

This document comprises a prospectus relating to Jupiter Fund Management plc (the **Company** and, together with its subsidiary undertakings, **Jupiter** or the **Group**) and has been prepared in accordance with the Prospectus Rules of the Financial Services Authority (**FSA**) made under section 73A of the Financial Services and Markets Act 2000 (**FSMA**) and approved by the FSA under section 87A of FSMA and made available to the public in accordance with paragraph 3.2 of the Prospectus Rules.

Application will be made to the FSA and to the London Stock Exchange plc (the **London Stock Exchange**) respectively for all of the ordinary shares of 2p each in the Company (the **Ordinary Shares**), issued and to be issued, to be admitted: (i) to the premium listing segment of the Official List of the UK Listing Authority (the **Official List**); and (ii) to trading on the London Stock Exchange's main market for listed securities (together **Admission**). Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 16 June 2010. It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, on the London Stock Exchange at 8.00 a.m. (London time) on 21 June 2010. **All dealings before the commencement of unconditional dealings will be on a "when issued" basis and will be of no effect if Admission does not take place. Such dealings will be at the sole risk of the parties concerned. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or dealt with on any other stock exchange.**

The Company and its Directors, whose names appear on page 23 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, who have each taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

Prospective investors should read the entire document and should be aware that an investment in the Company is speculative and involves a degree of risk. In particular, the attention of prospective investors is drawn to the Risk Factors set out on pages 10 to 20 of this document.

Jupiter Fund Management plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered no. 6150195)



**Global Offer of up to 210,106,934¹ Ordinary Shares
at a price expected to be between 150p and 210p per Ordinary Share
and admission to the premium listing segment of the Official List
and to trading on the main market of the London Stock Exchange**

**Expected share capital immediately following Admission
assuming an Offer Price at the mid-point of the Price Range**

Ordinary Shares of 2p each issued and fully paid

<i>Nominal value</i>	<i>Number</i>
£8,807,461	440,373,051

**Sponsor
and Joint Bookrunner
J.P. Morgan Cazenove**

**Joint Bookrunner
BofA Merrill Lynch**

**Co-Lead Manager
Numis Securities Limited**

**Joint Financial Advisers
Lexicon Partners Limited J.P. Morgan Cazenove**

The Company is offering new Ordinary Shares (the **New Shares**) to raise an expected £220 million of primary gross proceeds and certain of its shareholders either are offering or may offer existing Ordinary Shares (the **Sale Shares** and, together with the New Shares, the **Offer Shares**) to an expected value of up to approximately £106 million (together the **Global Offer**). The Company will not receive any of the net proceeds of the sale of the Sale Shares.

The price range of between 150p and 210p per Ordinary Share (the **Price Range**) is indicative only; it may change during the course of the Global Offer and the Offer Price may be set within, above or below the Price Range. The amount to be raised and the number of Ordinary Shares to be issued or sold may be increased or decreased during the course of the Global Offer. A number of factors will be considered in determining the price of the Offer Shares (the **Offer Price**), the amount raised in the Global Offer and the basis of allocation, including the level and nature of demand for the Offer Shares during the book-building process, prevailing market conditions and the objective of establishing an orderly after-market in the Ordinary Shares. Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus or a pricing statement, as the case may be, until after the announcement of the Offer Price. A pricing statement containing the Offer Price, confirming the number of Offer Shares and containing any other outstanding information (the **Pricing Statement**) is expected to be published on or about 16 June 2010.

¹ Assuming an Offer Price at the low-point of the Price Range.

J.P. Morgan Securities Ltd. (which conducts its UK investment banking activities as J.P. Morgan Cazenove) (**J.P. Morgan Cazenove**) and Merrill Lynch International (the **Joint Bookrunners**) and Numis Securities Limited (the **Co-Lead Manager** and, together with the Joint Bookrunners, the **Managers**) are acting exclusively for the Company and no-one else in connection with the Global Offer and will not regard any other person (whether or not a recipient of this document) as their respective client in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to the Global Offer or any transaction or arrangement referred to in this document.

Lexicon Partners Limited is acting for the Company and no-one else in connection with the Global Offer and will not regard any other person as its client in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Lexicon Partners Limited or for providing advice in relation to the Global Offer or any transaction or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Managers by FSMA or the regulatory regime established thereunder or by the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, each of the Managers accepts no responsibility whatsoever for, and makes no representation or warranty, express or implied, in relation to, the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Shares or the Global Offer. The Managers accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

The New Shares will, on Admission, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including for all dividends and other distributions declared, paid or made after Admission. Details of the Global Offer are set out in Part 2: “The Global Offer”.

Notice to overseas shareholders

The Offer Shares and, if applicable, any Additional Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or under any securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Offer Shares and, if applicable, any Additional Shares are being offered and sold: (a) in the United States only to persons reasonably believed to be Qualified Institutional Buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (**Rule 144A**) or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (b) in offshore transactions (as defined in Regulation S under the Securities Act (**Regulation S**)) in reliance on Regulation S. Prospective purchasers are hereby notified that the sellers of the Offer Shares and, if applicable, any Additional Shares may be relying on exemptions from the registration requirements of the Securities Act provided by Rule 144A. The Offer Shares and, if applicable, any Additional Shares have not been, and will not be, registered under the applicable securities laws of any of Canada, Australia, Switzerland, the Dubai International Financial Centre (“**DIFC**”) or Japan and, subject to certain exceptions, may not be offered or sold within Canada, Australia, Switzerland, DIFC or Japan or to any national, resident or citizen of Canada, Australia, Switzerland, DIFC or Japan. For certain restrictions on a sale of the Offer Shares, see paragraph 13 of Part 2: “The Global Offer – Selling and transfer restrictions”.

The Offer Shares and any Additional Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The Offer Shares and any Additional Shares offered hereby have not been approved or disapproved by the US Securities and Exchange Commission, any other federal or state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon or endorsed the merits of the Global Offer or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In the United States, this document is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchases of the particular securities described herein. The information contained in this document has been provided by the Company and other sources identified herein. Distribution of this document to any person other than an offeree specified by a Manager or its representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Offer Shares or any Additional Shares offered hereby.

The Global Offer and the associated tax strategies are not confidential, proprietary or exclusive. Notwithstanding anything to the contrary herein, there is no limitation on the disclosure by any recipient of this document of the tax treatment or tax structure of the Global Offer described herein.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Date

The date of this document is 2 June 2010.

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SUMMARY

The following summary does not purport to be complete and should be read as an introduction to the more detailed information appearing elsewhere in this document. Any decision by a prospective investor to invest in Offer Shares or, if applicable, any Additional Shares should be based on consideration of the document as a whole and not solely on this summarised information. Following the implementation of the relevant provisions of the Prospectus Directive in each Relevant Member State, civil liability will attach to the Responsible Persons in any such Relevant Member State in respect of this summary but only if this summary, including any translation thereof, is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to the information contained in this document is brought before a court in a Relevant Member State, the claimant may, under the national legislation of that Relevant Member State where the claim is brought, be required to bear the costs of translating this document before legal proceedings are initiated.

1. INFORMATION ON THE GROUP

Jupiter is an investment management business focused on generating investment out-performance across its range of investment capabilities, which include UK, European and emerging markets equities, specialist equities (such as financial sector equities) and fund of funds products. Jupiter's core strength in equity investment management is complemented by capabilities in fixed income, hedge and absolute return funds.

Jupiter is a market leading fund manager in the UK retail mutual fund market based on the size of its assets under management (AUM) and net sales, its strong investment performance track record, the strength of its brand and presence in key distribution channels. At 31 December 2009, 75 per cent. of Jupiter's AUM was in mutual funds, the majority of which are open-ended funds directed towards retail investors through intermediated distribution channels in the UK. In addition, Jupiter provides investment management services to institutional clients, private clients, investment trusts and hedge funds.

At 31 December 2009, Jupiter had £19.5 billion of AUM, including £14.7 billion of AUM in 47 mutual funds. It was the fifth largest fund manager of UK retail mutual funds by AUM at 31 December 2009 and the fourth largest by net and gross sales in 2009 (Source: IMA and Lipper Feri, respectively).

2. KEY STRENGTHS

The Directors believe Jupiter benefits from the following key strengths:

- equity-focused UK retail asset manager;
- leading position in the UK retail market;
- strong investment culture and consistent long-term investment out-performance;
- established and recognised brand;
- strong record of net new business generation;
- attractive, high-margin business model;
- resilient flows and financial performance across the cycle; and
- scalable operating platform to capitalise on growth opportunities.

3. GROUP STRATEGY

Jupiter's strategy is focused on delivering value to its clients through investment out-performance across its range of funds over the medium to long-term. The Directors believe investment out-performance can generate value for shareholders by delivering positive net sales, revenue growth ahead of stock market levels and, combined with disciplined cost management, growth in earnings.

Jupiter's strategy is to:

- preserve Jupiter's investment culture and generate investment out-performance;
- sell investment expertise to clients through products suited to Jupiter's distribution strengths; and
- leverage Jupiter's investment and distribution capabilities.

4. SUMMARY FINANCIAL AND OPERATIONAL INFORMATION

Summary financial information

The Group's consolidated income statement set out below has been extracted without material adjustment from the financial information set out in Part 4: "Financial Information" and discussed in Part 3: "Operating and Financial Review":

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net revenue	228,479	200,638	182,161
Operating earnings	101,912	88,766	89,226
Operating profit	84,918	40,305	52,417
Profit/(loss) for the period	41,818	(15,598)	8,598

Assets under management

The table below sets out the breakdown of AUM by business line at the dates indicated:

<i>Business line</i>	<i>At 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Mutual funds ¹	13,440	10,709	14,692
Segregated mandates ²	3,069	2,400	2,754
Private clients ³	976	938	1,355
Investment trusts	661	524	546
Hedge funds	623	243	175
Total	<u>18,769</u>	<u>14,814</u>	<u>19,522</u>

1 Includes all unit trusts and SICAVs (including absolute return funds).

2 Includes primarily segregated institutional funds, private equity funds and sub-advisory funds (those managed by Jupiter but distributed by other financial institutions to their own retail customers).

3 Where money is raised from private clients but invested in Jupiter's mutual funds, the relevant assets are categorised as private client AUM. Of the £1.36 billion invested by private clients at 31 December 2009, £398 million was invested in Jupiter's funds.

EBITDA and EBITDA Margin (based on net revenue)

The following table shows the Group's EBITDA and EBITDA margin (based on net revenue) for the periods set out in the table:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
EBITDA (£'000) ¹	105,366	91,552	91,258
EBITDA margin (%) ² (based on net revenue)	46%	46%	50%

1 EBITDA represents operating earnings before depreciation on owned assets. EBITDA, when viewed with the Group's IFRS financial statements, provides additional information with respect to factors and trends affecting the Group's results of operations. The presentation of this supplemental information is not meant to be considered in isolation or as a substitute for measures of financial performance reported in accordance with IFRS.

2 EBITDA margin (based on net revenue) represents EBITDA as a percentage of net revenue.

5. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

The Board comprises:

- the independent non-executive Chairman;
- three executive directors (the Group Chief Executive, the Chief Financial Officer and the Chief Investment Officer);
- three further non-executive directors who are independent of the Company and its major shareholders; and
- two non-executive directors nominated by TA Associates.

6. CURRENT TRADING AND PROSPECTS

Since 31 December 2009, net sales have been in line with the Group's expectations. Group AUM increased to £21.1 billion at 31 March 2010 from £19.5 billion at 31 December 2009, as a result of positive net flows of £0.5 billion and an increase of £1.1 billion from positive market movements. Overall investment performance has improved since December 2009, with 63 per cent. of mutual funds having achieved first or second quartile performance over the three months to 31 March 2010.

7. DIVIDEND POLICY

The Company intends to implement a progressive dividend policy.

Dividends will be determined taking into account historic and anticipated profits, cashflow and balance sheet position, with the split between interim and final dividend weighted towards the final dividend.

The dividend policy will be set conservatively from the outset. As such, the first dividend, which will be the final dividend for the year ended 31 December 2010, is intended to be based on an initial 40 per cent. payout ratio on a theoretical one-third/two-thirds split between interim and final dividends.

8. DESCRIPTION OF THE GLOBAL OFFER

The Global Offer will comprise:

- the issue by the Company of 122,375,556 New Shares (assuming an Offer Price at the mid-point of the Price Range) raising gross proceeds of approximately £220 million and net proceeds of approximately £204 million; and
- the sale by Selling Shareholders of up to 58,809,461 Sale Shares, for an aggregate consideration of up to approximately £106 million (gross) (assuming an Offer Price at the mid-point of the Price Range). A further 12,237,556 Ordinary Shares (the **Additional Shares**) may be sold by the Selling Shareholders pursuant to the Over-allotment Option.

The Global Offer is being made by way of an Institutional Offer to qualified investors outside the United States and to QIBs in the United States and an Intermediaries Offer to retail investors in the United Kingdom.

Members of the general public will not be able to apply directly for Offer Shares. They can, however, apply for Offer Shares through the Intermediaries by completing application forms distributed by such Intermediaries or otherwise following such Intermediaries' application procedures.

9. REASONS FOR THE GLOBAL OFFER AND USE OF PROCEEDS

The Directors believe that Admission is an important step in Jupiter's development and will strengthen its ability to retain and attract talented employees. Admission will provide the Company's shareholders with some liquidity and a transparent valuation for their shareholdings.

The primary proceeds of the Global Offer and the capital restructuring which will take effect on Admission will strengthen Jupiter's balance sheet to a level the Directors believe will be beneficial to the business,

clients and shareholders over the long-term. While the Global Offer will include a secondary sale, Jupiter's employees and the TA Funds will retain significant shareholdings post-Admission.

Of the estimated gross proceeds of the Global Offer received by the Company of £220 million, (i) approximately £174 million¹ will be used to redeem the majority of the Preferred Finance Securities (which are principally owned by the TA Funds, Alpinvest and certain employees), (ii) approximately £30 million will be used to reduce bank debt and (iii) the balance of approximately £16 million will be used towards meeting the expenses of the Global Offer. Preferred Finance Securities not redeemed for cash will be exchanged for Ordinary Shares (issued at the Offer Price) at Admission. The Company will also prepay £50 million of bank debt using existing cash resources. Following Admission, the Company will have gross borrowings of approximately £283 million. Had Admission occurred on 31 March 2010, net debt, based on the Group's cash and cash equivalents at that date of £196 million and adjusting for the reduction of bank debt referred to above and after redemption of the Preferred Finance Securities, would have been £137 million compared with 2009 EBITDA of £91.3 million.

10. LOCK-UP AND VESTING ARRANGEMENTS

Pursuant to the Underwriting Agreement, subject to certain exceptions:

- (a) the Company has undertaken to the Managers not to issue any Ordinary Shares during the 12 months following Admission;
- (b) TA Associates (for itself and on behalf of the TA Funds) has undertaken to the Managers not to sell any Ordinary Shares they own at Admission during the six months following Admission; and
- (c) the Directors have undertaken to the Managers not to sell any Ordinary Shares to which they are beneficially entitled at Admission during the 12 months following Admission.

The members of the Executive Committee and some 99 other employees (who at Admission will beneficially own approximately 35 per cent. of the Company's then issued Ordinary Shares) have agreed to certain restrictions on the sale of their shares during the three years following Admission. The overall effect of these arrangements will be that: (i) following the first anniversary of Admission, approximately 15 per cent.² of the Ordinary Shares in issue at Admission will be capable of being sold by such persons; and (ii) following the second anniversary of Admission, approximately a further 10 per cent. of the Ordinary Shares in issue at Admission will be capable of being sold. The same individuals have also agreed to vesting arrangements in respect of approximately 30 per cent. of the Company's issued Ordinary Shares at Admission, under which the relevant shares will vest in three equal tranches on the first, second and third anniversaries of Admission. Unvested Ordinary Shares may be subject to compulsory transfer to the trustee of the EBT if the employee leaves the Group.

11. RISK FACTORS

Before investing in Ordinary Shares, prospective investors should carefully consider the following risk factors in addition to the other information contained in this document. If any of the risks described below were to occur, this could result in Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects being materially adversely affected, and each risk factor should be read accordingly. If this were to lead to a decline in the trading price of the Ordinary Shares, prospective investors may lose all or part of their investment. The risks and uncertainties described below are in no particular order of importance or priority and are not the only ones faced by Jupiter. Additional risks and uncertainties not at present known or currently deemed immaterial may arise or become material and may also have an adverse effect (which may be material) on Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects.

1 Assuming a redemption date of 21 June 2010.

2 Assuming each person sells the maximum percentage of his Ordinary Shares which he has committed to sell or indicated he may sell.

Risks relating to Jupiter's business and the industry in which Jupiter operates

Jupiter, and the investment management industry as a whole, is sensitive to adverse economic, political and market factors beyond Jupiter's control.

Jupiter is exposed to declines in financial markets, in particular falls in equity markets.

Sustained underperformance across a range of funds or by one or more of Jupiter's larger funds could adversely affect profitability and growth.

The asset classes managed by Jupiter may become less attractive to investors.

Jupiter is reliant on its ability to attract and retain talented fund managers and the loss of a number of such managers or one or more principal fund managers could have a material adverse effect on Jupiter's business.

Changes in distribution trends may have a material adverse effect on Jupiter's margins.

Jupiter's principal market, the UK, is highly competitive; there are challenges associated with overseas expansion.

