the investments in interest bearing securities, corporate bonds and investment funds have been 10% higher or lower while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by \$5,079,000 (2011: \$14,481,000).

21. Financial risk management continued

With respect to the Group's litigation-related investments, market and investment risk is the risk that the fair value of the investments (which tend to be of durations in excess of one year) will fluctuate substantially during the life of the investment and indeed that the investments may ultimately result in widely varying ranges of outcomes from a total loss to a substantial gain.

The Group only makes investments following a due diligence process. However, such investing is high risk and there can be no assurance of any particular recovery in any individual investment. Certain of the Group's litigation-related investments or similar investments comprise a portfolio of litigation investments thereby mitigating the impact of the outcome of any single investment.

Following investment, the Group engages in a semi-annual review of each investment's fair value. At 31 December 2012, should the value of investments have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by \$15,975,000 (2011: \$12,294,000).

Whilst the potential range of outcomes for the investments is wide, the Group's fair value estimation is its best assessment of the current fair value of each investment. That estimate is inherently subjective being based largely on an assessment of how individual events have changed the possible outcomes of the investment and their relative probabilities and hence the extent to which the fair value has altered. The aggregate of the fair values selected falls within a wide range of reasonably possible estimates. In the Group's opinion there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the value of the investments are correlated.

Liquidity risk

The Group is exposed to liquidity risk. The Group's investment in litigation-related investments require funds for ongoing settlement of operating liabilities and to meet investment commitments (see note 21). The Group's investments (as described in note 2) typically require significant capital contributions with little or no immediate return and no guarantee of return or repayment. In order to manage liquidity risk the Group makes investments with a range of anticipated durations and invests in cash management investments that can be readily realised to meet those liabilities and commitments. Cash management investments include investments in fixed income instruments, investment funds and individual liquid securities that can be redeemed on short notice or can be sold on an active trading market, as well as investments that provide monthly liquidity. In addition, the litigation portfolio financing generates regular monthly returns.

Credit risk

The Group is exposed to credit risk in various investment structures (see note 2), most of which involve investing sums recoverable only out of successful investments with a concomitant risk of loss of investment cost. On becoming contractually entitled to proceeds, depending on the structure of the particular investment, the Group could be a creditor of, and subject to credit risk from, a claimant, a defendant, both or other parties. Moreover, the Group may be indirectly subject to credit risk to the extent a defendant does not pay a claimant immediately notwithstanding successful adjudication of a claim in the claimant's favour. The Group is also exposed to credit risk in respect of the cash management investments at fair value through profit or loss and cash and cash equivalents. The credit risk of the cash and cash equivalents is mitigated as all cash is placed with reputable banks with a sound credit rating (A-1+). The credit risk of the cash management investments at fair value through

profit or loss is mitigated by investment restrictions as regards security type, geographical origin and acceptable counterparties; those investments are entirely or largely made in investment securities of investment grade quality, such as commercial paper with an A-1 or P-1 rating or corporate bonds with a rating of A or better. There are no significant concentrations of credit risk. At the year end the Group is invested in five (2011: 15) securities with four (2011: 10) different counterparties with the bulk of its cash management investments held in managed funds. Management of the fair value through profit or loss portfolio is outsourced under clear parameters with Board oversight and the assets are held with a third-party custodian.

The Group is also exposed to credit risk in respect of its litigation portfolio financing receivable. As disclosed in note 12 the financing is secured against the assets of the borrower.

The Group is also exposed to credit risk from opponents in litigation insurance. The underwriting process includes an assessment of counterparty credit risk and there is a large diversification of counterparties and therefore no concentration of risk.

The maximum credit risk exposure represented by cash, cash equivalents and investments is as stated on the Consolidated Statement of Financial Position.

Currency risk

The Group holds assets denominated in currencies other than US Dollars, the functional currency of the Company, including Sterling, the functional currency of Firstassist. It is therefore exposed to currency risk, as values of the assets denominated in other currencies will fluctuate due to changes in exchange rates. The Group may use forward exchange contracts from time to time to mitigate currency risk.

At 31 December 2012, the Group's net exposure to currency risk can be analysed as follows:

	Investments and financing \$'000	Other net assets \$'000
US Dollar	283,407	9,139
Sterling	972	38,590
	284,379	47,729

At 31 December 2011, the Group's net exposure to currency risk can be analysed as follows:

	Investments and financing \$'000	Other net assets \$'000
US Dollar	297,745	11,433
Sterling	–	94
	297,745	11,527

At 31 December 2012, should Sterling have strengthened or weakened by 10% against the US Dollar and all other variables held constant, the Group's net profit and net assets would have increased and decreased respectively by \$122,000 (2011: \$9,000) from instruments denominated in a currency other than the functional currency of the relevant entity.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and cash management investments at fair value through profit or loss. Whilst the litigation portfolio financing instrument is not subject to interest rate risk, changes in market interest rates can impact the fair value of the instrument. All cash bears interest at floating rates. The following table sets out the Group's exposure to interest rate risk at 31 December 2012:

	2012 \$'000	2011 \$'000
Non-interest bearing	237,578	241,325
Interest bearing – floating rate	29,185	8,902
Interest bearing – fixed rate	65,345	59,045
Total net assets	332,108	309,272

The interest bearing floating rate assets are denominated in US Dollars. If the US Dollar interest rates increased/decreased by 25 basis points while all other variables remained constant, the profit for the year and net assets would increase/decrease by \$73,000 (2011: \$22,000). For fixed rate assets it is estimated that there would be no profit or net assets impact. (2011: \$1,352,000 decrease/\$1,448,000 increase).

The maturity profile of interest bearing assets is:

Maturity period 2012	Floating \$'000	Fixed \$'000	Total \$'000
Less than 3 months	25,559	–	25,559
3 to 6 months	750	–	750
6 to 12 months	750	15,450	16,200
Greater than 12 months	2,126	49,895	52,021
	29,185	65,345	94,530

Maturity period 2011	Floating \$'000	Fixed \$'000	Total \$'000
Less than 3 months	8,902	10,392	19,294
3 to 6 months	–	–	–
6 to 12 months	–	11,592	11,592
Greater than 12 months	–	37,061	37,061
	8,902	59,045	67,947

Management of capital

The Company is closed-ended and therefore there is no requirement to return capital to shareholders until the closure of the Company. The Company's objective is to provide shareholders with attractive levels of dividends and capital growth. Cash management assets are managed to ensure adequate liquidity to meet commitments and to ensure resources are available to finance investments as opportunities arise. The Company also has authority to make market purchases of up to 15% of its own issued ordinary shares as disclosed in note 17. The Company is considering a variety of options, including but not limited to the issue of contingent preferred securities to address the potential risk of a mismatch between commitments and inflows that might arise in the future.

Fair values

The financial assets and liabilities including litigation-related investments and cash management investments at fair value through profit or loss are stated at fair value (see Note 2). The litigation portfolio financing and due from settlement of litigation-related investments are carried at amortised cost. For financial instruments held at amortised cost the carrying value approximates to fair value.

22. Financial commitments and contingent liabilities

As a normal part of its business, the Group routinely enters into some investment agreements that oblige the Group to make continuing investments over time, whereas other agreements provide for the immediate funding of the total investment commitment. The terms of the former type of investment agreements vary widely; in some cases, the Group has broad discretion as to each incremental funding of a continuing investment and, in others, the Group has little discretion and would suffer punitive consequences were it to fail to provide incremental funding. Moreover, in some agreements, the Group's funding obligations are capped at a fixed amount, whereas in others the commitment is not fixed (although the Group estimates its likely future commitment to each such investment). At 31 December 2012, considering the amount of capped commitments and the Group's estimate of uncapped funding obligations, the Group had outstanding commitments for approximately \$95 million (2011: \$72 million); that figure does not include executed investment agreements that are capable of cancellation without penalty by the Group for adverse findings during a post-agreement diligence period. Of that \$95 million in commitments, the Group expects less than 50% to be sought from it during the next 12 months.

23. Pension costs

The Group's UK operation, Firstassist, has exclusively operated a defined contribution stakeholder plan with Friends Provident since 1 April 2005. The only obligation is a contractual one to contribute a percentage of salary to the individual stakeholder plan. The associated cost to Firstassist for the year ending 31 December 2012 was \$140,000.

