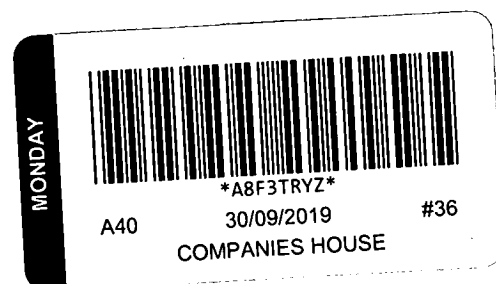


Company Registration No. 07359945
(England and Wales)

BURFORD CAPITAL HOLDINGS (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2018



BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

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BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

COMPANY INFORMATION

Directors	Sir P Middleton C Arnott C Bogart R Clark T Dutton J Molot
Secretary	P Leibfried
Company registration no.	07359945
Registered office	8 th Floor; Brettenham House 2-19 Lancaster Place London WC2E 7EN
Auditors	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY
Bankers	Bank of America Merrill Lynch 2 King Edward Street London EC1A 1HQ

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2018. The Company was incorporated in the United Kingdom under Companies Act 2006 and registered in England and Wales. The address of the Company's registered office is provided on page 1.

PRINCIPAL ACTIVITY

The Company's principal activity is to act as a holding company for various Burford entities. In addition, the Company lends money to related undertakings within the Group structure.

The Company does not currently trade or have any plans to change its primary role as a holding company.

REVIEW OF THE YEAR

The results for the year are set out in detail on page 7.

During 2018 the Company made various investments in its subsidiaries and affiliates consistent with its role in the Group structure.

STRATEGY, OBJECTIVES AND PRINCIPAL RISK

The Company is a holding company. It has made investments in its subsidiaries and anticipates receiving dividends from those subsidiaries.

The Directors consider the principal risk and uncertainty facing the Company to be the performance of, and thus the value of its investments in its various subsidiaries. This generally depends on the ability of management of those subsidiaries to assess litigation risk and profit thereby.

In January 2016 the Company received a license to practice as an Alternative Business Structure (ABS) Law Firm from the UK Solicitors Regulatory Authority (SRA). The Company has made use of this license to enable it to offer legal services to clients.

There are no relevant KPIs applicable to the Company.

FUTURE OUTLOOK

The Company anticipates making further investments in existing and new group undertakings.

EMPLOYEES

The Company has no employees.

DONATIONS

The Company made no political contributions or donations to charity during the year (2017: £nil).

Approved by the Board on 27 September 2019.



C Arnott
Director

8th Floor, Brettenham House
2-19 Lancaster Place
London
WC2E 7EN

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2018.

GOING CONCERN

The accounts have been prepared on a going concern basis with dividend income expected from subsidiaries over the coming years. The Company has net current assets of £260,000 having received confirmation that none of the intercompany loans will be called within 12 months from the signing of the accounts (note 13). Based on this the Directors are satisfied that the Company has sufficient resources to enable it to continue in business for the foreseeable future.

DIVIDENDS

The Company received dividend income of £4,506,000 (2017: £nil).

The Directors do not propose to pay a dividend for the year ended 31 December 2018 (2017: £nil).

SHARE CAPITAL

No shares were issued in the year.

DIRECTORS

The Directors who held office during the year and to the date of this report were as follows:

Sir P Middleton
C Arnott
C Bogart
R Clark
T Dutton
J Molot

POST-BALANCE SHEET EVENTS

There have been no matters or circumstances after 31 December 2018 that would require disclosure or adjustment to these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report, Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply consistently;
- make judgement and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

DIRECTORS' REPORT (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Ernst and Young LLP were appointed as auditors of the Company on 15 June 2012 in accordance with S487 of Companies Act 2006 and are deemed reappointed as the Company's auditors.