Jupiter and its brand are vulnerable to adverse market perception or negative publicity.

Breaches by Jupiter of investment mandates could lead to significant losses.

Jupiter may fail to manage conflicts of interest between funds it manages.

Operational errors or a failure of systems and controls could have a material adverse effect on Jupiter.

Jupiter is reliant on third parties to which it has outsourced certain functions.

Jupiter's operations could be adversely affected by external events and amounts recoverable under its insurance policies may be limited.

Jupiter's clients may withdraw AUM at short notice.

The value of Jupiter's seed capital investments or other investments held on its balance sheet may fall.

The investment management industry is highly regulated and any regulatory non-compliance could have a material adverse effect on Jupiter.

Jupiter's consolidated supervision waiver from the FSA may be varied adversely, revoked or not renewed.

Changes in regulation could have a material adverse effect on Jupiter.

Adverse changes in taxation law could affect the investment management industry.

Jupiter's insurance may not be adequate to protect it against losses it may suffer.

The funds that Jupiter manages may be subject to counterparty risk.

Jupiter's principal debt agreement contains restrictions which may limit Jupiter's flexibility in operating its business.

Jupiter is susceptible to changes in interest rates.

Jupiter may have difficulty in obtaining further capital or securing attractive terms for the refinancing of existing debt.

Industry participants are exposed to the risk of litigation.

Risks relating to an investment in Ordinary Shares

There has been no previous trading market for the Ordinary Shares and the trading price of the Ordinary Shares may fluctuate in response to various factors, many of which are outside the Company's control.

There are no guarantees that the Company will pay dividends or the level of any such dividends.

Substantial future sales of Ordinary Shares could impact the trading price of the Ordinary Shares.

Exchange rate fluctuations may impact the value of the Ordinary Shares for those shareholders whose principal currency is not pounds sterling.

Pre-emption rights for US and other non-UK holders of Ordinary Shares may be unavailable.

Shareholders may be unable to enforce judgments obtained in US courts.

The Company may be treated as a passive foreign investment company, which could result in adverse US federal income tax consequences for US investors.

RISK FACTORS

Investing in and holding Ordinary Shares involves a degree of financial risk. Before investing in Ordinary Shares, prospective investors should carefully consider the following risk factors in addition to the other information contained in this document. If any of the risks described below were to occur, this could result in Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects being materially adversely affected, and each risk factor should be read accordingly. If this were to lead to a decline in the trading price of the Ordinary Shares, prospective investors may lose all or part of their investment. The risks and uncertainties described below are in no particular order of importance or priority and are not the only ones faced by Jupiter. Additional risks and uncertainties not at present known or currently deemed immaterial may arise or become material and may also have an adverse effect (which may be material) on Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects.

This document also contains forward-looking statements that involve risks and uncertainties. See "Forward-looking statements" on pages 27 and 28 of this document. Jupiter's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Jupiter described below and elsewhere in this document.

RISKS RELATING TO JUPITER'S BUSINESS AND THE INDUSTRY IN WHICH JUPITER OPERATES

Jupiter, and the investment management industry as a whole, is sensitive to adverse economic, political and market factors that are beyond Jupiter's control

The markets in which Jupiter offers its services are directly affected by many national and international factors that are beyond its control. Any one of the following factors, among others, may cause a substantial decline in the markets in which Jupiter offers its services: economic and political conditions; the level and volatility of equity markets, in particular UK equity markets; the level and volatility of interest rates and foreign currency exchange rates; concerns about inflation; changes in investor sentiment and consumer confidence levels; legislative and regulatory changes; and concerns about terrorism and war. Uncertain economic prospects or a sustained period of declining equity markets could also change investor behaviour, as was evidenced during the difficult financial conditions of the last three years. Since approximately 72 per cent. of Jupiter's business at 31 December 2009 was in UK-domiciled mutual funds where the investors are predominantly UK retail investors, a decline in the disposable income of UK retail investors for investing in Jupiter's products or a shift in savings or investment patterns in the UK generally could result in lower sales and/or higher levels of redemptions. Any of these factors could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

Jupiter is exposed to declines in financial markets, in particular falls in equity markets

Jupiter's product focus and core investment strength has been, and remains, equities. A large proportion of Jupiter's AUM is invested in equities (approximately 86 per cent. at 31 December 2009), particularly UK equities (which accounted for approximately 47 per cent. of AUM at that date). Jupiter is therefore vulnerable to fluctuations in equity markets as a whole and UK equity markets in particular. A fall in equity markets would have a direct impact on Jupiter's AUM and, as a result, its revenues; over 87 per cent. of Jupiter's net revenue for 2009 was based on the value of AUM. A decline in the value of Jupiter's AUM as a result of falling equity markets in the UK and elsewhere could have a material adverse effect on Jupiter's business, results of operations and/or financial condition. Fluctuations in the value of equities, either absolutely or relative to other asset classes, could also adversely affect investor sentiment, resulting in equity funds becoming less attractive investments and making it harder for Jupiter to maintain sales, retain existing clients and attract new clients. Any impact on Jupiter's business, sales and results of operations could be proportionally greater than the direct fall in equity markets.

During the difficult financial conditions of the last three years, financial markets were severely affected and there were sharp declines in equity markets. During that period, for example, the UK FTSE 100 Index fell by 43.5 per cent. from 6,221 at 31 December 2006 to 3,512 at its lowest point on 3 March 2009 and at

31 December 2009 remained 13 per cent. down at 5,413 (Source: Bloomberg). Although Jupiter's AUM increased by 12.1 per cent. from £17.4 billion to £19.5 billion over the three years ended 31 December 2009 and during that period it had positive net sales of £3.1 billion, the declines in equity markets meant that the rate of increase in AUM was lower than it would otherwise have been (and AUM actually declined to £14.8 billion at 31 December 2008). Similar decreases in the general value of equities or further sustained periods of decline in equity values in the future would have a negative impact on Jupiter's AUM and could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

Sustained underperformance across a range of funds or by one or more of Jupiter's larger funds could adversely affect profitability and growth

When buying investment products or selecting a fund manager, one of the most important considerations for clients and intermediaries is the historical investment performance of the product or manager. As Jupiter's business focus and key selling point is to generate investment out-performance against relevant benchmarks, any sustained period of underperformance across a range of its funds or by one or more of its larger funds could have a material adverse effect on its business, reputation and brand, sales, results of operations, financial condition and growth prospects. At 31 December 2009, Jupiter's 10 largest funds accounted for 54 per cent. of AUM and its largest fund accounted for 14 per cent. Were Jupiter to fail to provide satisfactory investment returns across a range of its funds or in respect of one or more of its larger funds, clients of the affected funds (or clients generally) may decide to reduce their investments or withdraw them altogether and intermediaries, who are Jupiter's primary distributors of products, may cease to recommend some or all of Jupiter's products to their clients. Investment underperformance relative to competitors or relevant benchmarks would also make it more difficult for Jupiter to attract new clients and could damage Jupiter's reputation and brand, which has in part been built around its investment performance generally. Any such investment underperformance could, therefore, have a material adverse effect on Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects.

The asset classes managed by Jupiter may become less attractive to investors

Jupiter manages investments in a range of asset classes, but its focus is in equities and its investment style and philosophy is to be an active manager of its funds. Net sales into Jupiter's funds are, in part, determined by the relative attractiveness to investors of equities as an asset class and of the particular types of equity which are the focus of Jupiter's funds, as well as its investment style. In the event that equities, or particular types of equities on which Jupiter focuses, were to become less attractive to investors or investors were to invest more through passive or index-based investment products, there may be reduced sales and/or increased redemptions from Jupiter's equity funds. For example, during the difficult financial conditions of the last three years, fixed income and cash funds across the industry attracted significantly greater investment flows, as investors became more risk averse. If, as a result of the foregoing, there were reduced sales of and increased redemptions from Jupiter's equity funds, such developments could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

Jupiter is reliant on its ability to attract and retain talented fund managers and the loss of a number of such managers or one or more principal fund managers could have a material adverse effect on Jupiter's business

Jupiter's continued success depends on its ability to attract and retain talented fund managers. Jupiter's fund managers have made a significant contribution to the growth and success of the business and are expected to continue to do so. A key element of Jupiter's business strategy is to identify its funds with particular fund managers and to give those managers considerable freedom to manage the funds for which they are responsible. A number of Jupiter's largest and most successful funds have been launched and/or designed with a focus on the particular attributes and track record of the named fund manager.

Approximately 61 per cent. of Jupiter's AUM at 31 December 2009 was managed by 8 fund managers and, of this, approximately 18 per cent. of Jupiter's AUM at 31 December 2009 was managed by one fund manager. In addition, a further 20 per cent., approximately, of Jupiter's AUM at 31 December 2009 was managed by one team of three fund managers. The loss of one or more of these principal fund managers

could have a material adverse effect on Jupiter's future profitability and/or the growth of the business. More specifically, the loss of one or more of these managers could result in:

- (a) the outflow of assets from, or reduced sales into, the funds managed by the relevant fund manager(s) and hence a decline in AUM and revenues, which may be material to the particular funds and possibly the Group as a whole. This is particularly the case with Jupiter's specialist funds, where fund manager(s) may be more difficult to replace;
- (b) a decline in the performance of the funds managed by the relevant fund manager(s), which may reduce AUM and revenues; and
- (c) negative market perception within the intermediary distribution channels, particularly if the departure of the relevant fund manager(s) is considered to be part of a trend. This perception could in turn lead to the loss of future investment management mandates, significant fund outflows and a failure to attract new investors to Jupiter's funds.

As Jupiter is particularly reliant on the performance of its principal fund managers, it is important that it retains such managers, and, where necessary, replaces them, either internally or from external sources. Although Jupiter's principal fund managers have been with the Group for an average of 10 years, there can be no guarantee that Jupiter will be able to retain them or, should they leave, replace them (either internally or from external sources) with an equally experienced or well-known fund manager.

In order to retain its principal fund managers and, when necessary, attract new managers, Jupiter must offer competitive compensation arrangements, the costs of which are significant. The rates of compensation vary depending on the particular role of individual managers, but successful fund managers often earn substantial amounts. In less successful years, the bonus pool available may be insufficient for the Group to meet the expectations of these fund managers and other employees, potentially constraining Jupiter's ability to retain or recruit fund managers.

If Jupiter needed to replace one of its principal fund managers externally, the market for experienced and talented fund managers with strong track records is extremely competitive and such individuals are difficult to attract. Even if Jupiter were successful in attracting a replacement manager from external sources, the costs of such recruitment may be significant.

If Jupiter were unable to attract and retain experienced and talented fund managers, whether as a result of cost constraints or otherwise, it could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

Changes in distribution trends may have a material adverse effect on Jupiter's margins

Jupiter markets its products in the UK through a range of distribution channels but, in line with market trends, an increasing proportion of its UK intermediated sales (approximately 71 per cent. in 2009) is channelled through fund platforms. Platform operators levy their own administrative charge, which is not passed on to the client but reduces the proportion of the management fee paid by the client which Jupiter can retain. As a result, margins on new sales made through platform operators have declined. In the future, platform operators may seek to increase these administrative charges with respect to new sales of Jupiter's funds and/or its existing AUM, and thereby further reduce Jupiter's margins on new and existing products. Other intermediaries such as large IFAs may also seek to increase the rebate they receive of the gross management fee collected, putting further pressure on margins. The risk of further margin erosion may increase if, through consolidation within the intermediaries market or otherwise, the importance of fund platforms or the large IFAs increases further. In addition, Jupiter may also choose to terminate its relationship with particular intermediaries or platforms as a result of pressure on margins or the platforms themselves may choose to terminate their relationship with Jupiter. A loss of margin or termination of the relationship with particular intermediaries or platforms could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

Jupiter's principal market, the UK, is highly competitive; there are challenges associated with overseas expansion

Jupiter's principal market is the UK where the investment management industry is highly competitive. Jupiter's competitors include global, national and local specialist asset management companies as well as banks and financial services companies, some of which are substantially larger than Jupiter.

Jupiter competes on the basis of investment performance, brand recognition, business reputation, the range of products offered, quality of service and the level of fees for services. Any failure by Jupiter to compete effectively in the UK market, which at 31 December 2009 represented approximately 80 per cent. of AUM, could lead to a loss of business and/or a failure to win new business, each of which could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

Although Jupiter has expanded beyond the UK, its presence in overseas markets remains limited and its ability to compete successfully in such markets is made more challenging by lower brand recognition, its lack of track record, its limited distribution network, the requirement that funds offered in certain jurisdictions have a minimum level of AUM and by the limited range of products suitable for these markets which Jupiter currently offers.

Jupiter and its brand are vulnerable to adverse market perception or negative publicity

Investment management companies operate in an industry where integrity and customer trust and confidence are paramount. They are therefore vulnerable to adverse market perception. Jupiter is especially vulnerable to adverse market perception because the "Jupiter" brand is a key element in its marketing strategy. Any mismanagement or failure to satisfy fiduciary responsibilities, or the adverse publicity resulting from such activities or any allegation of such activities, could have a material adverse effect on Jupiter's reputation and brand, business, sales, results of operations, financial condition and growth prospects. Jupiter, like others in the financial services industry, is also susceptible to various forms of crime, including theft, money laundering and fraud. Were Jupiter to be a target of such criminal activity, it could suffer losses, incur fines, attract adverse publicity and/or suffer reputational damage, any of which could have a material adverse effect on Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects.

In addition, any negative publicity (whether or not well-founded) associated with Jupiter's business, for example, through the loss of key personnel, poor investment performance or regulatory issues, or any negative publicity affecting the industry as a whole, could result in a loss of clients or AUM, a failure to attract new clients and/or a deterioration in the value or attractiveness of Jupiter's brand or impair Jupiter's relationship with its distributors. Any of these could also have a material adverse effect on Jupiter's reputation and brand, business, sales, results of operations, financial condition and growth prospects.

Breaches by Jupiter of investment mandates could lead to significant losses

Jupiter is generally required to invest in accordance with specific investment mandates established for the particular fund or (in the case of segregated mandates) set by the client. If investments are made or managed in breach of an investment mandate, Jupiter could be required to unwind the relevant transactions and would be likely to be liable for any losses suffered by an affected party in doing so. Such losses could be significant and exceed amounts recoverable under Jupiter's insurance policies, if any. The obligation to compensate for such losses could have a material adverse effect on Jupiter's reputation and brand, results of operations and/or financial condition.

Jupiter may fail to manage conflicts of interest between funds it manages

In order to leverage Jupiter's fund management expertise, the same fund manager will sometimes manage several funds or mandates with similar investment strategies. For example, the same fund manager may manage both a long-only fund and a long/short fund. As the managers of long/short funds are typically remunerated through the sharing of a performance fee earned on such funds (long-only funds do not generally have performance fees), there is a potential incentive for the fund manager to devote more time to, or to allocate investments on a preferential basis into, the long/short fund; this creates a potential conflict of interest. Jupiter may suffer reputational damage or potential regulatory liability if its procedures and systems

to identify, record and manage such potential conflicts of interest fail. Any such failures may have a material adverse impact on Jupiter's reputation and brand, business, sales, results of operations, financial condition and growth prospects.

Operational errors or a failure of systems and controls could have a material adverse effect on Jupiter

The management of client assets involves a number of risks, including:

- (a) a failure to administer portfolios properly, for example by making incorrect valuations or pricing decisions with regard to the underlying investments;
- (b) incorrect assets being purchased or erroneous trades being placed or the failure to place trades on a timely basis or at all;
- (c) the incorrect processing of corporate actions (rights issues, takeovers etc.); and
- (d) a failure of the systems and controls utilised by Jupiter or its outsourced service providers to detect and prevent errors.

In addition, while Jupiter outsources its unit trust valuation and pricing functions to third party providers, it remains primarily liable to unit trust investors for any failure to provide these services properly. Any such failures or errors in valuation or pricing by a relevant third party provider may require Jupiter to reimburse the affected parties in respect of losses suffered (which may be significant). Jupiter may be unable to recover any such losses fully or at all from the third party or under Jupiter's insurance policies.

If any of the foregoing or any similar risks were to materialise, Jupiter might also be required to conduct thorough investigations of the circumstances surrounding the breach and regulatory investigations might also follow. The costs involved in such investigations, including management time and professional fees, could be material to Jupiter.

The risks of error and mismanagement cannot be eliminated entirely. Jupiter's ability to maintain financial controls and provide high quality service to its customers depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems, which are programmed to detect and prevent errors. There can be no assurance that these systems will function as designed. Any damage to, or failure of, its management information systems could result in interruptions to Jupiter's financial controls and customer service. Such interruptions and any other operational errors or negligence by third party providers or Jupiter's employees could lead to reputational damage and financial costs, such as Jupiter being required, by contract or otherwise, to put clients back into the position in which they would have been had the error or negligence not occurred. The consequences of such operational errors or negligence could have a material adverse effect on Jupiter's business, reputation and brand, sales, results of operations and/or financial condition.

Jupiter is reliant on third parties to which it has outsourced certain functions

Jupiter relies on third party providers of administration, IT services and other back office functions (including for certain fund and institutional mandate valuations), custodian and sub-custodian services and unit trust administration functions. Any interruption in the services of these third parties or deterioration in their performance of the outsourced service could impair the timing and quality of Jupiter's services to its clients. Furthermore, if the contracts with any of these third party providers were terminated, Jupiter may not find alternative service providers on a timely basis or on as favourable terms or may suffer disruption as a result of the transition of functions to the new service provider. The occurrence of any of these events could have a material adverse effect on Jupiter's business, reputation and brand, sales, results of operations and/or financial condition.