24. Related party transactions

Investment advisory fees for the year payable to Burford Group Limited amounted to \$5,995,000 (2011: \$5,927,000). The amount of investment advisory fees outstanding at 31 December 2012 was \$Nil (2011: \$122,000). Moreover, pursuant to the investment advisory agreement, the Group may elect to ask the Investment Adviser to perform certain services in lieu of the Group performing them directly. The Group is under no obligation to do so, and if it does so elect, the price paid for those services is wholly in the Group's discretion, although the Investment Adviser is similarly under no obligation to accept the Group's request. In 2012, the Group did so elect, and has paid a further

\$2,900,000 to the Investment Adviser in that regard that replaced expenses that the Group would otherwise incur directly. As per note 7, the investment advisory fees and arrangement terminate with the Reorganisation, and the principals and employees of Burford Group Limited became employees of the Group.

Directors' fees paid in the year amounted to \$335,000 (2011: \$318,000). There are no Directors' fees outstanding at 31 December 2012 and 2011.

Administration fees payable to International Administration Group (Guernsey) Limited ("IAG") are disclosed in note 3. There are no administration fees outstanding at 31 December 2012 or 2011.

There is no controlling party.

25. Subsequent events

An element of the structure of the original Reorganisation was determined to have an unanticipated non-cash accounting consequence. In March 2013, the relevant structural point was amended nunc pro tunc. The amendment had no effect on the consideration paid. Following the amendment, the accounting treatment for the Reorganisation will be as described in note 7.

**AUDITORS REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 2013**

INDEPENDENT AUDITOR'S REPORT

Burford Capital Annual Report 2013

To the members of Burford Capital Limited

We have audited the consolidated financial statements of Burford Capital Limited for the year ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 20 the Company's Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances, and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the consolidated financial statements.

In addition, we read all the financial and non-financial information in the report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of its profit and comprehensive income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and

- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you, if, in our opinion:

- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Guernsey

28 March 2014

Notes:

1. The maintenance and integrity of the Burford Capital Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in Guernsey governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Burford Capital Annual Report 2013

for the year ended 31 December 2013

	Notes	2013 \$'000	2012 \$'000
Income			
Net gains on litigation-related investments	10	31,594	21,273
Interest and other income from litigation-related activities	11	7,253	11,184
Insurance-related income		20,910	16,152
Net gains on cash management investments at fair value through profit or loss	9	645	4,960
Net gain on foreign exchange		175	661
Bank interest income		83	7
Total income		60,660	54,237
Operating expenses	13	(18,146)	(20,139)
Profit before tax and the impacts relating to the Burford UK acquisition, the 2012 Reorganisation and UK Restructuring costs		42,514	34,098
Non-cash, non-NAV charge associated with the 2012 Reorganisation	7	(26,539)	(11,315)
Reorganisation advisory fees		(1,479)	(700)
UK Restructuring costs	15	(1,171)	–
Non-recurring Burford UK acquisition impacts	5	–	5,886
Amortisation of embedded value intangible asset arising on Burford UK acquisition	6	(11,179)	(11,079)
Profit for the year before taxation		2,146	16,890
Taxation	4	(2,276)	(2,556)
Deferred tax credit on amortisation of embedded value intangible asset	4	2,795	2,979
Total taxation		519	423
Profit for the year after taxation		2,665	17,313
Attributable to non-controlling interests		–	(67)
Attributable to contingent preference shares		89	–
Attributable to ordinary shareholders		2,576	17,380
		2,665	17,313
Other comprehensive income			
Exchange differences on translation of foreign operations on consolidation		212	127
Total comprehensive income for the year		2,877	17,440
Attributable to non-controlling interests		–	(67)
Attributable to contingent preference shares		89	–
Attributable to ordinary shareholders		2,788	17,507
		Cents	Cents
Basic and diluted profit per ordinary share	18	1.26	9.59
Basic and diluted comprehensive income per ordinary share	18	1.36	9.66

The notes on pages 26 to 51 form an integral part of these consolidated financial statements.

**Consolidation Statement of Financial Position
as at 31 December 2013**

	Notes	2013 \$'000	2012 \$'000
Assets			
Non-current assets			
Embedded value intangible asset	6	9,771	21,196
Tangible fixed assets		504	565
Litigation-related investments	10	214,873	159,749
Litigation portfolio financing	12	–	30,000
Due from settlement of litigation-related investments	11	41,430	28,482
Deferred tax asset	4	695	–
		267,273	239,992
Current assets			
Cash management investments at fair value through profit or loss	9	26,147	50,790
Due from settlement of litigation-related investments	11	9,469	15,358
Receivables and prepayments	14	15,526	13,311
Cash and cash equivalents		57,667	25,559
		108,809	105,018
Total assets		376,082	345,010
Liabilities			
Current liabilities			
Litigation-related investments payable		15,639	–
Payables	15	4,711	6,312
Taxation payable		1,994	1,503
		22,344	7,815
Non-current liabilities			
Deferred taxation payable	4	2,227	5,087
Total liabilities		24,571	12,902
Total net assets		351,511	332,108
Represented by:			
Ordinary share capital	16	328,749	302,210
Revenue reserve		22,422	29,771
Other reserves		339	127
Total equity attributable to ordinary shareholders		351,510	332,108
Equity attributable to contingent preference shares		1	–
Total equity shareholders' funds		351,511	332,108

The notes on pages 26 to 51 form an integral part of these consolidated financial statements.

The financial statements on pages 22 to 51 were approved by the Board of Directors on 28 March 2014 and were signed on its behalf by:

Charles Parkinson,
Director

28 March 2014

**Consolidated Statement of Cash Flows
for the year ended 31 December 2013**

	2013 \$'000	2012 \$'000
Cash flows from operating activities		
Profit for the year before tax	2,146	16,890
Adjusted for:		
Fair value change on cash management investments at fair value through profit or loss	2,634	586
Fair value change on litigation-related investments	(23,583)	(9,517)
Fair value gain included in interest and other income from litigation-related activities	–	(5,201)
Realised gains on disposal of cash management investments at fair value through profit or loss	(2,880)	(4,704)
Realised gains on realisation of litigation-related investments	(8,011)	(11,782)
Non-cash, non-NAV charge associated with the 2012 Reorganisation	26,539	11,315
Amortisation of embedded value intangible asset	11,179	11,079
Non-recurring Burford UK acquisition impacts	–	(8,538)
Depreciation of tangible fixed assets	260	66
Effect of exchange rate changes	82	(112)
	8,366	82
Changes in working capital		
(Increase)/decrease in receivables	(3,140)	3,353
(Decrease)/increase in payables	(268)	899
Taxation paid	(2,480)	(2,416)
Net proceeds from disposal of cash management investments at fair value through profit or loss	24,889	87,879
Funding of litigation-related investments	(46,781)	(57,106)
Proceeds from litigation-related investments	31,338	17,651
Litigation portfolio financing asset received	30,000	–
Net cash inflow from operating activities	41,924	50,342
Cash flows from financing activities		
Issuance of contingent preference shares	1,200	–
Issue expenses	(1,288)	–
Dividend paid	(9,925)	(6,588)
Cost of acquisition of non-controlling interest in subsidiary	–	(144)
Net cash outflow from financing activities	(10,013)	(6,732)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	–	(27,038)
Purchases of tangible fixed assets	(236)	(27)
Net cash outflow from investing activities	(236)	(27,065)
Net increase in cash and cash equivalents	31,675	16,545
Reconciliation of net cash flow to movements in cash and cash equivalents		
Cash and cash equivalents at beginning of year	25,559	8,902
Increase in cash and cash equivalents	31,675	16,545
Effect of exchange rate changes on cash and cash equivalents	433	112
Cash and cash equivalents at end of year	57,667	25,559
	2013	2012
	\$'000	\$'000
Cash received from interest income	3,901	5,094

The notes on pages 26 to 51 form an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2013**

31 December 2013

	Share capital \$'000	Revenue reserve \$'000	Foreign currency consolidation reserve \$'000	Equity attributable to ordinary shareholders \$'000	Contingent preference shares \$'000	Total \$'000
At 1 January 2013	302,210	29,771	127	332,108	–	332,108
Profit for the year	–	2,576	–	2,576	89	2,665
Other comprehensive income	–	–	212	212	–	212
Dividends paid (note 19)	–	(9,925)	–	(9,925)	–	(9,925)
Issue of share capital (note 7)	26,539	–	–	26,539	–	26,539
Contingent preference shares (note 17)	–	–	–	–	(88)	(88)
Balance at 31 December 2013	328,749	22,422	339	351,510	1	351,511