Approved by the Board on 27 September 2019 and signed on its behalf by:

C Arnott
Director



8th Floor, Brettenham House
2-19 Lancaster Place
London
WC2E 7EN

BURFORD CAPITAL HOLDINGS (UK) LIMITED

for the year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURFORD CAPITAL HOLDINGS (UK) LIMITED

Opinion

We have audited the financial statements of Burford Capital Holdings (UK) Limited for the year ended 31 December 2018 which comprise the Income Statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a year of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 3-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

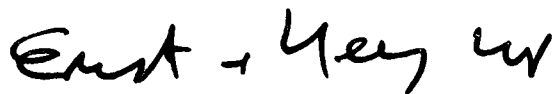
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Ashley Coups (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 September 2019

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

INCOME STATEMENT
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Dividend and other income	2	4,621	-
Operating expenses	3	(698)	(584)
Foreign exchange movements		(506)	28
Profit/(loss) on ordinary activities before finance costs		3,417	(556)
Finance costs	4	(66)	(45)
Profit/(loss) on ordinary activities before taxation		3,351	(601)
Tax credit on profit/(loss) on ordinary activities	5	219	30
Profit/(loss) for the financial year		3,570	(571)

All figures relate to continuing operations.

There were no other items recognised outside of the income statement above.

The notes on pages 10-19 form part of the financial statements.

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

BALANCE SHEET
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Investments in subsidiaries	7	223,693	223,719
Investment in joint ventures	8	47,366	-
Other Investments	9	614	500
		<u>271,673</u>	<u>224,219</u>
Current assets			
Debtors	11	532	-
Cash		7,949	5
Total current assets		<u>8,481</u>	<u>5</u>
Creditors: amounts falling due within one year			
Other creditors	12	(7,221)	(10,008)
Net current assets / (liabilities)		<u>1,260</u>	<u>(10,003)</u>
Total assets less current liabilities		<u>272,933</u>	<u>214,216</u>
Creditors: amounts falling due after more than one year	13	<u>(141,157)</u>	<u>(86,010)</u>
Net assets		<u>131,776</u>	<u>128,206</u>
Capital and reserves			
Called up share capital	15	60,181	60,181
Share premium account	15	68,080	68,080
Income Statement		3,515	(55)
Equity shareholders' funds		<u>131,776</u>	<u>128,206</u>

The notes on pages 10-19 form part of the financial statements.

These financial statements of Burford Capital Holdings (UK) Limited, company number 07359945 were approved by the Board of Directors on 27 September 2019 and signed on its behalf by

C Arnott
Director



R Clark
Director



BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

31 December 2018	Share Capital £'000	Share Premium Account £'000	Income Statement £'000	Total £'000
Balance at 1 January	60,181	68,080	(55)	128,206
Profit for the financial year	-	-	3,570	3,570
Balance at 31 December 2018	60,181	68,080	3,515	131,776

31 December 2017	Share Capital £'000	Share Premium Account £'000	Income Statement £'000	Total £'000
Balance at 1 January	55,066	-	516	55,582
Loss for the financial year	-	-	(571)	(571)
Shares issued in year (note 15)	5,115	68,080	-	73,195
Balance at 31 December 2017	60,181	68,080	(55)	128,206

The notes on pages 10-19 form part of the financial statements.

BURFORD CAPITAL HOLDINGS (UK) LIMITED

for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a. Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice and on a going concern basis. The financial statements have been prepared under the historical cost convention and the numbers are reported in Sterling GBP, which is the presentational and functional currency of the Company, rounded to the nearest £'000 unless otherwise indicated.

The Company prepares its financial statements under FRS 101 'Reduced Disclosure Framework'. FRS 101 forms part of the new UK financial reporting regime and allows UK qualifying subsidiaries to apply EU adopted International Financial Reporting Standards ("IFRS") but with reduced disclosure.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the following exemptions under FRS 101:

- FRS 101.8(b) the requirements of IFRS 3 Business Combinations;
- FRS 101.8(d) the requirements of IFRS 7 Financial Instruments: Disclosures;
- FRS 101.8(g) the requirements of IAS 1 Presentation of Financial Statements;
- FRS 101.8(e) the requirements of IFRS 13 Fair Value Measurement;
- FRS 101.8 (h) the requirements of IAS 7 Statement of Cash Flows;
- FRS 101.8(i) the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- FRS 101.8 (k) the requirements of IAS 24 Related Party Disclosures; and
- FRS 101.8 (l) the requirements of IAS 36 Impairment of Assets.

b. Significant judgements and estimates & assumptions

The most significant judgements relate to:

Going concern

The Company has substantial liabilities to other subsidiary undertakings and its ability to service its capital and interest payments is dependent on the performance of the Group. This is reviewed in more detail below and in the Directors' Report and the Strategic Report.