Jupiter's operations could be adversely affected by external events and amounts recoverable under its insurance policies may be limited

Jupiter's business operations, information systems and processes are vulnerable to damage or interruption from fire, extreme weather conditions, power loss, systems or telecommunication failures, bomb

threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. The same is true of third party service providers on which Jupiter depends. Jupiter's businesses have disaster recovery plans in place that are considered appropriate to cover current business requirements. The Directors believe that Jupiter's suppliers of administration, custodian and IT services and other back office functions have appropriate disaster recovery and business continuity plans. However, the disaster recovery plans of Jupiter and/or of its service providers may not work as intended. Although Jupiter maintains insurance cover that includes property damage and business interruption cover of approximately £14.3 million, full recovery under the insurance policy may not be possible in every case, and the loss resulting from a loss of business continuity may exceed the policy limit. For the reasons set out above, a loss of business continuity could have a material adverse impact on Jupiter's reputation and brand, business, sales, results of operations, financial condition and growth prospects.

Jupiter's clients may withdraw AUM at short notice

Jupiter's revenues are predominantly derived from management fees, the quantum of which is based on the value of funds managed. A substantial majority of Jupiter's funds (accounting for 76 per cent. of AUM at 31 December 2009) permit investors to reduce the aggregate amount of their investment in Jupiter's funds with no, or only short periods of, notice, or to withdraw altogether from such funds. If interest rates are rising and/or stock markets are declining and/or Jupiter's investment performance is poor, the pace of fund redemptions could accelerate, particularly in equity-related funds (which is Jupiter's product focus). Redemptions of investments in funds may also be requested more quickly than assets can be sold to meet such redemptions. This could result in redemptions being suspended, which would in turn adversely affect Jupiter's reputation and brand.

Material withdrawals of AUM would have an immediate impact on management fees and therefore revenues and, depending on the extent of such withdrawals, could have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

The value of Jupiter's seed capital investments or other investments held on its balance sheet may fall

When establishing or launching a new fund, Jupiter often uses its own resources to provide seed capital to allow such funds to build a track record. Jupiter may also provide additional seed money during the marketing phase and/or to provide scale for existing funds. The seed capital investments vary in duration depending on the nature of the investment.

Although Jupiter hedges the majority of its market and currency exposure in respect of seed investments, it is not always possible to hedge market exposures in a cost-effective manner because of the nature of some of the underlying instruments held by the funds, or Jupiter may choose not to hedge if the fund has an absolute return objective. Where Jupiter does not hedge its exposure or such hedges are ineffective, Jupiter may lose some or all of this seed capital, depending on the performance of the underlying investments. To the extent that Jupiter does enter into agreements to hedge its risk in relation to seed capital, it may be exposed to the risk of default by the relevant counterparty. At 31 December 2009, £50.9 million was invested by Jupiter as seed capital, of which £40.3 million was hedged. Losses incurred by funds in which seed capital has been invested or a default by a hedging counterparty could have a material adverse effect on Jupiter's business, results of operations and/or financial condition.

The investment management industry is highly regulated and any regulatory non-compliance could have a material adverse effect on Jupiter

The investment management industry is highly regulated and compliance with applicable regulations is costly. Depending on the nature of their business and client base, industry participants may be subject to licensing and other supervisory requirements, including in connection with regulation of their marketing and sales practices, advertising, qualifications of their personnel, maintenance of adequate financial resources and reporting on operations.

The FSA is Jupiter's primary regulator. In addition, certain of the Company's subsidiaries are subject to regulation in Bermuda, Jersey and Luxembourg (where its SICAV funds are registered) and various other

jurisdictions in which Group members are licensed to distribute products. The FSA has broad regulatory powers dealing with all aspects of financial services, including the authority to grant and, in specific circumstances, to vary or cancel permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. The FSA has effected greater regulatory scrutiny over the financial institutions it regulates during the past year and it is expected that this trend will continue for the foreseeable future, particularly in relation to compliance with new and existing rules relating to corporate governance, compensation, conduct of business and anti-money laundering and anti-terrorism laws and regulations.

The FSA and other regulatory authorities may from time to time make enquiries of companies within their jurisdiction regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business) and the handling and treatment of clients or conduct investigations when it is alleged that regulations have been breached. Responding to such enquiries may be time-consuming and expensive and Jupiter may face regulatory proceedings if the FSA or any other regulatory body were to detect or allege any failure to comply with applicable regulations.

Regulatory proceedings could result in a public reprimand and/or fines or other regulatory sanctions as well as adverse publicity or negative perceptions regarding Jupiter. A significant regulatory investigation or action against the Company or any of its subsidiaries could have a material adverse effect on Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects.

Jupiter's consolidated supervision waiver from the FSA may be varied adversely, revoked or not renewed

On 19 June 2007, Jupiter Asset Management Limited (**JAM**), the Group's principal regulated entity, obtained a waiver from the FSA, effective until 18 June 2012, from the requirement to have a minimum level of eligible group capital resources calculated on a consolidated basis. If the consolidated basis of calculation were to apply, the Company would, when calculating its eligible capital resources, be required to deduct the goodwill and other intangible assets arising from the buy-out of Jupiter Investment Management Group Limited (**JIMG**) by its management and the TA Funds in June 2007 (the **MBO**) (the amount of which was approximately £520 million at 31 December 2009). If the Company had been required to make such a deduction at 31 December 2009, it would have resulted in a capital resources deficit and, accordingly, a breach of the FSA's group capital resources requirement. The FSA could revoke or not renew the waiver if the Group failed to comply with the current waiver requirements, or impose additional conditions on the Group. A revocation of the waiver, its non-renewal beyond June 2012 or the imposition by the FSA of additional conditions to the waiver could result in increased regulatory capital requirements for the Group, requiring the Group to raise additional share capital and/or subordinated debt and/or require the Group to discontinue or to restrict its business in whole or in part and could therefore have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

Changes in regulation could have a material adverse effect on Jupiter

The heavily regulated environment in which Jupiter operates is evolving. Recent and proposed regulatory changes, including changes in response to the difficult financial conditions of the last three years, will have an effect on the regulatory environment within which Jupiter operates.

Any changes in the laws and regulations governing the investment management industry could limit the services Jupiter is able to offer or the fees it is able to generate, or increase the costs of compliance. A substantial change in regulatory capital requirements or the regulatory environment for the investment management industry could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

In June 2006, the FSA launched the Retail Distribution Review (**RDR**) to look at how investments are distributed to retail customers in the UK. As part of the RDR, the FSA issued its final rules on the remuneration arrangements for advisers on 26 March 2010. The new rules require advisers to disclose upfront how much they charge for their services and prohibit advisers from accepting commissions from product providers in return for recommending specific products. The rules will come into force on 31 December 2012 and prior to their implementation it remains uncertain what the effect of these changes will be on the industry as a whole. It is possible that this and associated outcomes of the RDR will materially

affect the business of investment management firms such as Jupiter and that such changes will lead to an increase in administrative costs and a reduction in income.

Regulators around the world are in consultation with various representative bodies of the financial services industry to ensure that employees' compensation packages reward employees over the medium to long-term rather than the short term. In the United Kingdom, the FSA's Remuneration Code (which came into effect in January 2010) provides that employees, especially those involved in risk and compliance functions, should be awarded a higher fixed component of pay and that variable remuneration should be based on long-term performance, rather than being dependent on the results of a single financial year. Whilst the FSA's Remuneration Code does not apply directly to Jupiter, initiatives discussed in the United Kingdom have been based on remuneration policies which promote effective risk management and this is likely to be the model for future policy-making. Additionally, there may be other changes in compensation packages which could adversely affect the ability of Jupiter to retain and attract suitable personnel. Failure by Jupiter to alter its compensation strategy to reflect any such new regulatory requirements could have a material adverse effect on Jupiter's relationship with its regulators and could therefore have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

In addition, the EU Commission is in the process of producing draft legislation concerning the sale of Packaged Retail Investment Products with the aim of increasing transparency by introducing requirements on pre-contractual disclosures and rules on selling practices in relation to such products. Whilst the impact of any EU legislative changes on Jupiter is currently unclear, if implemented, they could also have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

Adverse changes in taxation law could affect the investment management industry

Adverse changes in taxation laws (including changes to rates of taxation) and adverse changes in the interpretation and application of existing taxation laws by courts or taxation authorities could adversely affect Jupiter.

Jupiter, along with other investment management groups in the UK, currently benefits from UK Government policies aimed at encouraging personal savings through the application of tax relief to certain types of investment. Changes in taxation legislation and policy could affect investor sentiment, making investment generally, and specific types of investment products in particular, either more or less appealing. Examples of this would be the loss of favourable tax treatment on savings by individuals through ISAs, an increase in rates of capital gains tax or a reduction in disposable income as a result of an increase in income tax.

Jupiter cannot predict the impact of future changes in tax legislation on the attractiveness of its investment offerings or its business generally. Amendments to existing legislation (particularly if there is a withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules in the UK or other jurisdictions where Jupiter operates may have an impact on the investment decisions of either existing or potential clients. Changes from time to time in the interpretation of existing tax laws, amendments to existing tax rates and/or the introduction of new tax legislation could significantly reduce gross sales or increase redemptions or change saving and investment patterns (such as reducing investments in equities through unit trusts), any of which could have a material adverse effect on Jupiter's business, sales, results of operations, financial condition and growth prospects.

Jupiter's insurance may not be adequate to protect it against losses it may suffer

Jupiter's business entails the risk of liability related to litigation from clients or third party service providers and actions taken by regulatory agencies, which may not be adequately covered by insurance or at all. Specifically, there is a risk that claims may arise in relation to damage resulting from Jupiter's employees' or service providers' operational errors or negligence, or misconduct or misrepresentation by its fund managers and other operational personnel. There can be no assurance that a claim or claims will be covered by insurance or, if covered, that any such claim will not exceed the limits of available insurance coverage, or that any insurer will meet its obligations to insure. There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose Jupiter to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining

insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

The funds that Jupiter manages may be subject to counterparty risk

On limited occasions, Jupiter may not settle trades on a "delivery versus payment" basis and, in such instances, Jupiter is subject to counterparty risk between the trade date and settlement date. Jupiter is also subject to counterparty risk on an ongoing basis for derivative trades. In addition, counterparties may hold margin cash balances from certain of Jupiter's funds, which may not be held on a segregated basis from the counterparties' own assets or those of other clients. Monies held with prime brokers do not always have client money protection on excess cash balances. Losses may arise in these funds if the counterparties default in their obligations or become insolvent, and in such cases the funds may only rank as unsecured creditors. Consequently, a default by the counterparties to the relevant funds may impact on Jupiter's AUM and therefore the management and performance fees, if any, payable to Jupiter, which could have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

Jupiter's principal debt agreement contains restrictions which may limit Jupiter's flexibility in operating its business

With the exception of two overdraft facilities provided by RBS to Jupiter Unit Trust Managers Limited (JUTM) and JIMG, all of Jupiter's ongoing borrowings (£363 million at 31 March 2010) are provided under the Facility Agreement. This contains various covenants which limit or may limit the flexibility of Jupiter Asset Management Group Limited (JAMG), as the borrower, and its subsidiary undertakings (together the **JAMG Group**) in running its business, including the ability, among other things, to pay dividends or make other shareholder distributions; incur additional financial indebtedness; make loans or provide guarantees; repurchase or repay any share capital; issue any shares; make acquisitions; enter into joint venture arrangements; create or permit to exist security interests (including liens); sell, lease or otherwise dispose of assets; enter into any merger, amalgamation or other corporate reconstruction; and engage in any business which is not related to its current business.

Jupiter is susceptible to changes in interest rates

Interest on £212.5 million of the outstanding amount under the Facility Agreement is hedged, resulting in JAMG paying interest at 8.3725 per cent. per annum in respect of that hedged amount until 26 August 2010. Following the expiry of these interest rate hedges, if Jupiter does not enter into new hedging arrangements, Jupiter will be subject to interest rate risk (were interest rates to increase significantly beyond their current levels) on the full amount of the outstanding loan (as it currently is for the unhedged portion which amounted to £150.5 million at 31 March 2010) resulting from fluctuations in the relevant reference rates underlying its floating rate liabilities under the Facility Agreement. An increase in the amount of interest payable by Jupiter could have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

Jupiter may have difficulty in obtaining further capital or securing attractive terms for the refinancing of existing debt

Jupiter's capital requirements depend on numerous factors, including working capital, regulatory requirements and the waiver from the FSA from the requirement to have a minimum level of eligible group capital resources calculated on a consolidated basis. If its capital requirements were to vary materially from those which the Directors currently anticipate, Jupiter might require further financing. In addition, JAMG will be required to repay all amounts outstanding under the term loan made available under the Facility Agreement (£363 million at 31 March 2010) by no later than June 2015. In order to be able to make the necessary repayment, the Group may, depending on the extent of any prepayments made prior to such date, need to obtain new borrowing facilities or seek to raise funds in the capital markets, failing which it would have to raise additional capital from shareholders. Jupiter may also need to obtain further facilities in the longer term. There can be no assurance that Jupiter will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to Jupiter.

A number of factors (including conditions in the credit, debt and equity markets and general economic conditions) may make it difficult for Jupiter to obtain replacement or additional financing or raise capital on favourable terms or at all. If Jupiter's borrowings were to become more expensive, then its profits would be

adversely affected. If, in the longer term, Jupiter fails to raise additional funds when needed or to obtain such funds on favourable terms, it could have a material adverse effect on Jupiter's business, results of operations, financial condition and growth prospects.

Industry participants are exposed to the risk of litigation

Because of the extent and complexity of the regulatory environment in which Jupiter operates and the nature of the products and services it offers, many aspects of Jupiter's business involve substantial risks of litigation. In recent years, there have been increasing incidents of litigation involving the financial services industry and any litigation brought against Jupiter could have a material adverse effect on Jupiter's business, reputation and brand, sales, results of operations, financial condition and growth prospects.

RISKS RELATING TO AN INVESTMENT IN ORDINARY SHARES

There has been no previous trading market for the Ordinary Shares and the trading price of the Ordinary Shares may fluctuate in response to various factors, many of which are outside the Company's control

There has been no public trading market for the Ordinary Shares prior to the Global Offer, and Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Furthermore, there can be no assurance that, on completion of the Global Offer, any active trading market for the Ordinary Shares will develop or be sustained, or that investors will be able to sell Offer Shares at or above the Offer Price or at all.

Following Admission, the price of the Ordinary Shares may not always accurately reflect the underlying value of Jupiter's business. The value of the Ordinary Shares may decrease as well as increase, and investors may realise less than the original sum invested. The price that investors may realise for their holdings of Ordinary Shares, when they are able to do so, may be influenced by a large number of factors, including the possibility that the market for the Ordinary Shares is less liquid than for other equity securities, the relatively volatile price of the Ordinary Shares or any of the other factors referred to in these Risk Factors, as well as stock market fluctuations and general economic conditions that may adversely affect the trading price of the Ordinary Shares, regardless of Jupiter's actual performance or conditions in its key markets.

There are no guarantees that the Company will pay dividends or the level of any such dividends

Jupiter's results of operations could fluctuate and the Company's ability to pay dividends will depend on, amongst other things, it and certain of its subsidiaries achieving sufficient distributable profits. In addition, under the terms of the Facility Agreement, there are certain restrictions on JAMG's ability to pay dividends. These restrictions are subject to a number of exceptions, the principal one being that the payment of a dividend by JAMG is permitted subject to compliance with excess cashflow mandatory prepayment requirements and the amount of any such dividend is determined by the ratio of total net debt to EBITDA of the JAMG Group. Therefore, depending on the level of JAMG Group's earnings and its net debt levels in a particular year, JAMG may be prevented from paying dividends to its parent company, Jupiter Fund Management Group Limited (JFMG) and consequently JFMG may be unable to pay dividends to the Company.

In addition, the Company might not pay dividends if the Directors believe this would cause any Group member to be inadequately capitalised (including taking into account any regulatory restrictions that may be applicable) or if for any other reason the Directors conclude it would not be in the best interests of the Company. Dividends will depend on, amongst other things, Jupiter's profits, financial position and regulatory capital requirements, accounting changes, general economic conditions and other factors that the Directors deem significant from time to time. There can be no assurance that the Company will pay dividends or, if it does pay dividends, regarding the amount of such dividends, and consequently shareholders may not receive their anticipated income stream.

Substantial future sales of Ordinary Shares could impact the trading price of the Ordinary Shares

On completion of the Global Offer, employees of Jupiter are expected collectively to own between approximately 33 and 37 per cent. of the Ordinary Shares (assuming no exercise of the Over-allotment

Option) and the TA Funds are expected to own between approximately 17 and 24 per cent. of the Ordinary Shares (assuming no exercise of the Over-allotment Option). Together, these interests will represent between approximately 54 and 57 per cent. of the issued Ordinary Shares (between approximately 47 and 52 per cent. if the Over-allotment Option is exercised in full). These Ordinary Shares will be subject to lock-up arrangements of varying lengths, described in further detail in paragraph 12 of Part 2: “Global Offer – Lock-up arrangements”. However, sales of substantial amounts of Ordinary Shares following the expiration of the applicable lock-up periods, or the perception that such sales were imminent, could adversely affect the prevailing trading price of the Ordinary Shares.