31 December 2012

	Share capital \$'000	Revenue reserve \$'000	Foreign currency consolidation reserve \$'000	Equity attributable to ordinary shareholders \$'000	Contingent preference shares \$'000	Total \$'000
At 1 January 2012	290,376	10,799	8,097	–	–	309,272
Transfer on adoption of IFRS 9	–	8,097	(8,097)	–	–	–
Profit for the year	–	17,380	–	–	(67)	17,313
Other comprehensive income	–	–	–	127	–	127
Dividends paid	–	(6,588)	–	–	–	(6,588)
Issue of share capital	11,834	–	–	–	–	11,834
Transactions with non- controlling interests-acquisition of minority	–	83	–	–	67	150
Balance at 31 December 2012	302,210	29,771	–	127	–	332,108

The notes on pages 26 to 51 form an integral part of these consolidated financial statements

1. Legal form and principal activity

Burford Capital Limited (the “**Company**”) and its subsidiaries (the “**Subsidiaries**”) (together the “**Group**”) provide investment capital, financing and risk solutions with a focus on the litigation and arbitration sector and following the acquisition of Firstassist Legal Group Holdings Limited (Firstassist) on 29 February 2012, the provision of litigation insurance. Firstassist changed its name to Burford Capital Holdings (UK) Limited on 25 January 2013.

The Company was incorporated under The Companies (Guernsey) Law, 2008 (the “**Law**”) on 11 September 2009. Shares in the Company were admitted to trading on AIM, a market operated by the London Stock Exchange, on 21 October 2009.

These financial statements cover the year from 1 January 2013 to 31 December 2013.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets that are not apparent from other sources. Actual results may differ from these estimates. The consolidated financial statements are presented in United States Dollars and are rounded to the nearest \$'000 unless otherwise indicated.

Significant estimates and judgements

The most significant estimates relate to the valuation of litigation-related investments at fair value through profit or loss which are determined by the Group.

Fair values are determined on the specifics of each investment and will typically change upon an investment having a return entitlement or progressing in a manner that, in the Group's judgement, would result in a third party being prepared to pay an amount different from the original sum invested for the Group's rights in connection with the investment. Positive, material progression of an investment will give rise to an increase in fair value while adverse outcomes give rise to a reduction. The quantum of change depends on the potential future stages of investment progression. The consequent effect when an adjustment is made is that the fair value of an investment with few remaining stages is adjusted closer to its predicted final outcome than one with many remaining stages.

In litigation matters, before a judgement is entered following trial or other adjudication, the key stages of any matter and their impact on fair value is substantially case-specific but may include the motion to dismiss and the summary judgment stages. Following adjudication, appeals proceedings provide further opportunities to re-assess the fair value of an investment.

The estimation of fair value is inherently uncertain. Awards and settlements are hard to predict and often have a wide range of possible outcomes. Furthermore, there is much unpredictability in the actions of courts, litigants and defendants because of the large number of variables involved and

consequent difficulty of predictive analysis. In addition, there is little activity in transacting investments and hence little relevant data for benchmarking the effect of investment progression on fair value.

In addition, there are significant estimates and judgements involved in assessing the amortisation of the embedded value intangible arising on the acquisition of Firstassist (note 6).

Further estimates and judgements were required in recognition of the cost attributable during the year relating to the Reorganisation (note 7).

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention adjusted to take account of the revaluation of certain of the Group's financial assets to fair value.

IASB and IFRIC have issued the following standards and interpretations which are not yet effective and have not been adopted:

	Effective date
IAS 32 Financial instruments presentation:	
Offsetting financial assets and financial liabilities	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities	1 January 2014

No material change is expected to result from the implementation of the above standards.

Early adoption of IFRS 9: Financial Instruments

The Group has adopted IFRS 9 Financial Instruments (2010) ("IFRS 9") with a date of initial application of 1 January 2012. The Group has elected to adopt it early, with AIM's consent, to achieve reporting consistency between unrealised and realised gains and losses that was not available under the previous accounting policy.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Burford Capital Limited and its Subsidiaries. All the Subsidiaries are consolidated in full from the date of acquisition.

All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full.

The Subsidiaries' accounting policies and financial year end are consistent with those of the Company.

Insurance-related income

Insurance-related income comprises income derived from the sale of legal expenses insurance policies issued in the name of Great Lakes Reinsurance (UK) Plc, a subsidiary of MunichRe, under a binding authority agreement. Insurance-related income is calculated as the premium earned, net of reinsurance and insurance premium tax, less an allowance for claims, sales commissions, fees and the other direct insurance-related costs such as Financial Services Compensation Scheme Levy. The payment of premiums is often contingent on a case being won or settled and the Group recognises the associated income only at this point, while a deduction is made for claims estimated to be paid on all policies in force.

Segment reporting

Management consider that there are two operating business segments, being (i) provision of litigation investment (reflecting litigation and arbitration-related investment activities anywhere in the world) and (ii) provision of litigation insurance (reflecting UK and Channel Islands litigation insurance activities).

Business combinations, goodwill and negative goodwill

Business combinations are accounted for using the acquisition method. The 2012 Reorganisation, which is discussed further at note 7, is not considered to represent a business combination. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. A non-controlling interest is measured at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

Identifiable intangible assets meeting the criteria for identification under IFRS 3 are recognised separately from goodwill.

If the aggregate of the consideration transferred and non-controlling interest is lower than the fair value of the identifiable net assets of the acquiree, the difference is recognised in profit and loss as negative goodwill (bargain purchase gain).

Embedded value intangible asset

The embedded value intangible is recognised at fair value when acquired as part of a business combination. It represents the excess of the fair value of the future cash flows over the amount recognised in accordance with the Group's policy for recognising insurance-related income. This intangible is amortised to the income statement over the expected life of the business written.

Investment sub-participations

Investment sub-participations are classified as financial liabilities and are initially recorded at the fair value of proceeds received. They are subsequently measured at fair value with changes in fair value being recorded in net gains on litigation-related investments in the Consolidated Statement of Comprehensive Income.

Financial instruments

The Group classifies its financial assets into the categories below in accordance with IFRS 9:

(1) Cash management investments at fair value through profit or loss

Investments for the purpose of cash management, acquired to generate returns on cash balances awaiting subsequent investment, and which are managed and evaluated on a fair value basis at the time of acquisition. Their initial fair value is the cost incurred at their acquisition. Transaction costs incurred are expensed in the Consolidated Statement of Comprehensive Income.

Recognition, derecognition and measurement

Cash management investments at fair value through profit or loss are recorded on the trade date, and those held at the year end date are valued at bid price.

Movements in the difference between cost and valuation and realised gains and losses on disposal or maturity of investments, including interest income, are reflected in Income in the Consolidated Statement of Comprehensive Income.

Net gains on cash management investments at fair value through profit or loss

Listed interest bearing debt securities are valued at their quoted bid price. Movements in fair value are included within net gains on cash management investments at fair value through profit or loss. Interest earned on these investments is recognised on an accruals basis. Listed corporate bond funds are valued at their quoted bid price. Unlisted managed funds are valued at the net asset value per share published by the administrator of those funds as it is the price at which they could have been realised at the reporting date. Movements in fair value are included within net gains on cash management investments at fair value through profit or loss in the Consolidated Statement of Comprehensive Income.

(2) *Litigation-related investments at fair value through profit or loss*

Litigation-related investments are categorised as fair value through profit or loss. Investments are initially measured as the cash sum invested. Attributable due diligence and closing costs are expensed.

Recognition, derecognition and measurement

Purchases and sales of litigation-related investments at fair value through profit or loss are generally recognised on the trade date, being the date on which the Group disburses funds in connection with the investment (or becomes contractually committed to pay a fixed amount on a certain date, if earlier). In some cases multiple disbursements occur over time. Investments are initially measured as the sum invested. A litigation-related investment that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement made on substantially different terms, or if the terms of an existing agreement are modified, such that the renegotiated asset is substantially a different financial instrument.

Movements in fair value are included within net gains on litigation-related investments in the Consolidated Statement of Comprehensive Income.