Investments in Subsidiaries

At the reporting date, the Company assesses whether objective evidence exists that any of its investments in subsidiary undertakings are impaired.

c. Going concern

The Company has received confirmation that none of the intercompany loans will be called within 12 months from the signing of the accounts (note 13). In addition, the Company has net current assets of £1,260,000. Based on this the Directors are satisfied that the Company has sufficient resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the accounts.

d. Dividends

Dividend income from investments in subsidiaries is recognised when the right to receive payment is legally established. Dividends payable are recognized as a liability in the year in which they are declared.

e. Investments in subsidiaries and joint ventures

Investments are stated at cost less provision for any impairment in value. Investments are reviewed annually for impairment.

f. Other investments

These represent investments in unquoted entities that are not subsidiaries, joint ventures nor associates. These are categorised as fair value through profit or loss. They are initially measured as the cash sum invested. Any movements in fair value, realised gains and losses on disposal and dividend income are reflected in income from Other investments in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (continued)

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 advisors); (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.

g. Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be sustainable profits from which the future reversal of the underlying temporary differences can be deducted. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent years.

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the years in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

h. Debtors

Debtors are recognised at nominal value and are reviewed for recoverability. They do not carry any interest.

IFRS 9 requires the Company to record expected credit losses (ECLs) on its debtors, either on a 12-month or lifetime basis. The Company applies the simplified approach to recognize impairment on debtors based on the lifetime expected credit loss. The Company has determined there is no material impact of ECLs on the financial statements.

i. Cash

Cash comprises cash held at bank.

j. Expenses

All expenses are accounted for on an accruals basis.

k. Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

l. Trade and other creditors

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

m. Interest income and expense

Interest income and expense is recognised on an accruals basis using the effective interest method.

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. DIVIDEND AND OTHER INCOME

	2018 £'000	2017 £'000
Dividend income from subsidiaries	4,506	-
Bank interest	41	-
Other	74	-
	<u>4,621</u>	<u>-</u>

3. OPERATING EXPENSES

The cost of the audit fee of £20,610 (2017: £20,100) is borne by Burford Capital (UK) Limited. There were no non-audit services rendered during the year.

There were no employees or staff costs for the year ended 31 December 2018 (2017: nil).

4. FINANCE COSTS

	2018 £'000	2017 £'000
Bank charges	6	5
Loan interest expense	60	40
Finance costs	<u>66</u>	<u>45</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2018 £'000	2017 £'000
Tax credited in the income statement		
Current tax		
UK corporation tax at 19% (2017: 19.25%)	219	115
Current year adjustment to prior year	-	(85)
Tax credit in the income statement	<u>219</u>	<u>30</u>

Factors affecting the total tax charge

The total tax for the year is set out in the reconciliation below:

	2018 £'000	2017 £'000
Profit/(Loss) on ordinary activities before tax	3,351	(601)
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.25%)	(637)	115
Factors affecting charge:		
Dividend income not taxable	856	-
Current year adjustment to prior year	-	(85)
Total tax	<u>219</u>	<u>30</u>

The Company has cumulative tax losses which arose in the UK of £424,000 (2017: £424,000) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over the recoverability.

The corporation tax rate is 19% from 1 April 2017 and 17% from 1 April 2020.

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. REMUNERATION OF DIRECTORS

Two of the Directors (2017: two) were paid fees totalling £85,000 (2017: £65,539) for their services to the Company. This remuneration was paid by Burford Capital (UK) Limited and included in that company's financial statements and has not been charged to the Company.

The other Directors consider that it is not practical to allocate their time and that the costs of their services to the Company to be immaterial and accordingly no remuneration has been apportioned to the Company.

7. INVESTMENTS IN SUBSIDIARIES

	2018	2017
	£'000	£'000
Investments in group undertakings		
At 1 January	223,719	150,498
Additions	-	146,416
Transfer to Other investments (note 9)	(26)	-
Disposals	-	(73,195)
At 31 December	223,693	223,719

The Directors are satisfied that the value of the Company's investments in the group undertakings remains fairly stated as at year end and that no impairment is required.

Following a loss of control of the entity in 2018 the investment in ASG Ausgleichsgesellschaft für die Sägeindustrie GmbH was reclassified to Other investments. The value at the date of transfer was £26,000 being both the cost of the investment and the company's net assets thus there was no profit or loss arising from the transfer.