Exchange rate fluctuations may impact the value of the Ordinary Shares for those shareholders whose principal currency is not pounds sterling

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency rate risk. Any depreciation of sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

Pre-emption rights for US and other non-UK holders of Ordinary Shares may be unavailable

In the case of certain increases in the Company’s issued share capital, existing holders of Ordinary Shares are generally entitled to pre-emption rights to subscribe for such shares, unless shareholders waive such rights by a resolution at a shareholders’ meeting. US holders of ordinary shares in UK companies are customarily excluded from exercising any such pre-emption rights they may have, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. The Company does not intend to file any such registration statement, and the Company cannot assure prospective US investors that any exemption from the registration requirements of the Securities Act or applicable non-US securities law would be available to enable US or other non-UK holders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

Shareholders may be unable to enforce judgments obtained in US courts

The majority of the Directors and officers of the Company, and most of the Selling Shareholders, reside outside the United States. In addition, a substantial portion of the assets of the Group, the Directors and the Selling Shareholders are or may be located outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States on the Company or its Directors or officers or such Selling Shareholders, or to enforce judgments in the courts of a foreign jurisdiction obtained in US courts, including judgments based on the civil liability provisions of the federal securities laws of the United States. Furthermore, there is doubt as to the direct enforceability in England and Wales against any of those persons, whether by original actions or by seeking to enforce a judgment of a US court, of civil claims based on the federal securities laws of the United States.

The Company may be treated as a passive foreign investment company, which could result in adverse US federal income tax consequences for US investors

The Directors believe that the Company was not in 2009, and the Directors do not currently expect the Company to become, a passive foreign investment company (PFIC) for US federal income tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent on a number of factors, some of which are beyond the Company’s control, including the value of its assets (including goodwill) and the amount and type of its income, there can be no assurance that it will not become a PFIC or that the US Internal Revenue Service will agree with the Directors’ conclusion regarding its PFIC status. If the Company is a PFIC in any year, US investors could suffer certain adverse US federal income tax consequences. See Part 7: “Tax Considerations – United States federal income taxation – Passive foreign investment company considerations.”

GLOBAL OFFER STATISTICS

The Global Offer statistics in this document are subject to change.

Price Range ¹	150 to 210p
Number of Ordinary Shares in issue immediately before Admission ²	290,775,273
Number of New Shares being placed on behalf of the Company ³	122,375,556
Number of Sale Shares being placed on behalf of the Selling Shareholders	up to 58,809,461
Number of Additional Shares subject to the Over-allotment Option ⁴	12,237,556
Percentage of enlarged issued Ordinary Share capital being offered pursuant to the Global Offer ^{2,3,5}	41 per cent.
Number of Ordinary Shares in issue immediately following the Global Offer ^{2,3,5,8}	440,373,051
Estimated gross proceeds of the Global Offer receivable by the Company	£220 million
Estimated net proceeds of the Global Offer receivable by the Company (after expenses) ⁶	£204 million
Estimated net proceeds of the Global Offer receivable by the Selling Shareholders (after expenses and assuming no exercise of the Over-allotment Option) ⁷	up to £102 million
Market capitalisation at the Offer Price ³	792,671,491
ISIN	GB00B53P2009

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- 1 The Offer Price may be set within, above or below the Price Range. It is expected that the Pricing Statement containing the Offer Price and the number of Ordinary Shares which are the subject of the Global Offer will be published on or about 16 June 2010.
 - 2 Assuming completion of the Share Capital Reorganisation on the basis stated in paragraph 3.6 of Part 8: “Additional Information – Share capital and the Share Capital Reorganisation” on 21 June 2010 and an Offer Price at the mid-point of the Price Range, i.e. 180p.
 - 3 Assuming the Company raises gross proceeds from the Global Offer of £220 million and an Offer Price at the mid-point of the Price Range, i.e. 180p.
 - 4 The number of Additional Shares subject to the Over-allotment Option is, in aggregate, equal to 10 per cent. of the number of New Shares being placed on behalf of the Company.
 - 5 Assuming no exercise of the Over-allotment Option.
 - 6 Net proceeds receivable by the Company are stated after deducting estimated total expenses incidental to the Global Offer and Admission (including VAT) of approximately £204 million.
 - 7 Net proceeds receivable by the Selling Shareholders are stated after deducting underwriting commissions (including VAT) of £102 million and stamp duty, assuming all Sale Shares are sold and an Offer Price at the mid-point of the Price Range, i.e. 180p.
 - 8 Includes Ordinary Shares issued to Jupiter Acquisitions Sàrl and Richard Morris, Jr. pursuant to the PFS repurchase agreement (see Part 8: “Additional Information – Material Contracts – PFS repurchase agreement”).

EXPECTED TIMETABLE FOR THE GLOBAL OFFER

Each of the times and dates below is subject to change without notice. References to a time of day are to London time (unless stated otherwise).

Latest time and date for receipt by the Intermediaries of completed application forms in respect of the Intermediaries Offer	12 p.m. on Monday, 14 June 2010
Announcement of the results of the Global Offer through a Regulatory Information Service announcement and notification of allocations	Wednesday, 16 June 2010
Publication of the Pricing Statement ¹	Wednesday, 16 June 2010
Conditional dealings in Ordinary Shares commence	8 a.m. on Wednesday, 16 June 2010
Admission and unconditional dealings in Ordinary Shares commence	8 a.m. on Monday, 21 June 2010
Offer Shares credited to CREST accounts	Monday, 21 June 2010
Despatch of definitive share certificates (where applicable)	by Monday, 28 June 2010

It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

¹ The Pricing Statement will not automatically be sent to persons who receive this document but it will be available free of charge at the registered office of the Company (1 Grosvenor Place, London SW1X 7JJ). In addition, the Pricing Statement will, subject to certain restrictions, be published in electronic form and be available on the Company's website at www.investorsjupiteronline.co.uk.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Jamie Dundas Edward Bonham Carter John Chatfeild-Roberts Philip Johnson Liz Airey Matteo Dante Perruccio Lorraine Trainer Richard I. Morris, Jr. Michael Wilson	<i>(Independent non-executive Chairman)</i> <i>(Group Chief Executive)</i> <i>(Chief Investment Officer)</i> <i>(Chief Financial Officer)</i> <i>(Non-executive Senior Independent Director)</i> <i>(Independent non-executive Director)</i> <i>(Independent non-executive Director)</i> <i>(Non-executive Director)</i> <i>(Non-executive Director)</i>
Company Secretary	Adrian Creedy	
Registered and Head Office	1 Grosvenor Place London SW1X 7JJ	
Sponsor, Joint Bookrunner and Joint Financial Adviser	J.P. Morgan Securities Ltd 125 London Wall London EC2Y 5AJ	
Joint Bookrunner	Merrill Lynch International 2 King Edward Street London EC1A 1HQ	
Joint Financial Adviser	Lexicon Partners Limited No. 1 Paternoster Square London EC4M 7DX	
Co-Lead Manager	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT	
Legal Advisers to the Company as to English and US law	Norton Rose LLP 3 More London Riverside London SE1 2AQ	
Legal Advisers to the Sponsor, Joint Bookrunners and the Co-Lead Manager as to US law	Davis Polk & Wardwell LLP 99 Gresham Street London EC2V 7NG	
Legal Advisers to the Sponsor, Joint Bookrunners and the Co-Lead Manager as to English law	Slaughter and May One Bunhill Row London EC1Y 8YY	
Auditors and Reporting Accountants to the Company	PricewaterhouseCoopers LLP Hay's Galleria 1 Hay's Lane London SE1 2RD	

Registrar

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Receiving Agent

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

PRESENTATION OF INFORMATION

1. CONTENTS AND DISTRIBUTION OF THE PROSPECTUS

This document does not constitute an offer of, or an invitation to purchase, any Ordinary Shares in any jurisdiction in which such offer or invitation would be unlawful. Further information with regard to restrictions on offers and sales of the Offer Shares, the Additional Shares (as defined below) and the distribution of this document is set out in paragraph 13 of Part 2: “The Global Offer – Selling and transfer restrictions”.

The distribution of this document and the offer of the Offer Shares or Additional Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders or the Managers to permit a public offering of the Offer Shares or Additional Shares or to permit the possession or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Offer Shares or Additional Shares) (i) in the United Kingdom, other than to (a) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**), (b) high net worth entities and other persons to whom it may otherwise lawfully be communicated falling within Article 49(1) of the Order or (c) persons to whom it may otherwise be lawfully communicated or (ii) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Global Offer and the distribution of this document are subject to the selling and transfer restrictions set out in paragraph 13 of Part 2: “The Global Offer – Selling and transfer restrictions”.

Investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Selling Shareholders or any of the Managers. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this document nor any subscription or purchase of shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this document.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Global Offer, including the merits and risks involved. The Ordinary Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, such authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the US.

The contents of this document are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his, her or its own legal, financial, business or tax adviser as to the legal, financial, business, tax and related aspects of a purchase of the Offer Shares. None of the Company, the Selling Shareholders or the Managers, or any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The investors also acknowledge that: (i) they have not relied on the Managers or any person affiliated with the Managers in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Offer Shares (other than as contained in this document)

and, if given or made, any such other information or representation should not be relied on as having been authorised by the Company, the Selling Shareholders or the Managers.

In connection with the Global Offer, the Managers and any of their respective affiliates acting as an investor for its or their own account(s) may offer to acquire Offer Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Global Offer or otherwise. Accordingly, references in this document to the Offer Shares being offered or otherwise dealt with should be read as including any offer to, or dealing by, the Managers or any of them and any of their affiliates acting as an investor for its or their own account(s). The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In connection with the Global Offer and/or on an ongoing basis, funds managed by Jupiter may subscribe for or purchase Ordinary Shares and such funds may retain, purchase, sell, offer to sell or otherwise deal for the account of such funds in such Ordinary Shares or related investments. Accordingly, references in this document to Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, any funds managed by Jupiter. Unless contrary to legal or regulatory obligations, any dealing for the account of funds managed by Jupiter may take place at any time (including during periods when directors and others are prevented from dealing). There will be no disclosure of the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations.

Over-allotment and Stabilisation

In connection with the Global Offer, the Selling Shareholders have granted J.P. Morgan Securities Ltd., as stabilising manager (the **Stabilising Manager**) on behalf of the Managers, the Over-allotment Option, which is exercisable in whole or in part, on notice by the Stabilising Manager, for the period commencing on the date on which conditional dealings in the Ordinary Shares commences and ending 30 days thereafter. Pursuant to the Over-allotment Option, the Stabilising Manager may require the Selling Shareholders to sell Additional Shares of up to 10 per cent. of the number of New Shares being placed on behalf of the Company at the Offer Price to cover over-allotments or further allotments, if any, made in connection with the Global Offer and/or to cover short positions resulting from stabilisation transactions. Any Additional Shares sold by Selling Shareholders pursuant to the exercise of the Over-allotment Option will be sold at the Offer Price on the same terms and conditions as the Offer Shares.

In connection with the Global Offer, the Stabilising Manager or any of its agents may, to the extent permitted by applicable law, over-allot or effect transactions with a view to supporting the market price of the Ordinary Shares or any options, warrants or rights with respect to, or interests in, the Ordinary Shares, in each case at a level higher than that which might otherwise prevail. Such transactions may be effected on the London Stock Exchange, on over-the-counter markets or otherwise and may be undertaken at any time during the period commencing on the date on which conditional dealings in the Ordinary Shares commences and ending no later than 30 days thereafter. However, there is no obligation on the part of the Stabilising Manager or any of its agents to effect stabilising transactions and as such there is no assurance that stabilising transactions will be undertaken. Such transactions, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Save as required by any legal or regulatory obligation, neither the Stabilising Manager nor any of their agents intends to disclose the extent of any Over-allotment and/or stabilisation transactions under the Global Offer.

Except where the context otherwise requires, information in this document on numbers of Ordinary Shares and percentage ownership is presented before any exercise of the Over-allotment Option. Further details of the Over-allotment Option are set out in paragraph 8 of Part 2: “The Global Offer -Stabilisation and over-allotment”.

Notice to prospective investors in the European Economic Area (EEA)

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a **Relevant Member State**) with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **relevant implementation date**), an offer of the Offer Shares and, if applicable, the Additional Shares, may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that Relevant Member State at any time: (a) to any legal entity that is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or (b) to any legal entity that has two or more of (1) an average of at least 250 employees during the latest financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its latest annual or consolidated accounts; or (c) in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser or subscriber of the Offer Shares or any Additional Shares described in this document located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an **offer to the public** 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 securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Notice to prospective investors in Canada

The offering in Canada is being made by this document and any decision by a Canadian purchaser to purchase Offer Shares or, if applicable, Additional Shares should be made solely on the information contained herein.

This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Offer Shares or, if applicable, Additional Shares in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Offer Shares or Additional Shares, and any representation to the contrary is an offence under applicable provincial securities laws. This document constitutes an offering in Canada of the Offer Shares and, if applicable, any Additional Shares only in those Canadian jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. The Company is not a reporting issuer in any province or territory of Canada.

The offering in Canada is being made solely in the provinces of Ontario, Quebec, British Columbia, Alberta and Manitoba. Sales of the Offer Shares and, if applicable, any Additional Shares in Canada will be made in reliance on exemptions from the prospectus and registration requirements of applicable provincial securities laws provided by National Instrument 45-106 – *Prospectus and Registration Exemptions (NI 45-106)* and/or National Instrument 31-103 – *Registration Requirements and Exemptions (NI 31-103)*. A description of certain restrictions on offers, sales and transfers of the Offer Shares and, if applicable, any Additional Shares in Canada is contained under paragraph 13.6 of Part 2: “The Global Offer – Selling and transfer restrictions – Canada”. In addition, purchasers in Canada will be deemed to have represented and agreed to all of the provisions contained under paragraph 13.6 of Part 2: “The Global Offer – Selling and transfer restrictions – Canada”.

2. FORWARD-LOOKING STATEMENTS

Some of the statements under “Summary Information”, “Risk Factors”, Part 1: “Information on the Group”, Part 3: “Operating and Financial Review” and elsewhere in this document include forward-looking

statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services). These statements include forward-looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words "believes", "estimates", "expects", "intends", "plans", "projects", "seeks", "anticipates", "will", "targets", "aims", "may", "would", "should", "could", "continue" or, in each case, their negative or other variations or comparable terminology and similar statements of a future or forward-looking nature, including discussions of strategy, plans, aims, objectives, goals, future events or intentions, identify forward-looking statements.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Group's actual results of operations and financial condition to differ materially from those indicated in these statements. These factors include, but are not limited to:

- material adverse changes in economic or industry conditions generally or in the markets in which the Group operates;
- the strength of the financial markets in which assets are invested or changes in those markets, in particular the UK equity market;
- the amount and composition of assets under management;
- changes in costs;
- competition; and
- other factors described in the part of this document entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document.

Any forward-looking statements in this document reflect the Group's and/or the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as of the date of this document. Subject to any obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group, the Directors or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

3. NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group's website do not form part of this document.

4. AVAILABLE INFORMATION

The Company has agreed that, so long as any of the Offer Shares and, if applicable, any Additional Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, on request, to any holder or beneficial owner of Offer Shares or Additional Shares or any prospective purchaser of Offer Shares or Additional Shares designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

5. ENFORCEABILITY OF CIVIL LIABILITIES

The Company is a public limited company incorporated under the laws of England and Wales, and its registered number is 6150195. The majority of the Directors and officers of the Company reside, and most of the Selling Shareholders reside, outside the United States. In addition, a substantial portion of the assets

of the Directors, the Selling Shareholders and the Group are or may be located outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States on the Company or its Directors or officers or such Selling Shareholders, or to enforce judgments in the courts of a foreign jurisdiction obtained in US courts, including judgments based on the civil liability provisions of the federal securities laws of the United States. Furthermore, there is doubt as to the direct enforceability in England and Wales against any of those persons, whether by original actions or by seeking to enforce a judgment of a US court, of civil claims based on the federal securities laws of the United States.

Enforcement of civil liabilities by Canadian purchasers

All of the Company's directors and officers, the Selling Shareholders and the experts named herein may be located outside Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or such persons. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Rights of action for purchasers in Ontario

Securities legislation in Ontario provides an Ontario purchaser (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) with a statutory right of action for damages or rescission against an issuer and any selling security holder where the related offering memorandum contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and any selling security holder will have no liability. In the case of an action for damages, the issuer and any selling security holder will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

The foregoing summary is subject to the express provisions of the Securities Act (Ontario) and the rules and regulations thereunder and reference is made thereto for the complete text of such provisions. **The rights discussed above are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.**

6. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial data and assets under management (AUM) figures

Unless otherwise indicated, the financial information in this document has been prepared in accordance with International Financial Reporting Standards (**IFRS**). IFRS differs in certain significant respects from generally accepted accounting principles in the United States (**US GAAP**). The Company has not quantified the impact of those differences. In making an investment decision, prospective investors must rely on their own examination of the Group, the terms of the Global Offer and the financial and other information in this document. Prospective investors should consult their own professional advisers for an understanding of the differences between IFRS and US GAAP.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this document may not conform exactly with the total figure given for that column or row.

The non-financial operating data included in this document and data relating to Jupiter's AUM have been extracted without material adjustment from the management records of the Group. AUM data set out in this document is unaudited.