(3) *Financial assets at amortised cost*

Financial assets, including litigation portfolio financings and amounts due from settlement of litigation-related investments, that have fixed or determinable payments, representing principal and interest that are not quoted in an active market, are measured at amortised cost using the effective interest method, less any impairment.

Fair value hierarchy of financial instruments

The financial assets measured at fair value are disclosed using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3 – Those inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation processes for level 3 investments

The Group's senior professionals are responsible for developing the policies and procedures for fair value measurement of assets and liabilities. At each reporting date, the movements in the values of assets and liabilities are required to be reassessed as per the Group's accounting policies. Following investment, each investment's valuation is reviewed semi-annually. For this analysis, the reasonableness of material estimates and assumptions underlying the valuation are discussed and the major inputs applied are verified by agreeing the information in the valuation computation to contracts, investment status and progress information and other relevant documents.

The semi-annual reviews are presented to the audit committee and the Group's independent auditors.

Valuation methodology

Fair value represents the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants as of the measurement date.

The methods and procedures to fair value assets and liabilities may include, but are not limited to: (i) obtaining information provided by third parties when available; (ii) obtaining valuation-related information from the issuers or counterparties (or their advisers); (iii) performing comparisons of comparable or similar investment matters; (iv) calculating the present value of future cash flows; (v) assessing other analytical data and information relating to the investment that is an indication of value; (vi) reviewing the amounts invested in these investments; and (vii) evaluating financial information provided by the investment counterparties.

The material estimates and assumptions used in the analyses of fair value include the status and risk profile of the litigation risk underlying the investment, the timing and expected amount of cash flows based on the investment structure and agreement, the appropriateness of discount rates used and, in some cases, the timing of, and estimated minimum proceeds from, a favourable litigation outcome. Significant judgement and estimation goes into the assumptions which underlie the analyses, and the actual values realised with respect to investments could be materially different from values obtained based on the use of those estimates.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company, as determined in accordance with IFRS, is the United States Dollar ("US Dollar") because this is the currency that best reflects the economic substance of the underlying events and circumstances of the Company and its Subsidiaries. The consolidated financial statements are presented in US Dollars, the presentation currency.

Burford UK and certain other subsidiaries operate and prepare financial statements denominated in Sterling. For the purposes of preparing consolidated financial statements, those subsidiaries' assets and liabilities are translated at exchange rates prevailing at each balance sheet date. Income and expense items are translated at average exchange rates for the year.

Exchange differences arising are recognised in other comprehensive income and accumulated in equity (foreign currency consolidation reserve).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies including intragroup balances are recognised in the Consolidated Statement of Comprehensive Income as part of the profit or loss for the year.

Bank interest income

Bank interest income is recognised on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents at the balance sheet date comprised amounts held on current or overnight deposit accounts.

Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

To the extent that any foreign withholding taxes or any form of profits taxes become payable these will be accrued on the basis of the event that creates the liability to taxation.

Deferred tax is provided on the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Dividends

Dividends paid during the year are shown in the Statement of Changes in Equity. Dividends proposed but not approved by shareholders are disclosed in the notes.

Tangible fixed assets

Fixed assets are recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less estimated residual value in equal instalments over the estimated useful lives of the assets. The expected useful lives are as follows:

Leasehold improvements	Life of lease
Fixtures, fittings and equipment	4-5 years
Computer hardware and software	4-5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in income.

Receivables and prepayments

Receivables and prepayments are recognised at nominal value, less provision for impairments for non-recoverable amounts. They do not carry any interest.

Payables

Payables are recognised at nominal value and are non-interest bearing.

Capital and reserves

Ordinary shares are classified as equity in share capital. Contingent preference shares issued by a subsidiary do not give rise to a contractual obligation and are therefore classified as a non-controlling interest. Profits are allocated to the contingent preference shares based on their cumulative dividend entitlements. Incremental costs directly attributable to the issue of new shares are deducted from equity in share capital or contingent preference shares as appropriate.

3. Material agreements

Investment Adviser Agreement

Following the acquisition of the Investment Adviser under the 2012 Reorganisation (see note 7) the Investment Adviser Agreement was terminated at the end of 2012. Details of the Investment Adviser Agreement were disclosed in the 2012 Annual Report.

Administration fee

Under the terms of an administration agreement dated 15 October 2009 between the Company and International Administration Group (Guernsey) Limited (the “Administrator”), as amended, effective 1 January 2011, the Administrator was entitled to receive an annual fee payable quarterly in advance, and further annual fees for the administration of each of the Subsidiaries totalling approximately \$400,000 per annum. The agreement was further amended, effective 1 January 2014, with 2014 fees expected to total approximately \$170,000.

Cash management arrangements

The Company retained Potomac River Capital LLC (“Potomac”) to provide treasury management services and to perform investment services with respect to the Company’s surplus cash pending investment. No fees are payable other than fees embedded in the underlying investments made by Potomac.

4. Taxation

The Company is exempt from tax in Guernsey. In certain cases a subsidiary of the Company may elect to make use of investment structures that are subject to income tax in a country related to the investment. Burford UK and certain of its subsidiaries are subject to UK taxation based on profits and income for the year as determined in accordance with relevant tax legislation. Certain Burford US Subsidiaries are subject to US taxation for the year as determined in accordance with relevant tax legislation.

The taxation charge for the year ended 31 December 2013 of \$2,276,000 (2012: \$2,556,000) includes Burford UK's current taxation of \$2,851,000 (2012: \$2,546,000) and US subsidiaries' current taxation of \$120,000 (2012: \$10,000), which is partially offset by a deferred taxation credit of \$695,000 (2012: \$nil) (see below for deferred taxation movements).

	2013 \$'000	2012 \$'000
Deferred tax asset		
At 1 January	–	–
Movement on UK deferred tax – temporary differences	12	–
Unused tax losses in US	683	–
At 31 December	695	–

During the year ending 31 December 2013, the Group also has a deferred taxation credit of \$2,795,000 (2012: \$2,979,000) relating to the amortisation of the embedded value intangible asset.

	2013 \$'000	2012 \$'000
Deferred tax liability		
At 1 January	5,087	–
Deferred tax on embedded value intangible asset at acquisition	–	7,968
Tax released on amortisation of embedded value intangible asset	(2,795)	(2,979)
Movement on UK deferred tax – temporary differences	(23)	–
Foreign exchange adjustment	(42)	98
At 31 December	2,227	5,087

5. Acquisition of subsidiary

On 29 February 2012, the Company acquired Burford UK (formerly known as Firstassist) and its subsidiaries. Burford UK's principal activity is the provision of litigation insurance. Burford UK is regulated by the FCA (formerly known as the FSA) as an insurance intermediary. The Company originally acquired 100% of Burford UK's preferred ordinary shares and 87.5% of Burford UK's ordinary shares. The remaining 12.5% ordinary shares were acquired on 21 December 2012.

The amounts recognised at the time of acquisition in respect of the identifiable assets acquired and the liabilities assumed are as set out in the table below:

	\$,000
Assets	
Embedded value intangible asset	31,874
Tangible fixed assets	266
Trade receivables	9,194
Other receivables	5,844
Cash at bank and in hand	6,627
	53,805
Liabilities	
Accruals and other payables	(2,582)
Taxation payable	(1,363)
Deferred taxation on embedded value intangible asset	(7,968)
Total identifiable net assets	41,892
Non-controlling interest	(292)
Negative goodwill (bargain purchase gain)	(6,247)
Total consideration	35,353
Satisfied by	
Cash (net of preferred dividend receivable)	24,916
Contingent consideration 10,437	
Total consideration	35,353

	\$,000
Net cash flow arising on acquisition:	
Cash consideration (25,872)	
Settlement of contingent consideration	(8,263)
Less: cash and cash equivalent balance acquired	6,627
	(27,508)

The net non-recurring gain of \$5,886,000 associated with the Burford UK acquisition recorded in the 31 December 2012 Consolidated Statement of Comprehensive Income is broken down below:

	2012
	\$'000
Bargain purchase gain arising on Burford UK acquisition	6,247
Net gain on early settlement of deferred consideration	2,291
Burford UK acquisition costs – non-recurring	(2,652)
	5,886

As a result of the acquisition the Group has additional exposure to currency risk as Burford UK conducts its operations in Sterling.