In 2017 the Company issued 5,115,444 ordinary shares at premium to Ollivets Limited in return for the entire share capital of Burford Global Investments Limited. The carrying value of the assets of Burford Global Investments Limited was £73.2m resulting in a share premium of £68.1m. In 2017, the investment in Burford Capital PLC was transferred to another group undertaking as part of a restructuring. This restructuring also involved an additional investment in Burford Capital (UK) Limited of £73.2m and the sale of Burford Global Investments Limited; which was conducted at the carrying value of £73.2m and resulted in no profit and loss.

At 31 December 2018, the principal investments in group undertakings as to which no exemption on information about related undertakings was applicable were as follows, all of which are 100% owned (unless otherwise indicated):

Entity	Registered address	Class of shares held	Principal activity	Held directly or indirectly
Burford Capital (UK) Limited	8 th Floor, Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	Insurance Intermediary	Direct
Burford Capital Overseas Limited	8 th Floor, Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	Business Development	Direct
Burford Capital Investments (UK) Limited	8 th Floor, Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	Business Development	Direct
Burford Capital LLC	292 Madison Avenue, New York, NY 10017	(1)	Litigation Funding	Direct
Burford Capital Ireland DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4	Ordinary	Business Investment	Direct
Justitia Ireland Investments DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4	Ordinary	Business Investment	Direct
Burford Finance DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4	Ordinary	Group Financing Entity	Direct
Burford Capital PLC	8 th Floor, Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	Group Financing Entity	Indirect
Burford Investments Limited	8 th Floor, Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	Group Financing Entity	Indirect
Burford Global Investments Limited	8 th Floor, Brettenham House, 2-19 Lancaster Place, London, WC2E 7EN	Ordinary	Group Financing Entity	Indirect

BURFORD CAPITAL HOLDINGS (UK) LIMITED
for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

Entity	Registered address	Class of shares held	Principal activity	Held directly or indirectly
Prospect Investments LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Litigation Funding	Indirect
Ireton LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Litigation Funding	Indirect
Ballard LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Holding company	Indirect
Burford Ireland LP	1-2 Victoria Buildings, Haddington Road, Dublin 4	(1)	Holding company	Indirect
BCIM General Partner I, LP (a)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM General Partner II, LP (b)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM General Partner III, LP (c)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM COLP GP, LP (d)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM Strategic Value GP, LP (e)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM PI Holdings LLC (2) (f)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM PII Holdings LLC (2) (g)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM PIII Holdings LLC (2) (h)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM COLP Holdings LLC (2) (i)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BC Investment Holdings, LLC (2) (j)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
Burford Capital Finance LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Group Financing entity	Indirect
Burford Lending LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Litigation Funding	Indirect
Law Firm Solutions LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Litigation Funding	Indirect
Newington Investments LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Litigation Funding	Indirect
Burford Capital Investment Management LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCIM Holdings LLC (k)	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
BCM Trading LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Investment Management	Indirect
Bankruptcy Litigation Funding LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	(1)	Litigation Funding	Indirect

(1) a capital contribution

(2) new entity created in 2017

(a) name changed from GKC General Partner I, LP in 2018

(b) name changed from GKC General Partner II, LP in 2018

(c) name changed from GKC General Partner III, LP in 2018

(d) name changed from GKC COLP GP, LP in 2018

(e) name changed from GKC Strategic Value GP, LP in 2018

(f) name changed from GKC PI Holdings LLC in 2018

(g) name changed from GKC PII Holdings LLC, LP in 2018

(h) name changed from GKC PIII Holdings LLC, LP in 2018

(i) name changed from GKC COLP Holdings LLC in 2018

(j) name changed from ARGP Holdings, LLC in 2018

(k) name changed from GKC Holdings LLC in 2018

BURFORD CAPITAL HOLDINGS (UK) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INVESTMENT IN JOINT VENTURES

	2018 £'000	2017 £'000
Investment in joint ventures		
At 1 January	-	-
Additions	47,366	-
At 31 December	47,366	-

At 31 December 2018, the principal investments in joint ventures were as follows:

Entity	Registered address	Class of shares held	Principal activity	Held directly or indirectly
Energy Investments SCSp	14, Rue Edward Steichen, L-2540 Luxembourg	Ordinary ⁽¹⁾	Litigation Funding	Direct
Burford German Funding LLC	251 Little Falls Drive, Wilmington DE, 19808 USA	⁽²⁾	Litigation Funding	Indirect
Bankruptcy Litigation Funding LLC	251 Little Falls Drive, Wilmington DE, 19808 USA SA	⁽²⁾	Litigation Funding	Indirect

(1) the company's holding represents 90% of the equity issued but it is only entitled to a 50% participation in the results of the joint venture.