Jupiter's AUM figures (i) for unit trusts are quoted on the basis of the mid-value (the mid-point between the price at which a unit can be bought or sold) and (ii) for other products (including SICAVs) are quoted on the basis of the net asset value per unit, in each case at the respective period end dates. Jupiter's AUM figures exclude internally held cross-holdings among Jupiter's funds.

Where AUM figures are quoted from industry sources or where Jupiter's AUM is quoted by reference to market shares or market positions, the Investment Management Association (**IMA**) basis for quoting unit trusts is used, which was offer value prior to 1 January 2010 and mid-value thereafter but without excluding internally held cross-holdings.

Jupiter's net sales figures are calculated on the basis of the consideration amounts for gross sales and repurchases and net sales and include any re-investment of dividends, reclaimed tax and interest payments. These figures exclude any internal dealing in Jupiter's own funds.

Market, economic and industry data

Market, economic and industry data used throughout this document is derived from various industry and other independent sources. The Company confirms that such data has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

7. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to "pounds sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, all references to "\$", "US\$" or "US dollars" are to the lawful currency of the United States, all references to "AUD" are to the lawful currency of Australia, all references to "Cdn.\$" are to the lawful currency of Canada and all references to "€" or "Euros" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

8. REFERENCES TO DEFINED TERMS

Certain terms used in this document, including certain capitalised terms and certain technical and other terms, are defined or explained in Part 9: "Definitions" and Part 10: "Glossary of Technical Terms" respectively.

9. ASSUMPTIONS

Unless the context otherwise requires or it is expressly provided to the contrary, the information in this document assumes:

- (a) the Offer Price is 180p, the mid-point of the Price Range;
- (b) up to 58,809,461 Ordinary Shares are being sold by the Selling Shareholders under the Global Offer and that the Over-Allotment Option is not being exercised;
- (c) Admission will occur on 21 June 2010;
- (d) the Preferred Finance Securities will be redeemed on 21 June 2010.

PART 1

INFORMATION ON THE GROUP

The following information should be read in conjunction with the more detailed information appearing elsewhere in this document, including the financial and other information in Part 3: “Operating and Financial Review” and Part 4: “Financial Information”. The financial information included in this Part 1: “Information on the Group” has been extracted without material adjustment from Part 4: “Financial Information” and Part 5: “Pro Forma Financial Information”, or has been extracted without material adjustment from the Group’s accounting records, which formed the underlying basis of the Accountants’ Report. Various terms used in this section are explained further in paragraph 5 of this Part 1: “Information on the Group – The Group’s business lines and products” and Part 10: “Glossary of Technical Terms”.

1. BUSINESS OVERVIEW

Jupiter is an investment management business focused on generating investment out-performance across its range of investment capabilities, which include UK, European and emerging markets equities, specialist equities (such as financial sector equities) and fund of funds products. Jupiter’s core strength in equity investment management is complemented by capabilities in fixed income, hedge and absolute return funds.

Jupiter is a market leading fund manager in the UK retail mutual fund market based on the size of its AUM and net sales, its strong investment performance track record, the strength of its brand and presence in key distribution channels. At 31 December 2009, 75 per cent. of Jupiter’s AUM was in mutual funds, the majority of which are open-ended funds directed towards retail investors through intermediated distribution channels in the UK. In addition, Jupiter provides investment management services to institutional clients, private clients, investment trusts and hedge funds.

At 31 December 2009, Jupiter had £19.5 billion of AUM, including £14.7 billion of AUM in 47 mutual funds. It was the fifth largest fund manager of UK retail mutual funds by AUM at 31 December 2009 and the fourth largest by net and gross sales in 2009 (Source: IMA and Lipper Feri, respectively). At 31 December 2009, the breakdown of Jupiter’s AUM by business line was as follows:

<i>Business line</i>	<i>AUM at 31 December 2009 £m</i>
Mutual funds ¹	14,692
Segregated mandates ²	2,754
Private clients ³	1,355
Investment trusts	546
Hedge funds	175
Total	19,522

1 Includes all unit trusts and SICAVs (including absolute return funds).

2 Includes primarily segregated institutional funds, private equity funds and sub-advisory funds (those managed by Jupiter but distributed by other financial institutions to their own retail customers).

3 Where money is raised from private clients but invested in Jupiter’s mutual funds, the relevant assets are categorised as private client AUM. Of the £1.36 billion invested by private clients at 31 December 2009, £398 million was invested in Jupiter’s funds.

Jupiter has an experienced senior management team, led by Edward Bonham Carter, who has been with Jupiter since 1994 and has been the Group Chief Executive since 2000. The senior management team also includes the Chief Investment Officer, John Chatfeild-Roberts, who joined Jupiter in March 2001, the Chief Financial Officer, Philip Johnson, who joined Jupiter in October 2009, and the Chief Operating Officer, Adrian Creedy, who has been with the Group since 1994. Jupiter’s non-executive Chairman, Jamie Dundas, joined Jupiter in January 2008.

Jupiter's head office and principal place of business is in London, where all of its fund managers are located. Its back office is in West Malling, Kent and its other main office is in Bermuda. At 31 December 2009, Jupiter employed 461 staff, of whom 446 were in the UK.

2. HISTORY OF THE GROUP

The founding member of the Group was incorporated in 1985 and initially had a small mutual fund business but mainly focused on the management of investment trusts and private client funds. Subsequently, the mutual fund business became the key area of its growth and the Group also expanded into institutional fund management. In 1991, the holding company of the Group, JIMG, was listed on the London Stock Exchange. Commerzbank AG acquired a 75 per cent. controlling interest in JIMG in 1995 and acquired the remaining 25 per cent. from management and employees in 2000. In 2007, Commerzbank AG sold JIMG to its employees through the MBO supported by private equity firm, TA Associates, and other minority investors. All of Jupiter's employees were given the opportunity to acquire shares in the Company and, as a result of their investment, employees currently own approximately 80 per cent. of the ordinary share capital of the Company.

Since the MBO, Jupiter has focused on organic growth, particularly of its mutual fund business. The business has grown principally as a result of net sales into Jupiter's range of mutual funds. Over the three years to 31 December 2009, despite the difficult financial conditions, Jupiter achieved net sales of £3.9 billion into its mutual funds. During this period, management has continued to focus on promoting Jupiter's investment culture and retaining its team of talented fund managers, which together have been key to supporting Jupiter's strong investment performance across its range of funds and its ability to build AUM. Jupiter has also sought to leverage its existing investment capability to launch new funds as well as selectively recruiting new fund managers either to run new funds or to strengthen the investment team managing its existing funds. Jupiter has also broadened its distribution platform by consolidating relationships with fund platforms, banks and insurance companies, both in the UK and internationally.

3. KEY STRENGTHS

The Directors believe Jupiter benefits from the following key strengths:

3.1 *Equity-focused UK retail asset manager*

Jupiter focuses primarily on its core competency of managing equity investments. Approximately 86 per cent. of AUM at 31 December 2009 was invested in equities, particularly UK equities, which accounted for approximately 47 per cent. of AUM at that date. Within Jupiter's investment team, it has equity fund managers who manage money across a wide variety of investment styles. As a result, Jupiter has mutual funds in a diverse range of investment sectors, which covered approximately 82 per cent. (by AUM) and 76 per cent. (by gross sales) of the UK retail mutual fund market at 31 December 2009 (Source: IMA and Jupiter). Although one fund manager accounted for approximately 18 per cent. of Jupiter's AUM at 31 December 2009, Jupiter also had a further eight fund managers each managing in excess of £500 million of AUM at that date. With its primary focus on equities, Jupiter has sought to expand only into asset classes in areas where the Directors believe it has the investment capabilities to create investment out-performance; it has not sought to expand simply to increase or diversify AUM. It has, however, sought to leverage its expertise by establishing new funds such as SICAVs and absolute return funds to attract additional AUM.

3.2 *Leading position in the UK retail market*

Jupiter has built its market share on the back of its long-term track record of investment out-performance and its multi-channel distribution approach. Jupiter was ranked the fifth largest fund manager of UK retail mutual funds by AUM at 31 December 2009 and the fourth largest by net and gross sales in 2009 (Source: IMA and Lipper Feri, respectively). For each of the last five calendar years, Jupiter has ranked consistently within the top six best selling fund management groups by net sales in the UK retail mutual fund market, with an average market share of 10.5 per cent. (Source: FERI, IMA). Over this period, Jupiter more than doubled its UK mutual fund business from AUM of £6.5 billion at 31 December 2004 to £14.1 billion at 31 December 2009, principally through approximately £6.2 billion of net sales. Jupiter experienced positive net sales of UK mutual funds for every quarter from 1 January 2000 to 31 December 2009.

3.3 *Strong investment culture and consistent long-term investment out-performance*

The success of Jupiter's business is mainly attributable to its long-term track record of investment out-performance, historic performance being a core measure used by clients when making investment decisions or by intermediaries when providing advice to their clients on fund selection. This has allowed Jupiter to retain clients and their assets and to grow its business by attracting additional assets and new clients. 47 per cent. of Jupiter's mutual fund AUM was in funds that produced first quartile investment performance over the three years ended 31 December 2009 and 51 per cent. was in funds that produced first quartile investment performance over the five years to that date. At 31 December 2009, 57 per cent. of Jupiter's mutual funds had been first quartile since launch (Source: Financial Express and Jupiter).

Jupiter's investment culture enables it to attract and retain talented fund managers by allowing them the freedom to pursue their own individual investment approach. The Directors believe that it is this culture that has helped build a strong track record of investment out-performance. Jupiter has assembled a team of 33 fund managers who have built a strong track record of investment performance. Of Jupiter's 33 fund managers, 17 are either rated by Citywire or manage funds rated by S&P Research or Old Broad Street Research (**OBSR**), demonstrating industry recognition for their investment expertise, and 13 manage mutual funds that have delivered first and second quartile performance over five years. The success of Jupiter's investment culture is evidenced not only by the quality of its people, but also by the length of time that fund managers typically remain with Jupiter in a highly competitive industry; 13 fund managers have been with the Group for over 10 years.

3.4 *Established and recognised brand*

A recognisable brand is essential to effective communication with retail customers and the intermediaries which are responsible for distribution of mutual funds in the UK. Jupiter benefits from a well-established and recognised brand in the UK retail mutual fund market and, for each of the last five calendar years, has been ranked among the top five fund managers for overall brand awareness and advertising recall among intermediaries (Source: Consensus Research, Investment Funds Survey 2009). The Directors believe that the strength of Jupiter's brand, combined with its long-term track record of investment out-performance, have supported Jupiter's competitive position in the UK retail mutual fund market.

3.5 *Strong record of net new business generation*

Jupiter experienced positive net sales of UK mutual funds for every quarter from 1 January 2000 to 31 December 2009. This has allowed Jupiter to double its UK mutual fund business from AUM of £6.5 billion at 31 December 2004 to £14.1 billion at 31 December 2009, principally through approximately £6.2 billion of net sales. Over the 3-year period ending 31 December 2009, Jupiter's net sales were £3.1 billion, which enabled Jupiter to increase its AUM by 12 per cent. relative to 31 December 2006 while over the same period the UK equity market (as represented by the FTSE 100 index) declined by 13 per cent.

The table below sets out the movements in Jupiter's AUM over the three years ended 31 December 2009:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Opening AUM	17,420	18,769	14,814
Inflows (gross sales)	4,408	3,993	4,951
Outflows	(3,858)	(3,229)	(3,147)
Net sales	550	764	1,804
Appreciation/Depreciation	799	(4,719)	2,903
Closing AUM	18,769	14,814	19,522

3.6 *Attractive, high-margin business model*

Jupiter's focus is on mutual funds, which typically have higher management fee margins than other asset management products. Combined with the Group's high concentration of mutual fund business, as compared with other asset management products, this has resulted in attractive net management fee margins of 97 basis points in 2009 across its business. These attractive net management fee margins, combined with disciplined control over operating costs, resulted in EBITDA of £91.3 million for the year ended 31 December 2009 and an EBITDA margin of 50 per cent. Jupiter's working capital requirements are limited, so a high proportion of its EBITDA can convert into cash and support both its continued deleveraging and a progressive dividend policy.

3.7 *Resilient flows and financial performance across the cycle*

As shown in paragraph 3.5 above, Jupiter's resilient flows are evidenced by it achieving net sales even during the difficult financial conditions of the three years ended 31 December 2009. The Group's financial performance has also been resilient in the face of difficult investment markets. The average equity market level (as represented by the FTSE 100 index) was approximately 29 per cent. lower during 2009 compared with 2007, yet Jupiter's net management fees for 2009 compared with 2007 fell by only 15 per cent. as a result of positive net sales and investment out-performance. EBITDA in 2009 was £91.3 million, broadly flat on 2008, despite an 18 per cent. decline in average UK equity market values (as represented by the FTSE 100 index).

3.8 *Scalable operating platform to capitalise on growth opportunities*

Jupiter runs its funds through a single investment platform in London, with managers running a variety of funds or mandates. Jupiter also uses a common marketing infrastructure to support its distribution teams, which are typically specialist in nature and focused on specific market or product segments. This combination allows Jupiter to apply its investment skills efficiently across a wide range of products, channels and markets. As a result, where Jupiter adds new mandates or funds, in almost all cases this can be done with limited additional fixed cost. Jupiter will look to continue to develop new products selectively using existing investment capabilities through existing or new distribution channels, such as Jupiter's range of SICAV funds and absolute return funds.

The Directors believe the UK retail mutual fund market continues to have strong growth prospects and that Jupiter is well-positioned to benefit from such growth.

4. STRATEGY

Jupiter's strategy is focused on delivering value to its clients through investment out-performance across its range of funds over the medium to long-term. The Directors believe investment out-performance can generate value for shareholders by delivering positive net sales, revenue growth ahead of stock market levels and, combined with disciplined cost management, growth in earnings. The Directors believe Jupiter is positioned to capture market growth and increase market share by continuing to leverage its investment capability through product development and increased penetration of its markets. Jupiter's strategy is to:

4.1 *Preserve Jupiter's investment culture and generate investment out-performance*

Jupiter's business is centred on its investment team and is reliant on the quality and reputation of its fund managers. Management is focused on preserving Jupiter's culture of investment freedom, individuality and accountability, which has in the past contributed and, in the Directors' view, will continue to contribute to Jupiter's success in maintaining and developing an experienced and long-serving team of talented fund managers. Where appropriate, Jupiter may selectively recruit new fund managers to broaden and strengthen Jupiter's investment capabilities. However, Jupiter will continue to focus primarily on its core competency of managing equity investments. In this way, Jupiter aims to sustain its record of investment out-performance for its clients over the medium to long-term.

4.2 *Sell investment expertise to clients through products suited to Jupiter's distribution strengths*

Jupiter's investment expertise is provided to clients under a single brand through a range of products and through its various distribution channels. Management's objectives are to offer and develop

products that are suited to the distribution channels and markets in which Jupiter has a strong, well-established position and, in particular, the UK retail mutual fund market. Jupiter's goal is to maintain its current top five market position in the UK retail mutual fund market in terms of both net sales and AUM, through investment out-performance and continued investment in Jupiter's well-established brand. In addition, Jupiter will look to continue to develop new products selectively using existing investment capabilities through existing or new distribution channels, such as Jupiter's range of SICAV funds and absolute return funds. In expanding its product range or distribution capabilities, management will continue to take a disciplined approach to pricing in order to seek to preserve net management fee margins within each channel.

4.3 *Leverage Jupiter's investment and distribution capabilities*

Jupiter's business model benefits from economies of scale. Whilst management will continue to invest in Jupiter's people, brand and operations, the existing investment, distribution and administrative platforms are, in the Directors' view, capable of supporting significantly higher levels of AUM at proportionately lower levels of incremental cost. Therefore, to the extent Jupiter can achieve growth in AUM and revenues, the Directors would expect to see this generating a higher rate of growth in EBITDA.

5. THE GROUP'S BUSINESS LINES AND PRODUCTS

Jupiter has a single investment platform, comprising 33 fund managers all of whom are based in London, focused on generating investment out-performance across Jupiter's range of investment capabilities. These capabilities are offered to Jupiter's clients through a range of funds and into a variety of markets. Jupiter's principal market is the UK retail mutual fund market, which accounted for approximately 72 per cent. of AUM at 31 December 2009. Jupiter also offers funds and services into other markets, including the international mutual funds market and the institutional, private client, investment trust and hedge fund markets.

The table below sets out the breakdown of AUM by business line at the dates indicated:

<i>Business line</i>	<i>At 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Mutual funds ¹	13,440	10,709	14,692
Segregated mandates ²	3,069	2,400	2,754
Private clients ³	976	938	1,355
Investment trusts	661	524	546
Hedge funds	623	243	175
Total	18,769	14,814	19,522

1 Includes all unit trusts and SICAVs (including absolute return funds).

2 Includes primarily segregated institutional funds, private equity funds and sub-advisory funds (those managed by Jupiter but distributed by other financial institutions to their own retail customers).

3 Where money is raised from private clients but invested in Jupiter's mutual funds, the relevant assets are categorised as private client AUM. Of the £1.36 billion invested by private clients at 31 December 2009, £398 million was invested in Jupiter's funds.