Like the Company, Burford UK's business is centred around litigation activity and the assessment of litigation risk and thus the substantive risks set forth previously for the Group generally apply to Burford UK as well. The principal additional risks unique to Burford UK are (i) that Burford UK obtains insurance capacity through an arrangement with Great Lakes Reinsurance (UK) Plc (a wholly owned subsidiary of MunichRe) and thus is dependent on the continuation of that arrangement and the ongoing solvency of Great Lakes (which is currently rated A+ by AM Best and AA- by S&P) and (ii) that the implementation of the recently passed Legal Aid, Sentencing and Prosecution of Offenders Act will reduce the demand for Burford UK's current product offerings.

6. Embedded value intangible asset

	2013 \$'000	2012 \$'000
At 1 January	21,196	–
Additions	–	31,874
Amortisation	(11,179)	(11,079)
Exchange difference on retranslation	(246)	401
At 31 December	9,771	21,196

Burford UK was acquired on 29 February 2012. The intangible asset represents the value of Burford UK's book of business at the date of acquisition, it has an estimated useful life extending to 2016 and is being amortised in accordance with the expected maturity of the business.

7. Non-cash, non-NAV charge associated with the 2012 Reorganisation

On 21 November 2012, the Company entered into a reorganisation transaction (the "2012 Reorganisation") the ultimate effect of which was to internalise the management of the Company and acquire the Investment Adviser. The consideration for the acquisition was 24,545,454 shares of the Company's stock. The Reorganisation was completed on 12 December 2012, and the Company issued the aforementioned shares on that date to the Investment Adviser's principals, Christopher Bogart and Jonathan Molot. As a result of the Reorganisation, the Group has, inter alia, become the owner of Burford Capital LLC, the US operating entity that employs what are now the Group's US employees and which has built a substantial market-leading position in the litigation finance market, and the Company is also no longer obliged to make payments of management and performance fees to the Investment Adviser.

The legal form of the Reorganisation transaction was a reverse triangular merger pursuant to section 351 of the US Internal Revenue Code whereby the Company created a subsidiary that merged with and into the Investment Adviser in a reverse subsidiary merger, and all of the equity interests in the surviving entity (Burford Capital LLC) were issued to the Company, which in turn issued the aforementioned shares which were then transferred to Messrs. Bogart and Molot. As a result and as disclosed in the Company's November 2012 RNS announcement, Messrs. Bogart and Molot became owners of those shares immediately and unconditionally, although the shares are subject to a two year lock-up period.

From a corporate law and corporate structure perspective, the Reorganisation is a sale of a business for stock and does not contain any employment component (in that Messrs. Bogart and Molot were employees of Burford Capital LLC both before and after the Reorganisation), and the transaction was entirely concluded within 2012. However, because Messrs. Bogart and Molot are continuing as employees of Burford Capital LLC, IFRS treats the Reorganisation as falling under both IFRS 2 and IFRS 3, notwithstanding the potential for inconsistency between the actual legal form of the transaction and the accounting treatment. This accounting position was solidified in January 2013 (with retroactive effect) following release of general guidance by the IFRS Interpretations Committee.

Thus, for accounting purposes only, the Company has determined a fair value for the Reorganisation transaction by using the implied market value of the shares issued based on their bid price converted to US dollars and without considering their illiquidity or certain contractual restrictions on their transfer, yielding total consideration of \$38,373,111. Of that amount, \$518,534 relating to tangible assets acquired and a non-cash charge computed pursuant to IFRS 3 of \$11,315,080 reflecting the internalisation referred to above were recognised in the Group's 2012 Annual Report.

In February 2013, the accounting review of the application of IFRS 2 (as influenced by the IFRS Interpretations Committee's January 2013 action) reached the conclusion that the remaining \$26,539,497 in deemed value would be appropriately recognised as a non-cash charge to income (with a corresponding increase in equity thus having no NAV impact) over a three-year period in light of certain pre-existing provisions in the principals' employment arrangements for liquidated damages in the event of employment termination. The Company took the view that sustained recognition of non-cash charges of this sort was not advisable and thus, with the consent of the principals, eliminated those provisions nunc pro tunc, following which the appropriate IFRS 2 treatment was determined to be the full recognition of the remaining deemed value in the current year.

8. Segmental information

Management consider that there are two operating business segments, being (i) provision of litigation investment (reflecting litigation and arbitration-related investment activities anywhere in the world), and (ii) provision of litigation insurance (reflecting UK litigation insurance activities).

Segment revenue and results

31 December 2013

	Litigation Investment \$'000	Litigation Insurance \$'000	Other corporate activity \$'000	Total \$'000
Income	38,847	20,910	903	60,660
Operating expenses	(9,005)	(6,779)	(2,362)	(18,146)
Non-cash, non-NAV charge associated with the 2012 Reorganisation	–	–	(26,539)	(26,539)
Reorganisation advisory fees	–	–	(1,479)	(1,479)
UK Restructuring costs	–	(1,171)	–	(1,171)
Amortisation of embedded value intangible asset	–	–	(11,179)	(11,179)
Profit for the year before taxation	29,842	12,960	(40,656)	2,146
Current taxation	563	(2,839)	–	(2,276)
Deferred tax credit	–	–	2,795	2,795
Other comprehensive income	–	–	212	212
Total comprehensive income	30,405	10,121	(37,649)	2,877

31 December 2012

	Litigation Investment \$'000	Litigation Insurance \$'000	Other corporate activity \$'000	Total \$'000
Income	32,457	16,152	5,628	54,237
Operating expenses	(11,161)	(5,085)	(3,893)	(20,139)
Non-recurring Firstassist acquisition impacts	–	–	5,886	5,886
Non-cash, non-NAV charge associated with the Reorganisation	–	–	(11,315)	(11,315)
Reorganisation advisory fees	–	–	(700)	(700)
Amortisation of embedded value intangible asset	–	–	(11,079)	(11,079)
Profit for the year before taxation	21,296	11,067	(15,473)	16,890
Current taxation	–	(2,546)	(10)	(2,556)
Deferred tax credit	–	–	2,979	2,979
Other comprehensive income	–	–	127	127
Total comprehensive income	21,296	8,521	(12,377)	17,440

Segment assets

31 December 2013

	Litigation Investment \$'000	Litigation Insurance \$'000	Other corporate activity \$'000	Total \$'000
Non-current assets				
Embedded value intangible asset	–	–	9,771	9,771
Tangible fixed assets	–	132	372	504
Litigation-related Investments	214,873	–	–	214,873
Due from settlement of litigation-related investments	41,430	–	–	41,430
Deferred tax asset	683	12	–	695
	256,986	144	10,143	267,273
Current assets				
Cash management investments at fair value through profit or loss	–	–	26,147	26,147
Due from settlement of litigation-related investments	9,469	–	–	9,469
Receivables and prepayments	3,370	11,955	201	15,526
Cash and cash equivalents	28,957	16,931	11,779	57,667
	41,796	28,886	38,127	108,809
Total assets	298,782	29,030	48,270	376,082
Current liabilities				
Litigation-related investments payable	15,639	–	–	15,639
Payables	1,979	1,044	1,688	4,711
Taxation payable	40	1,954	–	1,994
	17,658	2,998	1,688	22,344
Non-current liabilities				
Deferred taxation payable	–	–	2,227	2,227
	–	–	2,227	2,227
Total liabilities	17,658	2,998	3,915	24,571
Total net assets	281,124	26,032	44,355	351,511

31 December 2012

	Litigation Investment \$'000	Litigation Insurance \$'000	Other corporate activity \$'000	Total \$'000
Non-current assets				
Embedded value intangible asset	–	–	21,196	21,196
Tangible fixed assets	–	231	334	565
Litigation-related Investments	159,749	–	–	159,749
Litigation portfolio financing	30,000	–	–	30,000
Due from settlement of litigation- related investments	28,482	–	–	28,482
	218,231	231	21,530	239,992
Current assets				
Cash management investments at fair value through profit or loss	–	–	50,790	50,790
Due from settlement of litigation- related investments	15,358	–	–	15,358
Receivables and prepayments	1,172	11,952	187	13,311
Cash and cash equivalents	12,249	12,809	501	25,559
	28,779	24,761	51,478	105,018
Total assets	247,010	24,992	73,008	345,010
Current liabilities				
Payables	4,686	1,016	610	6,312
Taxation payable	–	1,503	–	1,503
	4,686	2,519	610	7,815
Non-current liabilities				
Deferred taxation payable	–	–	5,087	5,087
	–	–	5,087	5,087
Total liabilities	4,686	2,519	5,697	12,902
Total net assets	242,324	22,473	67,311	332,108

9. Cash management investments at fair value through profit or loss

	2013 \$'000	2012 \$'000
Listed corporate bond fund	2,169	9,137
Unlisted fixed income and investment funds, including mutual funds	23,978	41,653
Total cash management investments at fair value through profit or loss	26,147	50,790

Reconciliation of movements:

	2013	2012
	\$'000	\$'000
Balance at beginning of year	50,790	144,805
Purchases	46,315	92,528
Proceeds on disposal	(71,204)	(190,661)
Realised gains on disposal	2,880	4,704
Fair value change in year	(2,634)	(586)
Balance at end of year	26,147	50,790

During the year ended 31 December 2013, the bulk of the cash management investments at fair value through profit or loss were in fixed income and investment funds.