(2) a capital contribution.

9. OTHER INVESTMENTS

	2018 £'000	2017 £'000
Other investments		
At 1 January	500	400
Transfer from investments in subsidiaries (note 7)	26	-
Additions	85	100
Foreign exchange revaluation	3	-
At 31 December	614	500

10. FAIR VALUE OF ASSETS AND LIABILITIES

The financial assets and liabilities 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 that are not based on observable market data (unobservable inputs). The inputs into determination of fair value require significant management judgement and estimation.

Valuation Methodology

Financial assets and liabilities measured at fair value are valued using the techniques set out in the accounting policies in note 1.

BURFORD CAPITAL HOLDINGS (UK) LIMITED
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10. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Fair Value Hierarchy

31 December 2018	2018 Level 3 £'000	2017 Level 3 £'000
Assets		
Other investments	614	500
Total assets	614	500
Liabilities		
Loan payable*	(141,157)	(86,010)
Total liabilities	(141,157)	(86,010)
Net total	(140,543)	(85,510)

* These assets and liabilities are held at amortised cost and the amounts included in the table represent the carrying value which has been determined to approximate their fair value

Movements in Level 3 fair value assets

The table below provides analysis of the movements in the Level 3 assets measured at fair value in the financial statements.

	2018 £'000	2017 £'000
Other investments		
At 1 January	500	400
Transfer from investments in subsidiaries (note 7)	26	-
Additions	85	100
Foreign exchange revaluation	3	-
At 31 December	614	500

Sensitivity of Level 3 valuations

Following investment, the Company engages in a semi-annual review of each investment's fair value. At 31 December 2018, should the value of investments have been 10% higher or lower than provided for in the Company's fair value estimation, while all other variables remained constant, the Company's income and net assets would have increased and decreased respectively by £61,000 (2017: £nil).

Reasonably possible alternative assumptions

The determination of fair value of investments involve significant judgements and estimates. Whilst the potential range of outcomes for the investments is wide, the Company'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 directors' 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.

11. DEBTORS

	2018 £'000	2017 £'000
Amounts owed by fellow group undertakings	520	-
Other debtors	12	-
	532	-

BURFORD CAPITAL HOLDINGS (UK) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. OTHER CREDITORS

	2018 £'000	2017 £'000
Amounts owed to parent undertakings	3,660	-
Amounts owed to direct subsidiary undertakings	619	6,122
Amounts owed to other group undertakings	517	3,886
Other	2,425	-
	<u>7,221</u>	<u>10,008</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Loan owed to parent undertaking	34,507	-
Loan owed to direct subsidiary undertakings	6,148	86,010
Loan owed to other group undertakings	100,502	-
	<u>141,157</u>	<u>86,010</u>

The terms attaching to the loan from its subsidiary Burford Capital (UK) Limited, since inception, are that the loan is repayable on demand and interest is being charged at a rate per annum equal to the six-month GBP LIBOR plus 0.15%.

The terms attaching to the other loans, since inception, are that the loans are repayable on demand and are provided on an interest free basis with no covenants. All the entities borrowed from have confirmed that they had no intention of demanding repayment of their debt within 12 months of the date of signing of these financial statements.

14. FINANCIAL RISK MANAGEMENT

Market and investment risk

The Company is exposed to market and investment risk with respect to its investments at fair value through profit or loss. The maximum risk equals the fair value of all such financial instruments. As the current value of these investments is £614,000 (2017: £500,000) this risk is not material to the Company.

Liquidity risk

The Company is exposed to liquidity risk. The Company's investments in joint ventures requires funds for ongoing settlement of operating liabilities and to meet investment commitments (see note 16). The Company's investments typically require significant capital contributions with little or no immediate return and no guarantee of return or repayment.