The table below sets out the breakdown of net sales by business line over the three years ended 31 December 2009:

<i>Business line</i>	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Mutual funds ¹	1,346	770	1,747
Segregated mandates ²	(936)	244	(129)
Private clients ³	75	136	286
Investment trusts	27	(6)	(32)
Hedge funds	38	(379)	(68)
Total	550	765	1,804

1 Includes all unit trusts and SICAVs (including absolute return funds).

2 Includes primarily segregated institutional funds, private equity funds and sub-advisory funds (those managed by Jupiter but distributed by other financial institutions to their own retail customers).

3 Where money is raised from private clients but invested in Jupiter's funds, the relevant assets are categorised as private client AUM.

The table below sets out the geographical breakdown of AUM at the dates indicated, based on the location of the client or intermediary through which the business is received:

<i>Region</i>	<i>At 31 December</i>					
	<i>2007</i>		<i>2008</i>		<i>2009</i>	
	<i>£m</i>	<i>%</i>	<i>£m</i>	<i>%</i>	<i>£m</i>	<i>%</i>
UK	16,248	86.6	13,205	89.1	17,778	91.0
Continental Europe	1,604	8.5	1,094	7.4	1,261	6.5
Hong Kong/Taiwan	21	0.1	58	0.4	111	0.6
Rest of world	896	4.8	457	3.1	372	1.9
Total	18,769	100	14,814	100	19,522	100

5.1 *Mutual funds*

Jupiter's mutual fund business comprises UK-domiciled unit trusts, a Jersey-domiciled umbrella fund with sub-funds as feeder funds for UK-domiciled unit trusts and Luxembourg-domiciled SICAV funds. These structures are primarily designed for retail investors, although institutional investors may also choose to invest through them.

The UK retail mutual fund market, with total AUM of approximately £300 billion at 31 December 2009, is Jupiter's principal market. Jupiter has built a leading position, being ranked the fifth largest fund manager of UK retail mutual funds by AUM at 31 December 2009 and the fourth largest by net sales in 2009 (Source: IMA).

Jupiter's UK mutual fund business is broadly-based and Jupiter manages mutual funds in a diverse range of investment sectors, which covered approximately 82 per cent. (by AUM at 31 December 2009) and 76 per cent. (by gross sales in 2009) of the UK retail mutual fund market (Source: IMA). Rather than relying exclusively on a limited number of funds, Jupiter manages a broad range of mutual funds that encompass a variety of investment categories such as UK equities (including both growth and income investment styles), European equities, emerging markets equities, specialist equities (such as financial sector equities) and fund of funds products. In 2009, Jupiter's five top-selling mutual funds, ranked by net sales, collectively represented 74 per cent. of Jupiter's total UK mutual fund net sales of £1,711 million, and individually accounted for 24 per cent., 16 per cent., 13 per cent., 12 per cent. and 9 per cent. respectively.

The table below sets out the top ten investment sectors by AUM based on data compiled by IMA and Jupiter's market share by AUM, its net sales and the number of funds in each sector at and for the year ended 31 December 2009:

<i>Investment sector</i>	<i>Market total AUM £ billion</i>	<i>Jupiter market share by AUM (%)</i>	<i>Jupiter net sales £ billion</i>	<i>Number of Jupiter funds</i>
UK All Companies	95.5	1.7	(0.09)	5
£ Corporate Bond	43.5	0.6	0.14	1
Global Growth	34.3	3.6	0.12	4
Europe ex-UK	31.3	5.7	0.05	3
UK Equity Income	27.7	11.2	(0.07)	1
Unclassified sector	26.9	0.0	n/a	1
Asia Pacific ex-Japan	22.4	1.3	0.09	2
UK Equity Income & Growth	21.7	–	n/a	0
North America	17.1	1.5	0.08	1
Gilts	17.1	–	n/a	0

Source: IMA

In addition, Jupiter's range of UK mutual funds has significant depth, with eight funds with AUM in excess of £500 million at 31 December 2009. The business is diversified in that the top 5 funds by AUM at that date in aggregate represent only 40 per cent. of Group AUM.

Jupiter's strength in the UK retail mutual fund market is further evidenced by its long-term record of net sales into mutual fund products. Jupiter has experienced positive net sales for every quarter from 1 January 2000 to 31 December 2009. Jupiter's market share of total UK retail mutual fund AUM was 5.4 per cent. at 31 December 2009, which ranked it fifth out of 101 product providers (2008: 5.5 per cent., ranked third out of 103) (Source: IMA).

Jupiter has maintained its market position for a number of years, having been in the top six best-selling fund management groups by net sales in the UK retail mutual fund market for each of the last five calendar years and having achieved an average market share of 10.5 per cent. over that period (Source: FERI, IMA).

As UK-domiciled unit trusts are not as familiar to international investors and their features make them more difficult to market internationally, Jupiter launched a new range of Luxembourg-domiciled SICAV funds in 2005/2006 as part of a strategy to expand its international business. Although SICAVs represent a small proportion of Jupiter's mutual fund AUM, they have grown strongly as illustrated in the table below and the Directors believe that the international market for SICAVs exhibits significant potential for future growth. As with UK mutual funds, SICAVs are open-ended and available to both retail and institutional investors. Jupiter currently manages two SICAVs with an aggregate of 15 sub-funds across a range of investment categories, typically where Jupiter has an existing capability in its unit trust range.

Jupiter's range of mutual funds includes two absolute return funds, one of which was launched in December 2009 and the other in January 2010. Unlike the majority of Jupiter's funds, which are long-only equity funds, these can take both long and short positions in portfolios of securities with the aim of producing absolute returns regardless of the direction of financial markets. By offering retail investors exposure to long/short investment products, these funds potentially provide an additional source of sales for Jupiter to new and existing clients, whilst also potentially reducing the impact of negative equity market performance or increased volatility on Jupiter's AUM.

The table below sets out the breakdown of Jupiter's mutual fund AUM between unit trusts and SICAVs at the dates indicated:

<i>Mutual funds</i>	<i>At 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Unit trusts	13,170	10,408	14,211
SICAVs	270	301	481
Total	13,440	10,709	14,692

5.2 *Segregated mandates*

Jupiter's segregated business manages primarily institutional, sub-advisory and private equity mandates. The institutional business manages segregated mandates for institutional clients, including pension funds, insurance companies, selected multi-managers and endowment funds. At 31 December 2009, Jupiter managed a total of £2.8 billion of AUM for segregated mandates, of which approximately 61 per cent. was invested in UK equities.

Specialist mandates, where investment managers are awarded a mandate in their specific area of investment expertise (rather than managing a balanced mandate across a full range of asset classes), have been popular with institutional investors in recent years and these have provided Jupiter with additional institutional opportunities. Balanced mandates have seen a significant decline across the industry. Jupiter manages no pension fund balanced mandates. Of the specialist mandates managed by Jupiter, a number focus on socially responsible or environmental investments.

Jupiter has a number of fund managers running mutual funds whose investment process, style and track records are also attractive to institutional clients. These fund managers often also run segregated portfolios on behalf of institutional clients which in large part replicate the investment process in their mutual fund, and enable Jupiter to add additional AUM at low additional fixed costs. The fee margins which Jupiter can earn on specialist mandates are financially attractive, given the potentially large mandate sizes. Performance fees are sometimes also charged on institutional mandates; where these are earned, total fees can be comparable with the fees received for managing mutual funds.

Jupiter's strategy is to build its institutional business by creating new specialist products and selectively recruiting investment resources in key institutional areas. Additional marketing resources have been deployed in recent years to address the opportunities offered by investment consultants and multi-managers, which are important channels for institutional distribution.

Jupiter has historically had a small number of sub-advisory relationships under which it manages funds distributed by other financial institutions to their own retail customers. Sub-advisory AUM at 31 December 2009 was £442 million. The corresponding figures for 2007 and 2008 are not directly comparable as a result of the withdrawal of Commerzbank AG's mandates during the period following the MBO.

The table below sets out Jupiter's segregated AUM at the dates indicated:

	<i>At 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Segregated mandates ¹	3,069	2,400	2,754

¹ Includes three specialist private equity mandates representing £119 million of AUM at 31 December 2009.

5.3 *Private clients*

Jupiter offers primarily a discretionary investment management service to private clients, including charities, managing individual portfolios of shares and mutual funds (including Jupiter mutual funds) on behalf of the client. This business is complementary to Jupiter's mutual fund business and, in particular, the fund of funds team. Jupiter had £398 million (29 per cent.) of private client AUM invested in Jupiter's funds at 31 December 2009.

Jupiter expanded its private client business substantially by recruiting eight new private client fund managers who joined Jupiter in late 2008/early 2009, increasing its team to 13. This provided Jupiter with the capacity to manage substantially higher levels of AUM and Jupiter's private client AUM has risen from £976 million at 31 December 2007 to £1.4 billion at 31 December 2009.

The table below sets out Jupiter's private client AUM at the dates indicated:

	<i>At 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Private clients	976	938	1,355

5.4 *Investment trusts*

Investment trusts are closed-ended, listed investment companies. Jupiter currently manages five investment trusts with an aggregate AUM of £546 million at 31 December 2009, of which two are split capital investment trusts. All five incorporate the Jupiter brand in the name of the trust. All of Jupiter's investment trust clients have the power to use structural gearing and short selling for investment purposes.

Jupiter has been successful in raising new AUM for its investment trust clients (through institutional placings, public offers for subscription and secondary market tap issues), in attracting rollover mandates from investment trusts managed by third parties and in the retention of AUM through the reconstruction of investment trusts which have reached the end of their planned lives.

Since 1999, Jupiter has operated a dedicated investment trust savings scheme and ISA for its investment trusts in order to generate demand for their shares from retail investors and intermediaries in the secondary market.

The table below sets out Jupiter's investment trust AUM at the dates indicated:

	<i>At 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment trusts	661	524	546

5.5 *Hedge funds*

At 31 December 2009, Jupiter managed three single strategy hedge fund products, two managed accounts (based on a hedge fund strategy) and one fund of hedge funds. In line with the hedge fund industry in general, Jupiter experienced a significant withdrawal of assets during 2008 and 2009, which has been reflected in the decline of Jupiter's hedge fund AUM from £623 million at 31 December 2007 to £175 million at 31 December 2009.

The table below sets out Jupiter's hedge fund AUM at the dates indicated:

	<i>At 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Hedge funds	623	243	175

6. INVESTMENT CAPABILITY, PROCESS AND PERFORMANCE

6.1 *Philosophy and culture*

Jupiter's investment philosophy is to seek to generate investment out-performance against relevant benchmarks over the medium to long-term without exposing its clients to unnecessary risk. The Directors believe that talented fund managers perform best if they are given the freedom to invest as they see fit, subject to the constraints set by each fund's investment objectives. While Jupiter's fund

managers work as a closely knit team, sharing stock ideas and debating market prospects, each manager has individual responsibility for his or her own portfolios and is held accountable for the investment performance of the funds he or she manages.

The investment process is not run by committees and there is no house view on markets, asset allocation or core lists of stocks. The Directors believe that such committee-based approaches can result in investment decisions that move towards consensus and in weak compromises and mediocre performance. Instead, Jupiter's fund managers take an active approach in managing their investments and Jupiter allows its managers considerable scope to adopt investment positions against prevailing consensus in the market and the portfolio's benchmark in order to achieve investment out-performance for Jupiter's clients. Jupiter's fund managers tend to emphasise stock selection, rather than specifically targeting relative sector or geographic weightings.

In addition to making fund managers clearly accountable for investment performance, Jupiter encourages fund managers to invest personally in the funds they and their colleagues manage in order to align their interests with those of clients. A number of fund managers have a substantial personal investment in Jupiter's funds.

6.2 *Investment capability*

Jupiter has a single investment platform comprising 33 fund managers based in London, who are responsible for managing Jupiter's full range of funds across its client and product base. Fund managers, particularly more senior individuals, may manage a number of portfolios across Jupiter's various business lines, including mutual funds, institutional segregated portfolios, investment trusts and/or hedge funds. Private client assets are managed separately by 13 private client fund managers.

Although Jupiter is predominantly an equities-focused investment manager with 86 per cent. of AUM in equities at 31 December 2009, its investment capabilities span a broad range of investment themes within the equity asset class. Jupiter has expertise in managing UK equities, including growth and income styles, European and emerging markets equities and specialist equities, such as financial sector equities. Jupiter also has capabilities in fund of funds and fixed income securities.

The following table sets out the AUM managed within each investment theme at 31 December 2009:

<i>Investment theme</i>	<i>AUM £ billion</i>
UK income	4.5
Fund of funds	3.9
UK growth	3.0
European	2.5
Discretionary	1.4
Financials	1.4
Emerging markets	1.1
Global	0.9
ESG/SRI/Climate change	0.5
Fixed income	0.3

The breakdown of AUM based on the geographic areas in which the underlying assets are invested is: UK: 57 per cent.; Europe: 16 per cent.; Global: 23 per cent.; and 4 per cent. in other regions.

Jupiter's fund managers have significant investment experience with an average of 20 years in the industry and 45 per cent. having experience of 20 years or more. A large number of Jupiter's fund managers have been working together at Jupiter for a number of years, with 13 fund managers having been at Jupiter for 10 years or more. A significant number of Jupiter's fund managers have achieved recognition in the industry, reflecting their investment expertise and performance record. The table below sets out at 31 December 2009 the number of Jupiter's fund managers with Citywire Fund Manager Ratings, which track the performance of individual fund managers, and the number of Jupiter's fund managers whose funds are rated by OBSR and S&P Research.¹

	<i>Citywire</i>	<i>OBSR</i>	<i>S&P</i>
AAA	–	8	6
AA	4	4	6
A	3	3	4
	<hr/>	<hr/>	<hr/>
	7	15	16

1 Certain fund managers are included more than once in these figures, as they are rated individually by Citywire and their funds are also rated by OBSR and S&P.

Management’s focus has consistently been on building depth to Jupiter’s investment capabilities by ensuring that each fund manager is supported by at least one other manager in the team capable of assuming the main managerial role if the current fund manager is unavailable for any reason or leaves. Jupiter has been able to replace fund managers on a number of occasions over the past decade, including for some of its largest mutual funds such as the Income Trust (in 2000), the European Fund (in 2001) and the European Special Situations Fund (in 2005). The replacement managers were all promoted from within the investment team at the time and have gone on to be successful in terms of investment performance and fund flows. In order to provide this depth of talent, Jupiter places great emphasis on nurturing the development of its fund managers at all levels. More junior managers are given responsibility for managing smaller funds, which allows them to build valuable experience and track records. As a result, Jupiter has a layer of talented fund managers running smaller funds, which have the potential to grow in size, whilst at the same time providing those managers with the experience and skills necessary to manage other funds in the future.

6.3 *Investment process*

Jupiter employs fund managers who run funds in a wide variety of styles. There are four broad categories of investments that Jupiter manages, each involving different investment processes.

(a) *Long-only equity investing*

Jupiter’s fund managers are typically stock pickers focusing their efforts on analysing and investing in companies that they believe can out-perform the relevant portfolio’s benchmark. Generally, Jupiter’s fund managers do not attempt to predict macroeconomic trends, but the investment approach does take into account prevailing conditions and how these may affect corporate earnings, inflation and interest rates. Usually, fund managers approach stock selection through a comprehensive analysis of a company, including the drivers and cyclicity of its earnings, the quality of its balance sheet, its competitive position and the quality of a company’s management team, studying their track record and assessing their level of personal financial commitment, including shareholdings. Regular meetings with a company’s management team are a critical part of the investment process, providing, in Jupiter’s view, one of the most valuable insights into a potential investment. Jupiter’s fund managers typically have in excess of 1,000 meetings with companies each year.

The screening of investment opportunities is usually conducted using quantitative tools and provisional stock selections are then subjected to various valuation analyses. Stock ideas, company analysis, market views and feedback from company meetings are shared widely within the investment team and are typically discussed at weekly meetings, which all fund managers have the opportunity to attend. However, each fund manager alone is responsible for investment decisions in his or her portfolio. Once investment decisions have been made, trades are then executed by a dedicated, central team of experienced dealers, who sit on an open-plan floor with the fund managers, which the Directors believe supports good communication throughout the investment process.

(b) *Fund of funds investing*

Fund of funds investing is based on the belief that identifying talented fund managers and investing with them will add value for clients. The team’s approach involves both an

assessment of the macroeconomic environment and research to determine which fund managers are likely to perform well in given situations, leading to portfolios of fund investments that reflect the team's views in both these areas. The fund of funds team interacts on a day-to-day basis with Jupiter's other fund managers, discussing recent company results, findings from company meetings and the latest developments in investment markets. The communication of information is two-way and the team contributes to Jupiter's macroeconomic analysis relating to asset allocation and the bias of portfolios to "growth" or "value" styles. Considerable use is also made of the external strategic and economic research to which Jupiter subscribes.

(c) *Long/short investing*

The long/short funds, which include absolute return and hedge funds, are constructed as a diversified portfolio of long and short positions in equities and other securities, with each of these funds having its own investment philosophy. Central to the investment approach of all long/short fund strategies is a comprehensive analysis of individual companies, similar to that of the long-only funds. However, fund managers will also look at valuation to identify potential pricing anomalies, which can be best exploited in a long/short portfolio structure. Comprehensive analysis is combined with shorter term trading considerations to improve the timing of investment decisions and special attention is paid to identifying specific catalysts or events that may lead to a correction in an identified pricing anomaly.