Net changes in cash management investments at fair value through profit or loss:

	2013	2012
	\$'000	\$'000
Realised gains (including interest income)	3,279	5,546
Fair value movement	(2,634)	(586)
Net gains	645	4,960

10. Litigation-related investments at fair value through profit or loss

The Company structures its investment portfolio to include a mixture of shorter duration investments intended to produce short-term returns; medium duration or “core” investments and “special situations” investments with higher risk and longer duration designed to add noteworthy returns to the portfolio over time. The Group classifies its litigation-related investments at fair value through profit or loss into tranches consistent with the foregoing portfolio structure as outlined below.

31 December 2013

	Balance at fair value as at 31 December 2012 \$'000	Additions \$'000	Realisations \$'000	Net realised gain/(loss) for year \$'000	Fair value movement \$'000	Foreign exchange gain \$'000	Balance at fair value as at 31 December 2013 \$'000
Short Duration Investments	34,854	685	(166)	166	2,864	-	38,403
Core Investments							
Special	111,856	61,735	(37,306)	10,836	21,199	111	168,431
Special Situations Investments	13,039	-	-	(4,520)*	(480)	-	8,039
Total litigation- related investments at fair value through profit or loss	159,749	62,420	(37,472)	6,482	23,583	1111	214,873

* The table above shows a realised loss in the special situations portfolio. This loss is a non-cash loss (except for \$520,000 of investment expenses expended). In 2010, the Company made a \$4 million investment in a special situations matter and in the same period sold a \$4 million participation in that investment, leaving the Company with no capital outstanding and at risk (other than the previously mentioned investment expenses) in the investment. The Company initially recorded the participation as a payable in its 2010 accounts, and in 2011 reduced that payable as described in note 7 to the 2011 Annual Report. The Company did not recognise a gain on the investment in 2011 nor did it report the participation as a realisation in the equivalent investments table in note 7 to the 2011 Annual Report. In the current year, the Company entered into an agreement with the participant whereby the Company retained the \$4 million paid by the participant in 2010 and disclaimed any further interest in the investment. Thus, on a cash basis, the impact on the Company was neutral; the Company neither gained nor lost any cash on the investment (other than the previously mentioned investment expenses). However, pursuant to IFRS and also in light of the Company's adoption of IFRS 9, the matter will be accounted for as a realised loss to clear the impact of the prior accounting entries.

31 December 2012

	Transfer from available for- sale financial assets \$'000	Additions \$'000	Realisations \$'000	Net realised gain/(loss) for year \$'000	Fair value movement \$'000	Balance at fair value as at 31 December 2013 \$'000
Short Duration Investments	364,646	8,356	(15,707)	5,972	(413)	34,854
Core Investments						
Special	71,375	46,760	(25,855)	9,646	9,930	111,856
Special Situations Investments	14,919	1,990	(34)	(3,836)	-	13,039
Total litigation- related investments at fair value through profit or loss	122,940	57,106	(41,596)	11,782	9,517	159,749

The net gains on litigation-related investments included at fair value through profit or loss included on the face of the Consolidated Statement of Comprehensive Income comprise:

	2013 \$'000	2012 \$'000
Net realised gains on litigation-related investments at fair value through profit or loss (above)	6,482	11,782
Fair value movement (above)	23,583	9,517
Net decrease/(increase) in liabilities for investment sub-participations	1,529	(26)
Net gains on litigation-related investments at fair value through profit or loss	31,594	21,273

11. Due from settlement of litigation-related investments

Amounts due from settlement of litigation-related investments relate to the recovery of litigation-related investments that have successfully concluded and where there is no longer any litigation risk remaining. The settlement terms and duration vary by investment. The carrying value of these assets approximates the fair value of the assets at the balance sheet date.

	2013 \$'000	2012 \$'000
Due from settlement of litigation-related investments		
At 1 January	43,840	14,694
Transfer of realisations from litigation-related investments (note 10)	37,472	41,596
Fair value gain on due from settlement of litigation-related investments	–	5,201
Interest income on due from settlement of litigation-related investments	1,239	138
Proceeds from settled litigation-related investments	(31,338)	(17,651)
Proceeds from interest income on due from settlement of litigation-related investments	(314)	(138)
At 31 December	50,899	43,840
Split:		
Non-current assets	41,430	28,482
Current assets	9,469	15,358
Total due from settlement of litigation-related investments	50,899	43,840

The interest and other income on litigation-related activities on the face of the Consolidated Statement of Comprehensive Income comprise:

	2013 \$'000	2012 \$'000
Interest and other income on litigation portfolio financing (note 12)	3,405	4,407
Fair value gain on due from settlement of litigation-related investments (above)	–	5,201
Interest income on due from settlement of litigation-related investments (above)	1,239	138
Interest and other income from continuing litigation-related investments	2,609	1,438
Interest and other income from litigation-related activities	7,253	11,184

12. Litigation portfolio financing

	2013 \$'000	2012 \$'000
Total litigation portfolio financing	–	30,000
Interest and other income from litigation portfolio financing	3,405	4,407

The litigation portfolio financing balance was measured at amortised cost and attracted interest at 13.5% per annum, payable monthly. The asset had a maturity date of 31 July 2016, with repayments due to commence on 31 January 2014, but was repaid early in full on 3 October 2013. An early repayment fee of \$300,000 was also received in addition to monthly interest payments up to the date of repayment. Interest and other income in 2012 also included extension fee income of \$300,000. The interest income from litigation financing assets is included in interest and other income from litigation-related activities” in the Consolidated Statement of Comprehensive Income.

13. Total operating expenses

	2013	2012
	\$'000	\$'000
Staff costs*	10,181	3,417
Pension costs	317	140
Non-executive directors' remuneration	359	335
Non-staff operating expenses	5,205	7,986
Litigation investment-related costs	1,486	2,266
Investment advisory fee	598	5,995
	18,146	20,139

*2012 staff costs for the litigation investment segment were paid for by the Investment Adviser

Directors' remuneration* comprise:

	2013	2012
	\$'000	\$'000
Sir Peter Middleton	117	120
Hugh Steven Wilson	110	100
Charles Nigel Kennedy Parkinson 66	59	
David Charles Lowe	66	56
	359	335

* Directors' remuneration is Sterling denominated

Fees paid and payable to Ernst & Young LLP comprise:

	2013	2012
	\$'000	\$'000
Audit and interim review fees	462	412
Reorganisation advisory fees	895	700
Tax compliance fees	162	115
Transaction advisory fees in relation to Firstassist	–	199
Other advisory fees	13	265
	1,532	1,691

14. Receivables and prepayments

	2013	2012
	\$'000	\$'000
Trade receivable – insurance segment	11,880	11,264
Interest receivable from continuing litigation-related investments	3,297	988
Prepayments	161	441
Other debtors	188	618
	15,526	13,311

15. Payables

	2013 \$'000	2012 \$'000
Audit fee payable	319	160
Reorganisation advisory fees payable	422	450
General expenses payable	1,976	1,595
UK Restructuring*	242	–
Claim costs payable	643	562
Investment sub-participations	1,109	3,545
	4,711	6,312

* Restructuring costs in the year of \$1,171,000 relate to the restructuring of Burford UK in light of the Jackson reforms that came into effect in the UK market on 1 April 2013. The costs include redundancy costs of \$954,000, impairment of fixed assets of \$76,000 and an onerous contract provision of \$141,000. The majority of all the redundancy costs have been paid as at 31 December 2013, with the remaining redundancy costs paid in March 2014. The restructuring costs payable at the end of the year of \$242,000 include the remaining redundancy costs payable in March 2014 and the onerous contract provision, which was paid in March 2014.