The tables below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

31 December 2018	0 – 3 months £'000	3 – 6 months £'000	6 – 12 months £'000	1 to 5 years £'000	Total £'000
Amounts owed to Group undertakings	4,796	-	-	141,157	145,953
Other creditors and accruals	2,425	-	-	-	2,425
Total undiscounted cash flows	<u>7,221</u>	<u>-</u>	<u>-</u>	<u>141,157</u>	<u>148,378</u>

Included in the amounts owed to Group subsidiary undertakings at 31 December 2018 are intercompany loans payable of £141,157,000 (2017: £86,010,000). These entities have all confirmed that they have no intention however of demanding repayment of this debt within 12 months of the date of the signing these financial statements.

BURFORD CAPITAL HOLDINGS (UK) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. FINANCIAL RISK MANAGEMENT (continued)

31 December 2017	0 – 3 months £'000	3 – 6 months £'000	6 – 12 months £'000	1 to 5 years £'000	Total £'000
Amounts owed to Group undertakings	10,008	-	-	86,010	96,018
Other creditors and accruals	-	-	-	-	-
Total undiscounted cash flows	10,008	-	-	86,010	96,018

Credit risk

The Company is exposed to credit risk on financial assets held at amortised cost which includes amounts owed by fellow Group undertakings that has a maximum credit exposure represented by the carrying value at 31 December 2018 of £520,000 (2017: £nil) and the risk is not material to the Company.

The Company is also exposed to credit risk in respect of cash at bank. Though the credit risk is mitigated as all cash is placed with reputable banks with a sound credit rating (A-2). The maximum credit risk exposure represented by cash and investments is as stated on the consolidated statement of financial position.

Currency risk

The Company's functional currency is sterling and it has exposure to currency risk relating to its assets and liabilities held in US dollars and euros.

	2018 Non-current assets £'000	2018 Other Net Assets/(Liabilities) £'000	2017 Non-current assets £'000	2017 Other Net Assets/(Liabilities) £'000
Sterling	96,195	(107,265)	96,195	(95,682)
US dollar	127,998	(32,632)	127,998	(331)
Euro	47,480	-	26	-
	271,673	(139,897)	224,219	(96,013)

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 Company's exposure to market risk for changes in floating interest rates relates primarily to the Company's cash. All cash bears interest at floating rates. This also one loan from its subsidiary Burford Capital (UK) Limited that is at a variable rate the other loans are interest free.

Management of capital

The Company's objective is to provide dividends and capital growth to its shareholder. Cash is managed to ensure adequate liquidity to meet commitments and to ensure resources are available to finance investments as opportunities arise.

BURFORD CAPITAL HOLDINGS (UK) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CALLED UP SHARE CAPITAL

Allotted, Issued and fully paid:	2018	2017	2018	2017
	No.	No.	£'000	£'000
At 1 January	60,181,695	55,066,251	60,181	55,066
Ordinary Shares of £1 each issued in year	-	5,115,444	-	5,115
At 31 December	60,181,695	60,181,695	60,181	60,181
			2018	2017
			£'000	£'000
Share Premium Account:				
At 1 January			68,080	-
Shares issued in year			-	68,080
At 31 December			68,080	68,080

In 2017 the Company purchased 100% of the equity in Burford Global Investments Limited (a group financing entity) from a fellow subsidiary for 5,115,444 ordinary shares. The carrying value of the net assets of Burford Global Investments Limited at that date was £73.2m resulting in a share premium of £68.1m.

16. CAPITAL COMMITMENTS

As a normal part of its business the Company will agree to provide funding to its subsidiaries and joint ventures to enable them to meet their obligations under investment agreements that they have entered into. At the year end the Company had outstanding commitments to its subsidiaries and joint ventures of £53 million (2017 £nil). Of the £53 million in commitments, the Company expects less than 50% to be sought from it during the next 12 months.

17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available in FRS 101 (IAS 24) 'Related Party Disclosures' from disclosing details of transactions with other wholly owned subsidiaries in the Group.

The following transactions with related parties took place at arm's length terms agreed between the parties during the financial period:

	2018	2017
	£'000	£'000
Funding provided to joint ventures	47,367	-

18. ULTIMATE PARENT & CONTROLLING PARTY

The immediate and ultimate parent and controlling party at the date these financial statements were approved was Burford Capital Limited, which is incorporated and registered in Guernsey. Copies of the Burford Capital Limited consolidated financial statements can be obtained from:

Regency Court
Gategny Esplanade
St Peter Port
Guernsey
GY1 1WW