(d) *Fixed income investing*

Jupiter's fixed income managers typically structure portfolios of bonds which offer value and an attractive balance between risk and reward. The investment process starts with an assessment of the macroeconomic environment taking into account the outlook for inflation and interest rates. Security selection is based on a thorough analysis of companies, including their business model and competitive position, financial strength and credit rating and the quality of the management team. Finally, fund managers take into account yields, duration and the shape of the yield curve when making an investment decision.

6.4 *Investment risk management and performance review*

The Directors believe that investment risk management is primarily the responsibility of the fund managers supported by a supervisory structure and risk management policy that is consistent with the regulatory requirements and the investment policy and risk profile of Jupiter's products. Oversight of the risk management process and responsibility for the monitoring of Jupiter's funds lies with a series of committees that analyse and review the various categories of risk to which the funds are exposed.

Jupiter uses an electronic order management system which aids compliance through the system's comprehensive pre-trade checks, which are reviewed in real-time, and through retaining a full transaction history of all executed trades. Any errors or breaches are captured through further daily post-trade checks and, once identified, are corrected by the fund manager. All errors and breaches are automatically reported to compliance. In addition, there is a peer review process, whereby fund managers review each other's portfolios on a quarterly basis, monitoring portfolio concentration and liquidity. Reviewing fund managers are rotated every twelve to eighteen months.

Jupiter has a team of experienced risk analysts, the Portfolio Analytics Team, which operates independently of the investment management function, utilising various risk management systems that allow Jupiter to capture, measure and analyse portfolio risk within a particular strategy. In addition, a derivative risk management process provides daily measurement and analysis for those products that use derivative instruments as part of their investment strategy, such as hedge and absolute return funds. Reports prepared by the Portfolio Analytics Team are then circulated to the relevant fund manager. Any significant risks identified in the reports are reviewed by the Risk Management Committee, which meets monthly or more frequently as required. In addition, the Portfolio Review Committee, which is chaired by the Chief Investment Officer, meets quarterly to review the investment performance and risk profile of all of Jupiter's portfolios.

The Monitoring Committee, which is chaired by the Compliance Officer, meets quarterly to review and ensure that each portfolio meets the client's or fund's investment objectives and that all holdings comply with the investment mandate. Errors or breaches that have been highlighted by the electronic order management system during the period, although generally remedied promptly after they are identified by the order system or through Jupiter's other risk management procedures, are also reviewed during these Monitoring Committee meetings, as necessary.

6.5 *Investment performance*

Jupiter's investment performance track record is strong for the majority of its funds and products. At 31 December 2009, 18 mutual funds, representing approximately 51 per cent. of mutual fund AUM, had delivered first quartile investment performance over a five year period.

The table below sets out a detailed analysis of the investment performance of Jupiter's mutual funds by quartile ranking weighted by AUM for the one, three and five year periods ended 31 December 2009:

<i>Fund performance</i>	<i>Quartile ranking</i>		
	<i>1 year</i>	<i>3 years</i>	<i>5 years</i>
1st quartile	22.2%	47.1%	50.9%
2nd quartile	18.7%	10.7%	45.0%
3rd quartile	26.9%	12.9%	0.4%
4th quartile	32.2%	29.2%	3.7%
Number of funds included in analysis	41	33	29
AUM included in analysis (£ billion)	£14.2	£13.8	£13.3
Percentage of total Group AUM included in analysis	73%	71%	68%

Source: Financial Express and Jupiter

The table below sets out a detailed analysis of the investment performance of Jupiter's mutual funds by quartile ranking by number of funds for the one, three and five year periods ended 31 December 2009:

<i>Fund performance</i>	<i>Quartile ranking</i>		
	<i>1 year</i>	<i>3 years</i>	<i>5 years</i>
1st quartile	10	16	18
2nd quartile	9	3	6
3rd quartile	15	7	1
4th quartile	7	7	4
Total	41	33	29

Source: Financial Express and Jupiter

Whilst investment performance can be more variable over short periods of time, Jupiter's track record of long-term investment performance has been maintained over a number of years. The table below sets out the percentage of mutual fund AUM ranked in the first and second quartiles over the three year periods ended on the dates indicated:

	<i>Three years ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
1st quartile	59%	48%	47%
2nd quartile	29%	37%	11%

Source: Financial Express and Jupiter

The table below sets out a detailed analysis of the investment performance of Jupiter's 20 largest mutual funds by AUM (at 31 December 2009) and quartile ranking:

<i>Funds</i>	<i>AUM</i> <i>£m</i>	<i>Since</i> <i>launch</i>	<i>Quartile ranking</i>		
			<i>1 year</i>	<i>3 years</i>	<i>5 years</i>
Income Trust	2,805	1	4	4	2
Merlin Income	1,787	1	2	1	1
Financial Opportunities	1,200	1	4	2	2
European	1,142	1	1	1	1
Merlin Growth	960	1	3	1	1
UK Growth	823	1	1	4	2
High Income	587	1	2	3	2
Merlin Balanced Portfolio	558	1	3	1	1
Emerging European Opportunities	473	1	1	3	2
European Special Situations	448	1	3	1	1
Merlin Worldwide Portfolio	420	1	3	1	1
Ecology	336	2	4	3	1
Distribution	273	3	3	3	4
Global Managed	260	1	3	2	1
Corporate Bond	254	2	3	1	1
UK Special Situations	256	1	3	1	1
China Fund	224	1	1	1	n/a
India Fund	157	1	1	n/a	n/a
Japan Income	139	1	3	1	n/a
Undervalued Assets	135	1	4	4	4

Source: Financial Express and Jupiter

Jupiter's track record of out-performance is recognised by over 200 industry awards it has received in the last eight years, including the OBSR "Outstanding Investment House" Honour 2009 and the What Investment Fund Management Awards 2009 "Unit Trust/OEIC Management Group of the Year" award.

7. MARKETING AND DISTRIBUTION

Jupiter has a well-established and recognised brand in investment management in the UK which is strengthened through brand advertising. Jupiter supports its brand through a central group marketing function, which also supports the distribution of Jupiter's products to both its retail and institutional clients. Such clients are accessed through a variety of distribution channels.

7.1 Brand and advertising

Jupiter consistently ranks in the top 5 UK asset managers for overall brand awareness and advertising recall among intermediaries (source: Consensus Research, Investment Funds Survey 2009). It consistently ranks in the top 5 fund managers in the UK unit trust/OEIC category in the Press Watch survey for positive press mentions in national newspapers, having ranked 2nd in 2008 and 3rd in 2009.

Jupiter's brand has been built in part through sustained long-term advertising investment, including national and trade press advertisements, digital and outdoor media. Jupiter's advertising is focused on emphasising its performance track record, supported by specific messages for key products, and hence contributes (in the Directors' assessment) to the ongoing enhancement of Jupiter's brand.

7.2 Group marketing

Jupiter established a central group marketing function in 2006. This now comprises 33 individuals, whose role is to support distribution of products via all distribution channels. The team's remit includes:

- protecting and developing Jupiter’s brand representation via effective communications, PR and advertising;
- delivering external market and competitor analysis, and detailed sales analysis by distribution channel;
- providing a central repository for information on the Group and its products;
- designing and producing sales support material and information, including requests for proposals (**RFPs**), factsheets, presentations, sales aids, fund breakdowns, investment commentaries and consultant databases;
- planning and delivering events, bulk mailings and digital communications; and
- developing Jupiter’s website content structure and copy for publication.

The Group marketing function is structured as five teams with the following numbers of staff: Marketing Communications (15 staff), PR and Investment Writing (seven staff), Marketing Information and RFPs (six staff), Business Intelligence (three staff) and Events (two staff).

7.3 *UK retail distribution channels*

Almost all of Jupiter’s sales to retail clients are conducted through four distinct intermediated channels: IFAs, fund platforms, life assurance providers and other asset and wealth managers. The remainder consists of direct sales. Although Jupiter’s directly executed IFA sales have decreased in recent years as the importance of fund platforms has increased, the majority of sales via fund platforms and life assurance providers is still attributable to IFAs and continues to involve IFAs who provide advice to their retail customers. Instead of placing business directly with the fund manager, increasingly IFAs are placing business through fund platforms, reflecting the enhanced functionality and administrative efficiency that these provide to IFAs and their clients.

The following table sets out the breakdown of Jupiter’s UK retail mutual fund AUM at 31 December 2009 and gross and net sales for the year ended 31 December 2009 by distribution channel:

<i>Distribution channel</i>	<i>AUM at 31 December 2009 £m</i>	<i>Gross sales in 2009 £m</i>	<i>Net sales in 2009 £m</i>
IFAs ¹	3,072	374	120
Fund platforms	5,687	1,634	968
Life assurance providers	2,402	706	235
Asset and wealth managers	1,692	599	229
Direct sales	860	56	1

¹ Where an IFA invests client money through a platform, the AUM and net sales are attributed to the platform rather than the IFA. The IFAs figure reflects only direct sales by IFAs.

Jupiter’s distribution is diversified and not reliant on any one distribution partner or group. Its top 10 distributors of mutual funds by AUM accounted for 42 per cent. of AUM at 31 December 2009. Its top 10 distributors by gross sales accounted for 40 per cent. of total gross sales in 2009, the largest distributor accounting for 12 per cent. Jupiter seeks to maintain strong relationships with such intermediaries through a dedicated team comprising 20 individuals responsible for IFAs, fund platforms, life assurance providers and asset and wealth managers. Their function is to establish and maintain relationships with individuals and institutions, educate intermediaries as to Jupiter’s investment capabilities and product strengths, and support the IFA and platform service function. Nine members of this team are in client-facing, broker support or administrative roles, with the remaining 11 acting as dedicated sales executives.

(a) *IFAs*

In respect of IFAs, Jupiter maintains relationships with approximately 9,500 registered individuals representing approximately 4,000 firms. These relationships are maintained through a combination of presentations at trade events and roadshows, one-off events and face-to-face meetings, e-mail, telephone and webcasting updates and printed communications. IFA relationships are tiered in order to ensure that those distributors generating the greatest sales volumes for Jupiter benefit from a higher degree of personalised attention, whilst those demanding a less personalised service, or of lower sales and asset value, benefit from invitations to events organised by Jupiter and marketing mailings, e-mail updates and webcasts. In 2009, Jupiter conducted approximately 4,000 meetings with approximately 1,150 IFA firms, presented to approximately 21,500 advisers and made approximately 9,400 broker support calls.

(b) *Fund platforms*

The emergence of fund platforms run by independent providers, such as fund supermarkets, and financial services groups, such as life assurance companies and banks, has provided a new channel for fund managers to distribute products to potential clients. These electronic platforms support investments in mutual funds and also provide administrative services to investors and intermediaries. As with other intermediated distribution channels, investment performance track record, brand and service, both to the underlying client and advisers, are all important differentiating features that support the selection of fund managers by platform providers. Through these platforms, fund managers have gained greater access to a broad range of smaller intermediaries and investors (which the fund platforms aggregate), which would not be possible without additional sales, marketing and client servicing costs.

Jupiter is currently represented on all major platforms and manages its relationships with these distribution channels through the intermediary team referred to above. Jupiter ranks in the top four asset managers in terms of gross sales sourced via the two largest supermarket platforms, Cofunds and Fidelity Funds Network (Source: Jupiter, Cofunds, Funds Network, year to 31 December 2009).

(c) *Life assurance providers*

Life insurance, pensions and savings firms in the UK have increasingly moved to including investment management products from non-affiliated providers within their product offerings. This is currently a significant product distribution channel for Jupiter, accounting for 21 per cent. of gross sales in 2009. Jupiter is represented on the platform of 18 life companies in the UK.

(d) *Asset and wealth managers*

Other asset managers offering multi-manager products and services, and wealth managers including stockbrokers, are also an important distribution channel for Jupiter, in particular as high-net-worth individuals increasingly choose to invest through collective schemes, as opposed to direct holdings of individual equities.

(e) *Direct sales*

Jupiter does not have an in-house direct sales team, although it does have a large number of individual clients with holdings in mutual funds that were bought directly by the client, rather than through an adviser. These accounts predominantly arose in the latter part of the 1990s and Jupiter currently manages its mutual fund business with very limited direct sales activity. Whilst these accounts are large in number, they are typically relatively small by value of holding, and account for approximately seven per cent. of Jupiter's mutual fund AUM. Direct sales accounted for less than two per cent. of Jupiter's gross mutual fund sales in 2009.

7.4 *International and hedge fund distribution*

Jupiter has, in recent years, been developing its international distribution channels to source assets from clients outside the UK, with a dedicated team comprising 13 individuals, seven of whom are sales staff. Team members, who are principally based in London, with others located in Singapore,

Munich and Jersey, focus on wealth management clients, including global banks, private banks, asset managers, life companies and selected sovereign wealth funds. Jupiter has also appointed representatives who act as distributors in a number of other countries, for example Alfi Partners, a distribution agent in continental Europe, which entered into an exclusive strategic alliance with Jupiter in 2009 to distribute Jupiter's products in France and Belgium. Although a new channel for Jupiter, internationally sourced assets have grown from one per cent. of AUM at the end of 2004 to 4.6 per cent. of AUM at 31 December 2009.

In the case of hedge funds, Jupiter has a dedicated sales team comprising two sales managers and two support staff focusing on hedge fund buyers. This team co-ordinates responses to requests for information from prospective investors, including responding to due diligence questionnaires and arranging operational due diligence meetings. Jupiter is also an accredited member of the Hedge Funds Standards Board, which is a voluntary body seeking to establish minimum standards across the industry for the sale of hedge fund products.

7.5 *Institutional distribution*

Distribution to institutional clients in the UK is substantially intermediated through investment consultants and, to a lesser degree, through other channels such as fund of funds firms and manager of managers. Over the past three years, Jupiter has been developing consultant relationships and now has a number of products rated by consultants. Jupiter has a dedicated team of four individuals focused on maintaining and developing relationships with consultants, clients and prospective clients.

7.6 *Private client distribution*

Private client services are marketed by a specialist marketing director supported by 13 private client fund managers. This team maintains relationships with a wide range of potential introducing firms, including solicitors, accountants, wealth management firms and other advisers, as well as the existing client base. Jupiter positions itself as a private client fund manager, thereby avoiding competition with private banks, trusts, full-service wealth managers and other providers, which typically also provide financial advice on a wider range of matters.

7.7 *Product development*

Jupiter operates a disciplined product development process, overseen by a product development director who co-ordinates inputs from the relevant departments in assessing and implementing new products or enhancing existing products. New product development ideas may be sourced from any part of the Group, although they typically arise from fund managers and the distribution team. Assessment of new product ideas focuses in particular on: (i) market sales trends; (ii) sales assessment (including new sales and switching risk from existing products); (iii) investment capability and capacity; (iv) operational capability; (v) legal and compliance requirements; and (vi) costs and profitability assessments.

Product assessment templates are completed for prospective developments, detailing investment and sales case, legal, operational and compliance impacts and associated development costs. Final approval of any recommended developments or enhancements is the responsibility of the Product Development Committee, which comprises senior individuals from the investment management, operational and distribution teams.

8. OPERATIONS, IT AND RISK MANAGEMENT

8.1 *Overview of support functions*

The support functions within Jupiter consist of:

- Operations/Back Office
- IT
- Finance

- Compliance and Operational Risk
- Legal and Company Secretarial
- Human Resources

The strategy for Jupiter's operating platform is to provide services in the most efficient manner for each business line, either in-house or on an outsourced basis. Jupiter keeps under review the mix of in-house and outsourced work and, where a business line can be more effectively supported by outsourcing, Jupiter will look to outsource, as it is currently proposing in relation to unit trust administration. The Directors believe that, irrespective of the outcome of its current outsourcing discussions, the current infrastructure is capable of supporting significant future growth without significant further investment.

8.2 *Operations/Back Office*

Unit trust administration

Jupiter's Unit Trust Administration Department, based in Kent, is currently responsible for carrying out dealing and registration processing, handling of enquiries and key account management. These are performed using computer systems provided by International Financial Data Services Limited (**IFDS**). In addition to this, IFDS also provides other services, including distribution and production of client contract notes. JUTM is party to an agreement with IFDS for the provision of these services which terminates automatically on 31 December 2011, unless terminated by either party prior to that date on 12 months' notice.

On 26 April 2010, Jupiter signed a conditional contract with IFDS for both the services currently provided to JUTM by IFDS (referred to above) and for the outsourcing of unit trust administration. Jupiter is continuing to consult with affected employees in the Unit Trust Administration Department and, subject to satisfaction of the relevant conditions, Jupiter expects the new contract to take full effect on 1 August 2010. At that point, the existing agreement (referred to above as automatically terminating on 31 December 2011) will terminate and be superseded by the new contract.

HSBC Bank PLC (**HSBC**) carries out the valuation, unit pricing and fund accounting for the unit trust range. The main activities performed are daily net asset valuations and unit price calculations, accounting and reconciliation, tax calculation and reporting and the production of unit trust accounts.

The trustee of the unit trusts is RBS, which holds title to the trusts' investments on behalf of the investors and is authorised and regulated by the FSA.

The custodian of the unit trust assets is The Northern Trust Company (**Northern Trust**).

Offshore administration for mutual funds, hedge funds and private clients

Jupiter Asset Management (Bermuda) Limited (**JAMB**) provides investment management services to Jupiter's range of offshore funds and offshore private clients. JAMB delegates all investment advisory functions to JAM. The administration of the hedge funds, including registrar and transfer agency services and net asset value calculations, are performed either by HSBC Security Services (Luxembourg) S.A. (**HSBC Luxembourg**) or Citco Fund Services (Bermuda) Limited. The administration of the SICAVs is performed by HSBC Luxembourg.