16. Share capital

	2013 \$'000	2012 \$'000
Authorised share capital		
Unlimited ordinary shares of no par value	–	–
Issued share capital	Number	Number
Ordinary shares of no par value	204,545,455	204,545,455

80,000,001 ordinary shares were issued at 100p each on 21 October 2009. A further 100,000,000 ordinary shares were issued at 110p each on 9 December 2010. As detailed in note 7; a further 24,545,454 shares were issued on 12 December 2012 as consideration for the acquisition of the Investment Adviser.

	2013 \$'000	2012 \$'000
At 1 January	302,210	290,376
Shares issued in 2012 Reorganisation (note 7)	26,539	11,834
At 31 December	328,749	302,210

17. Contingent preference shares

The Group, through a 100% owned direct subsidiary listed on the Channel Islands Stock Exchange, BC Capital Limited, listed 400 units (contingent preference shares) with a nominal value of \$100,000 each (the Units) at an issue price of \$3,000 per Unit, each representing on issue 10 'A' preference shares and zero 'B' preference shares (together, the Preference Shares), on 5 December 2013. Prior to the fifth anniversary of issue, the Group has the right to make capital calls in multiples of \$10,000 per Unit up to a maximum of \$100,000 per Unit, or \$40,000,000 in aggregate, which will oblige the Unit holder to pay the amount called within one month and an 'A' Preference Share will convert into a 'B' Preference Share for each \$10,000 paid. 'A' Preference Shares, subject to Board approval, accrue a 3% dividend. 'B' Preference Shares, subject to Board approval, accrue dividends at a rate of 30 day LIBOR + 700 basis points. The Group has the right to redeem all the outstanding 'A' Preference Shares for an amount

representing unpaid dividend rights and to redeem some or all of the 'B' Preference Shares for \$10,000 each plus any unpaid accumulated dividend.

Issued contingent preference shares	2013 \$'000
400 contingent preference share units at \$100,000 nominal value per unit	40,000

Contingent preference shares	2013 \$'000
At 1 January	–
Contingent preference shares issued	1,200
Share issue costs	(1,288)
At 31 December	(88)

18. Profit per ordinary share and comprehensive income per ordinary share

Profit per ordinary share is calculated based on profit for the year of \$2,576,000 (2012: \$17,380,000) and the weighted average number of ordinary shares in issue for the year of 204,545,455 (2012: 181,274,219). Comprehensive income per ordinary share is calculated based on comprehensive income for the year of \$2,788,000 (2012: \$17,507,000), and the weighted average number of ordinary shares in issue for the year of 204,545,455 (2012: 181,274,219).

19. Dividends

The Directors propose to pay a dividend of 5.23¢ (United States cents) per ordinary share in the capital of the Company during 2014. A resolution for the declaration of this dividend shall be put to the shareholders of the Company at the Company's forthcoming Annual General Meeting (scheduled for 13 May 2014). If approved by shareholders, the record date for this dividend will be 23 May 2014 and payment of this dividend would then occur on 16 June 2014. The proposed dividend is being proposed, and will be paid, in US Dollars, and will be converted to and paid in Sterling for UK shareholders not electing to receive it in US Dollars.

The Directors proposed and paid a dividend of 4.758¢ per share based on the Company's performance in 2012 and on known results in the year to the date of the dividend. The dividend was paid on 24 May 2013 to shareholders on the register as at close of business on 17 June 2013. That dividend was proposed and paid in US Dollars and was converted to Sterling at a rate of 1.5167 for those UK shareholders not electing to receive it in US Dollars at the time of payment.

20. Financial risk management

Market and investment risk

The Group is exposed to market and investment risk with respect to its cash management investments and its litigation-related investments at fair value through profit or loss. The maximum risk equals the fair value of all such financial instruments.

With respect to the Group's cash management investments, including interest bearing securities, corporate bonds and investment funds, market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as interest rates, credit risk, security and bond prices and foreign exchange rates. Investments in cash management investments are made at the

recommendation of Potomac in line with pre-agreed parameters and subject to Board oversight. At 31 December 2013, should the prices of the investments in interest bearing securities, corporate bonds and investment funds have been 10% higher or lower while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by \$2,615,000 (2012: \$5,079,000).

With respect to the Group's litigation-related investments, market and investment risk is the risk that the fair value of the investments (which tend to be of durations in excess of one year) will fluctuate substantially during the life of the investment and indeed that the investments may ultimately result in widely varying ranges of outcomes from a total loss to a substantial gain.

The Group only makes investments following a due diligence process. However, such investing is high risk and there can be no assurance of any particular recovery in any individual investment. Certain of the Group's litigation-related investments or similar investments comprise a portfolio of litigation investments thereby mitigating the impact of the outcome of any single investment.

Following investment, the Group engages in a semi-annual review of each investment's fair value. At 31 December 2013, should the value of investments have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by \$21,487,000 (2011: \$15,975,000).

While the potential range of outcomes for the investments is wide, the Group's fair value estimation is its best assessment of the current fair value of each investment. That estimate is inherently subjective being based largely on an assessment of how individual events have changed the possible outcomes of the investment and their relative probabilities and hence the extent to which the fair value has altered. The aggregate of the fair values selected falls within a wide range of reasonably possible estimates. In the Group's opinion there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the values of the investments are correlated.

Liquidity risk

The Group is exposed to liquidity risk. The Group's investment in litigation-related investments requires funds for ongoing settlement of operating liabilities and to meet investment commitments (see note 21). The Group's investments (as described in note 2) typically require significant capital contributions with little or no immediate return and no guarantee of return or repayment. In order to manage liquidity risk the Group makes investments with a range of anticipated durations and invests in cash management investments which can be readily realised to meet those liabilities and commitments. Cash management investments include investments in fixed income instruments, investment funds and individual liquid securities that can be redeemed on short notice or can be sold on an active trading market, as well as investments that provide monthly liquidity. In addition, the litigation portfolio financing generates regular monthly returns until it was repaid in October 2013.

The \$40 million contingent preference shares issued in 2013 further mitigates liquidity risk.

Credit risk

The Group is exposed to credit risk in various investment structures (see note 2), most of which involve investing sums recoverable only out of successful investments with a concomitant risk of loss of investment cost. On becoming contractually entitled to proceeds, depending on the structure of the particular investment, the Group could be a creditor of, and subject to credit risk from, a claimant, a

defendant, both or other parties. Moreover, the Group may be indirectly subject to credit risk to the extent a defendant does not pay a claimant immediately notwithstanding successful adjudication of a claim in the claimant's favour. There is a level of concentration risk present, however, this is mitigated by the fact that no more than 7.5% of total net asset value is invested in any single litigation-related investment.

The Group is also exposed to credit risk in respect of the cash management investments at fair value through profit or loss and cash and cash equivalents. The credit risk of the cash and cash equivalents is mitigated as all cash is placed with reputable banks with a sound credit rating (A-1+). The credit risk of the cash management investments at fair value through profit or loss is mitigated by investment restrictions as regards security type, geographical origin and acceptable counterparties; those investments are entirely or largely made in investment securities of investment grade quality, such as commercial paper with an A-1 or P-1 rating or corporate bonds with a rating of A or better. There are no significant concentrations of credit risk. At the year end the Group is invested in four (2012: five) securities with three (2012: four) different counterparties, with the bulk of its cash management investments held in managed funds. Management of the fair value through profit or loss portfolio is outsourced under clear parameters with Board oversight and the assets are held with a third-party custodian.

The Group was also exposed to credit risk in respect of its litigation portfolio financing receivable until it was repaid in October 2013.

The Group was also exposed to credit risk from opponents in litigation insurance. The underwriting process includes an assessment of counterparty credit risk and there is a large diversification of counterparties and therefore no concentration of risk.

The maximum credit risk exposure represented by cash, cash equivalents and investments is as stated on the Consolidated Statement of Financial Position.

Currency risk

The Group holds assets denominated in currencies other than US Dollars, the functional currency of the Company, including Sterling, the functional currency of Burford UK. It is therefore exposed to currency risk, as values of the assets denominated in other currencies will fluctuate due to changes in exchange rates. The Group may use forward exchange contracts from time to time to mitigate currency risk.

At 31 December 2013, the Group's net exposure to currency risk can be analysed as follows:

	Investments \$'000	Other net assets \$'000
US Dollar	288,785	25,758
Sterling	3,134	33,443
Euro	—	391
	291,919	59,592

At 31 December 2012, the Group's net exposure to currency risk can be analysed as follows:

	Investments and financing \$'000	Other net assets \$'000
US Dollar	283,407	9,139
Sterling	972	38,590
	284,379	47,729

At 31 December 2013, should Sterling or Euro have strengthened or weakened by 10% against the US Dollar and all other variables held constant, the Group's net profit and net assets would have increased and decreased respectively by \$360,000 for Sterling (2012: \$122,000) or \$39,000 for Euro (2012: \$nil) from instruments denominated in a currency other than the functional currency of the relevant entity.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in floating interest rates relates primarily to the Group's cash and certain due from settlement of litigation-related investments. All cash bears interest at floating rates. There are also certain litigation-related investments and due from settlement of litigation-related investments that earn interest based on fixed rates; however, those assets do not have interest rate risk as they are not exposed to changes in market interest rates. The following table sets out the Group's exposure to interest rate risk at 31 December 2013:

	2013 \$'000	2012 \$'000
Non-interest bearing	244,785	237,578
Interest bearing – floating rate	59,792	29,185
Interest bearing – fixed rate	46,934	65,345
Total net assets	351,511	332,108

The interest bearing floating rate assets are denominated in US Dollars. If the US Dollar interest rates increased/decreased by 25 basis points while all other variables remained constant, the profit for the year and net assets would increase/decrease by \$149,000 (2012: \$73,000). For fixed rate assets it is estimated that there would be no profit or net assets impact.

The maturity profile of interest bearing assets is:

Maturity period 31 December 2013	Floating \$'000	Fixed \$'000	Total \$'000
Less than 3 months	57,667	–	57,667
3 to 6 months	750	15,450	16,200
6 to 12 months	750	–	750
Greater than 12 months	625	31,484	32,109
	59,792	46,934	106,726

Maturity period 31 December 2013	Floating \$'000	Fixed \$'000	Total \$'000
Less than 3 months	25,559	—	25,559
3 to 6 months	750	—	750
6 to 12 months	750	15,450	16,200
Greater than 12 months	2,126	49,895	52,021
	29,185	65,345	94,530

Management of capital

The Company's objective is to provide shareholders with attractive levels of dividends and capital growth. Cash management assets are managed to ensure adequate liquidity to meet commitments and to ensure resources are available to finance investments as opportunities arise. The issuing of contingent preference shares during the year addresses the potential risk of a mismatch between commitments and inflows that might arise in the future.

21. Financial commitments and contingent liabilities

As a normal part of its business, the Group routinely enters into some investment agreements that oblige the Group to make continuing investments over time, whereas other agreements provide for the immediate funding of the total investment commitment. The terms of the former type of investment agreements vary widely; in some cases, the Group has broad discretion as to each incremental funding of a continuing investment, and in others, the Group has little discretion and would suffer punitive consequences were it to fail to provide incremental funding.

Moreover, in some agreements, the Group's funding obligations are capped at a fixed amount, whereas in others the commitment is not fixed (although the Group estimates its likely future commitment to each such investment). At 31 December 2013, considering the amount of capped commitments and the Group's estimate of uncapped funding obligations, the Group had outstanding commitments for approximately \$63 million (31 December 2012: \$95 million), that figure does not include executed investment agreements that are capable of cancellation without penalty by the Group for adverse findings during a post-agreement diligence period. Of the \$63 million in commitments, the Group expects less than 50% to be sought from it during the next 12 months.

22. Fair value of assets and liabilities

The financial assets measured at fair value are disclosed using a fair value hierarchy that reflects the market price observability of the inputs used in making the fair value measurements, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3 – Those inputs for the asset or liability that are not based on observable market data (unobservable inputs). The inputs into determination of fair value require significant management judgement and estimation.

Financial assets and financial liabilities measured at fair value continue to be valued using the techniques set out in the accounting policies in note 2.

Valuation methodology

Financial assets and financial liabilities measured at fair value continue to be valued using the techniques set out in the accounting policies in note 2.

Fair value hierarchy

31 December 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Litigation-related Investments	–	–	214,873	214,873
Cash Management Investments at fair value through profit or loss:				
Unlisted fixed income and investment funds	–	23,978	–	23,978
Listed corporate bond funds	2,169	–	–	2,169
Total	2,169	23,978	214,873	241,020

31 December 2012	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Litigation-related Investments	–	–	159,749	159,749
Cash Management Investments at fair value through profit or loss:				
Unlisted fixed income and investment funds	–	41,653	–	41,653
Listed corporate bond funds	9,137	–	–	9,137
Total	9,137	41,653	159,749	210,539

The Group recognises transfers between levels in the fair value hierarchy at the beginning of the reporting year. There were no transfers between levels in the fair value hierarchy during the years ended 2013 or 2012.

Movements in level 3 fair value assets

The table below analyses movements in the level 3 financial assets.

31 December 2013	Litigation-related investments \$'000	Total level 3 assets \$'000
At 1 January	159,749	159,749
Additions	62,420	62,420
Realisations	(37,472)	(37,472)
Net gains on litigation-related investments recognised in the Income Statement	30,065	30,065
Foreign exchange gain	111	111
	214,873	
At 31 December		214,873

Sensitivity of level 3 valuations

Following investment, the Group engages in a semi-annual review of each investment's fair value. At 31 December 2013, should the value of investments have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by \$21,487,000.

Reasonably possible alternative assumptions

The determination of fair value of litigation-related investments involves significant judgements and estimates. While the potential range of outcomes for the investments is wide, the Group's fair value estimation is its best assessment of the current fair value of each investment. That estimate is inherently subjective, being based largely on an assessment of how individual events have changed the possible outcomes of the investment and their relative probabilities and hence the extent to which the fair value has altered. The aggregate of the fair values selected falls within a wide range of reasonably possible estimates. In the Group's opinion there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the values of the investments are correlated.

23. Related party transactions

As per note 7, the investment advisory fees and arrangement terminated with the 2012 Reorganisation, and the principals and employees of the Investment Adviser became employees of the Group. A final 2012 true-up investment advisory fee of \$598,000 was paid in 2013.

Directors' fees paid in the year amounted to \$359,000 (2012: \$335,000). There are no Directors' fees outstanding at 31 December 2013 and 2012.

Administration fees payable to International Administration Group (Guernsey) Limited ("IAG") are disclosed in note 3. There are no administration fees outstanding at 31 December 2013 or 2012.

There is no controlling party.

24. Subsequent events

There have been no significant subsequent events.

THE ISSUER

Burford Capital PLC
5th Floor Norfolk House
Wellesley Road
Croydon
CR0 1LH

THE GUARANTOR

Burford Capital Limited
Regency Court
Glatigny Esplanade
St Peter Port GY1 1WW
Guernsey

LEAD MANAGER

Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

THE TRUSTEE

U.S. Bank Trustees Limited
125 Old Broad Street
London EC2N 1AR

THE PRINCIPAL PAYING AGENT AND TRANSFER AGENT

**Elavon Financial Services
Limited, acting through its UK
Branch**
125 Old Broad Street
London EC2N 1AR

THE REGISTRAR

**Elavon Financial Services
Limited**
Block E
Cherrywood Business Park
Loughlinstown
Dublin

LEGAL ADVISERS

*To the Issuer and the Guarantor
as to Guernsey law*

Ogier
Ogier House
St Julian's Avenue
St Peter Port
Guernsey GY1 1WA

*To the Issuer and the Guarantor
as to English law*

**Freshfields Bruckhaus
Deringer LLP**
65 Fleet Street
London EC4Y 1HS

*To the Lead Manager and the
Trustee as to English law*

Allen & Overy LLP
One Bishops Square
London E1 6AD

AUDITORS

To the Issuer
Ernst & Young LLP
1 More London Place
London SE1 2AF

To the Guarantor
Ernst & Young LLP
St. Julians Avenue
St Peter Port
GY1 4AF Guernsey