Institutional, private clients and investment trust administration

Client reporting for institutional funds and administration of private clients and investment trusts is carried out in-house. Administrative activities undertaken include reconciliation of cash and investments, ISA administration and reporting, valuations and pricing. HSBC carries out valuations and record keeping for institutional clients and Northern Trust is the custodian of private client and investment trust assets.

In addition, trade confirmation, matching and settlement and corporate actions processing is performed in-house for all business lines.

8.3 ***IT***

Jupiter's IT Department provides IT support to all business areas within the Group. The service is managed and monitored using an established IT framework and performance against key performance indicators is reported to the Board on a regular basis.

The IT platform has been designed to satisfy future growth needs, enable flexibility and meet the required resilience standards. The platform uses a mixture of in-house and external services/systems, all of which are monitored by the internal IT team.

Jupiter regularly invests in new "off the shelf" systems and system upgrades to ensure that the underlying technology remains current.

8.4 ***Finance***

The Finance Department is responsible for managing and reporting the financial performance and position of the Group in accordance with the Board's statutory and regulatory requirements.

The Finance Department is responsible for preparing statutory accounts for the Group and each individual entity within the Group, and preparing regulatory returns for the regulated entities within the Group. It is also responsible for providing monthly management accounts and other management information to the rest of the business and for setting financial policies. Other areas managed by the department are tax reporting and compliance, cash management, forecasting and budgeting, financial control, transactional accounting, assessment of capital expenditure and cost control. The Finance Department is also responsible for ensuring compliance with the Group's debt covenants, including those contained in the Facility Agreement.

8.5 ***Compliance and Operational Risk***

Compliance

Jupiter's Compliance Department is split between collective investment scheme (CIS) compliance and asset management compliance.

The CIS compliance team monitors unit dealing and registration (and related anti-money laundering matters), pricing and valuation, marketing activities (in particular, approval of all publicly distributed literature) and investment trust savings scheme administration. The asset management compliance team is responsible for monitoring compliance with the FSA's wider Conduct of Business Rules and discretionary client anti-money laundering measures. It is also responsible for data protection matters and HMRC technical support (specifically for HMRC and ISA regulations).

Jupiter's compliance monitoring programme focuses on the testing of compliance control design and performance and is planned around regulatory themes and activities. Controls testing is conducted regularly, taking into account the risk profiles of the relevant departments, and with close and regular interaction with the Operational Risk Department.

Operational Risk management

The Operational Risk Department is responsible for managing and reporting on Jupiter's operational risk profile across functions. Jupiter has a rigorous risk management process, which incorporates a centralised system for logging and reporting errors that take place in the business. The Operational Risk Department maintains the Company's risk register, which records operational risks and their respective controls. The department co-ordinates Jupiter's quarterly risk assessment process and provides an independent review of errors and breaches.

In addition, Jupiter has put in place a series of IT-related risk controls, which include data access and recovery arrangements and IT system back-up procedures. Jupiter has a formal disaster recovery plan in place, setting out key roles and responsibilities in the event of a disaster as well as recovery site arrangements. Jupiter also assesses whether its key suppliers of administration, custodian and IT services and other back office functions have appropriate disaster recovery and business continuity plans and seeks changes where considered appropriate.

Internal audit

Ernst & Young LLP was engaged to provide internal audit services to the Group in August 2008. The internal audit function operates independently of Jupiter's management and its work is undertaken in accordance with an annual audit plan and based on a budget, both of which are approved by the Audit Committee. The plan is regularly reviewed by the Audit Committee and updated to reflect business and operating changes as well as any new or emerging business risks. All reports produced by the internal audit team are submitted to the Audit Committee and the internal audit team is invited to attend all Audit Committee meetings.

8.6 *Legal and Company Secretarial*

Jupiter's Legal Department is responsible for managing and mitigating the Group's legal risk. It provides legal advice to the investment and distribution teams in relation to Jupiter's products, deals with corporate legal matters and manages external lawyers providing specialist advice in areas such as property and trade marks.

The Company Secretarial Department provides company secretarial and administrative services to the investment trusts as well as the Group.

8.7 *Human Resources*

The Human Resources Department is responsible for implementing Jupiter's HR strategy through the provision of human resources advice and the delivery of human resources related projects. This includes advice on legal and regulatory issues, manpower planning and recruitment. The department is also responsible for compensation management and provides various administrative services including payroll.

9. DIRECTORS AND SENIOR MANAGERS

The Board comprises:

- the non-executive Chairman, who is independent of the Company and its major shareholders;
- three executive directors (the Group Chief Executive, the Chief Financial Officer and the Chief Investment Officer);
- three further non-executive directors, who are independent of the Company and its major shareholders; and
- two non-executive directors nominated by TA Associates.

If the aggregate shareholding of the TA Funds falls below certain levels over time, the directors nominated by TA Associates can, under the terms of the Relationship Agreement, be required to step down and the Company would intend, unless it had already done so, to appoint new independent non-executive directors at that point so that at least half of the Board (excluding the Chairman) will be independent and non-executive in compliance with the UK Corporate Governance Code (see Part 1: "Information on the Group – the Board and corporate governance").

The Board is responsible for the management of the Company and meets regularly. The day-to-day running of the Group is the responsibility of Jupiter's Executive Committee which consists of the three executive directors and three other senior executives.

9.1 *Directors*

Brief details of the Directors are as follows:

Jamie Dundas, *Independent non-executive Chairman*

Jamie Dundas was appointed as non-executive Chairman of the Group in January 2008. He started his career in 1972, spending 19 years working in various roles at the Morgan Grenfell Group. This was followed by four years as Finance Director of the Hong Kong Airport Authority and six years on the

board of MEPC, working as Finance Director until his appointment as Chief Executive in 1999 – a position he held until 2003. Jamie has been a non-executive director of Standard Chartered PLC since 2004 and is chairman of its board risk committee. He was a non-executive director of J Sainsbury plc between 2000 and 2007 and a non-executive director at Drax Group plc between 2005 and 2010. He is Chairman of Macmillan Cancer Support.

Edward Bonham Carter, *Group Chief Executive*

Edward Bonham Carter joined Jupiter in 1994 as a UK fund manager after working at both Schroders (1982 – 1986) and Electra Investment Trust (1986 – 1994). Edward was appointed Chief Investment Officer in 1999 and Joint Group Chief Executive of JIMG in May 2000. Edward is also Chief Executive of JAM and JUTM. Edward became Group Chief Executive of the Company in June 2007 and ceased to be Chief Investment Officer in February 2010.

John Chatfeild-Roberts, *Chief Investment Officer*

John Chatfeild-Roberts joined Jupiter in March 2001 to establish and lead the team running the Jupiter Merlin portfolios and later took over as lead manager of the Global Managed Fund in November 2001. He started his fund management career at Henderson Global Investors Limited (1990-1995) where he managed the fund of funds unit. This was followed by a move to Lazard Asset Management Limited where he established their multi manager team before joining Jupiter. John was appointed Chief Investment Officer in February 2010.

Philip Johnson, *Chief Financial Officer*

Philip Johnson joined Jupiter as CFO in October 2009, where he is responsible for finance, tax, treasury, compliance and risk. He has worked in finance for 16 years, much of which time has been spent in the asset management sector. Philip started his career at Coopers & Lybrand, where he qualified as a chartered accountant. He left in 1996 to work in Prudential PLC's group head office before transferring to M&G Limited in 2000. He spent eight years at M&G Limited, with the last five as Group Finance Director, after which he worked at Marshall Wace LLP as Finance Director for a year.

Liz Airey, *Non-executive Senior Independent Director*

Liz Airey was appointed as the non-executive Senior Independent Director of the Company on 17 May 2010. She started her career in 1980 in banking at S.G. Warburg & Co. Ltd. In 1990 she became Finance Director of Monument Oil and Gas plc continuing in this role until 1999. In 2000 she became a founding shareholder of Harrison Lovegrove & Co. Ltd and was its Finance Director until its sale in 2007. During this period she was also non-executive director of Amec plc (1999-2009) and non-executive director, then Chairman, of Zetex plc (2000-2008). She is currently non-executive Chairman of the JPMorgan European Fledgeling Investment Trust plc, non-executive director and chairman of the audit committee of both Tate & Lyle plc and Dunedin Enterprise Investment Trust plc and Chairman of the Unilever UK Pension Fund.

Matteo Dante Perruccio, *Independent non-executive Director*

Matteo Dante Perruccio was appointed a non-executive director of the Company in October 2008. He started his career in financial services in 1986, spending six years at San Paolo IMI before moving to American Express Bank in 1992. In 2000, he moved to Pioneer Investment Management to head up the firm's international business and act as a board member of Pioneer Global AM before moving to work in Milan, a posting that culminated in his appointment in 2005 as CEO International/CEO Pioneer Investment Management SGR, Milan. Matteo left Pioneer in 2006 to take up the role of Co-Chief Executive at Olympia Capital Management in Paris and left in 2008 to found Hermes BPK Partners LLP, where he is currently Chief Executive.

Lorraine Trainer, *Independent non-executive Director*

Lorraine Trainer was appointed as a non-executive director of the Company on 17 May 2010. She has been a non-executive director of Aegis Group plc since August 2005 and has held a number of human resource leadership roles in international organisations, focusing on performance and development. These include Citibank NA, the London Stock Exchange and Coutts, then part of the NatWest Group. She currently runs a business in board advisory work and development.

Richard I. Morris, Jr. *Non-executive Director*

Richard I. Morris, Jr. was appointed a non-executive director of the Company in 2007 having been nominated by TA Associates. He was previously Chief Operating Officer, President, and finally Vice Chairman of Putnam Lovell Securities Inc. (now part of Jefferies International) which he joined in 1997. Prior to joining Putnam Lovell, Richard served as President and Chief Executive Officer of Cursitor Alliance LLC, a unit of Alliance Capital Management LP (now AllianceBernstein LP). Richard is currently a non-executive director of Arrowstreet Capital LP and, in addition to serving as an adviser to TA Associates, he is also an adviser to FRM Holdings Limited, a major fund of hedge funds manager.

Michael Wilson, *Non-executive Director*

Michael Wilson was appointed a non-executive director of the Company in 2007 having been nominated by TA Associates. He is a managing director of TA Associates and formerly served on the Boards of Advisory Research Holdings, Inc., Chartered Marketing Services, Inc., EYP Mission Critical Facilities Inc., K2 Advisors Holdings, LLC and United Pet Group, Inc. Prior to joining TA in 1992, Michael worked in Morgan Stanley's Telecommunications Group. In 1994, he joined Affiliated Managers Group, a TA-backed asset management platform company, as Vice President and a member of the founding management team. Michael currently also serves on the Boards of Cardtronics, Inc. and Numeric Holdings, LLC.

9.2 ***Executive Committee***

Brief details of the members of the Executive Committee (in addition to Edward Bonham Carter, John Chatfeild-Roberts and Philip Johnson) are as follows:

Adrian Creedy, *Chief Operating Officer and Company Secretary*

Adrian Creedy joined Jupiter in 1994 from Slaughter and May where he worked as a solicitor. He is responsible for the operations, human resources, information technology, legal and company secretarial departments. Adrian, who was appointed Chief Operating Officer in 2007, is a director of JAM and JUTM.

Chris Crawford, *Sales and Marketing Director*

Chris Crawford joined Jupiter in November 2006 from First State Investments (UK) Limited where he had worked as Head of Marketing and Communications since October 2002. Previously he worked as Head of Marketing at BT Financial Group Pty Limited and Westpac Financial Services Limited and, in addition, held various senior marketing roles at ANZ Fund Management Limited and ANZ Banking Group (New Zealand) Limited. Chris has more than 17 years' experience in financial services marketing.

Anthony Nutt, *Fund Manager*

Anthony Nutt joined Jupiter as an investment manager in January 1996. He previously worked as an investment director at Robert Fleming Investment Management Ltd and TSB Investment Management Ltd and has over 26 years' experience managing investment portfolios.

10. EMPLOYEES

10.1 *Details of the Group's employees*

The following table shows the number of employees employed by Jupiter at 31 December 2009, broken down by department:

	<i>Employees at 31 December 2009</i>
Investment management, analysis and dealing	62
Sales and marketing	64
Administration and customer service	314
Compliance and operational risk	21

10.2 *Employee incentivisation and share ownership*

Jupiter recognises the importance of its people to the success of the business. Consequently, Jupiter's compensation policy is designed to be market competitive in order to motivate, aid retention, improve individual and corporate performance and align employee behaviours with the interests of shareholders. Compensation policy is therefore a key driver of performance and a central element of corporate strategy.

The compensation policy is based on the following key principles:

- a single compensation policy is applied across the business;
- the need to provide market competitive total compensation;
- differentiation by merit and performance;
- an emphasis on variable, performance-driven remuneration;
- consistency with the FSA Code of Practice on compensation;
- alignment with shareholders' interests through significant and widespread equity ownership; and
- clarity, transparency and fairness of process.

Jupiter's compensation philosophy has a strong focus on variable compensation, because the Directors believe that employees' and shareholders' interests are best served by containing fixed costs and increasing the proportion of total compensation that is directly performance-related and therefore aligned with shareholders' interests.

The emphasis on variable pay will continue at Jupiter, with the aim of positioning base salaries at, generally, no more than what the Directors believe is median in the market. Jupiter has a general policy of capping basic salaries at £250,000 per annum, with competitive positioning of total compensation achieved through the use of short and long-term incentives.

Jupiter does not explicitly link incentive awards to a multiple of base salary, believing that any such linkage provides an incentive to increase base salaries, and thus fixed costs. The annual bonus policy is, and will continue to be, sufficiently flexible to allow for years of good and poor performance. However, although the amount of bonuses is discretionary, the Group is likely to be required to pay out bonuses at a certain level to retain key fund managers and attract investment talent regardless of the Group's performance in a given year. Jupiter has adopted and will operate the Deferred Bonus Plan under which significant proportions of senior management bonuses will be deferred into Ordinary Shares or units in one or more of Jupiter's funds to ensure alignment of future risk exposure between management and shareholders, subject to remaining competitive with market norms.

(a) *Compensation elements*

There are three elements to Jupiter's total compensation package:

- base salary;
- annual bonus and, for certain fund managers, performance fee incentives; and

- long-term incentives (through a deferred bonus plan and an equity-based long-term incentive plan described in sub-paragraphs (d) and (e) below and in further detail in paragraph 10 of Part 8: “Additional Information – Post-Admission share incentive arrangements”).
- (b) *Benchmarking*
- In ensuring that total compensation is market competitive, the emphasis is on benchmarking:
- total cash = base salary + annual bonus; and
 - total compensation = total cash + long-term incentives.
- Total cash is benchmarked to between market median and upper quartile. A range of benchmark data is used based on comparable investment management businesses.
- (c) *Annual bonus*
- The size of the bonus pool will be based on Jupiter’s profitability. The Directors believe that this provides transparency and certainty to shareholders and employees, as well as ensuring that bonuses are affordable and linked to performance.
- Individual bonuses will be determined based on a number of factors relating to the individual’s role and performance, including sales performance (for sales staff) or investment performance, profitability and net sales (for investment staff). Staff bonus allocations in other areas will take into account individual, departmental and corporate performance against objectives and strategic goals.
- (d) *Deferred Bonus Plan (DBP)*
- To aid retention and ensure that management and employees maintain a significant stake in the business, a proportion of the annual bonus will normally be deferred. The percentage of bonus which will be deferred will be determined by the Remuneration Committee. For senior management, for the financial year ending 31 December 2010 it is expected that there will be a mandatory deferral of 100 per cent. of bonus between £100,000 and £150,000 and 30 per cent. of bonus in excess of £150,000. For all other employees, it is expected that there will be mandatory deferral of specified proportions of any bonuses in excess of £100,000. Deferrals will be effected through the DBP or as otherwise determined by the Remuneration Committee.
- The DBP is expected to be used principally as the vehicle for deferrals of annual bonus. Awards may be granted in the form of restricted shares, conditional awards or nil cost options over Ordinary Shares or units in Jupiter’s funds. Awards will vest over a three-year period subject to a continuing employment requirement.
- (e) *Long-term Incentive Plan (LTIP)*
- All employees of Jupiter will be eligible to participate in the LTIP. Awards will be made at the discretion of the Remuneration Committee and may be granted in the form of options (either at market value or nil-cost), restricted shares or conditional share awards over Ordinary Shares.
- Awards will normally vest on the third anniversary of the date of grant subject to a continuing employment requirement and, in the case of directors and senior managers, the satisfaction of a performance condition. Any performance condition will be set at the date of grant of the award by the Remuneration Committee and may comprise a combination of corporate and individual measures.
- (f) *Savings-related all employee share option plan (Sharesave Plan)*
- To encourage share ownership among employees generally, Jupiter has introduced the Sharesave Plan.

Under the Sharesave Plan, employees who wish to participate must enter into a savings contract under which they will contribute payments of between £10 and £250 per month. Participants are granted an option to acquire Ordinary Shares out of the repayment made under that contract. The Sharesave Plan will be approved by HMRC.

10.3 *Share ownership*

Jupiter's management has always promoted an entrepreneurial spirit among its employees and emphasised the importance of widespread employee ownership in building a strong collective culture. As a result of past share schemes and the MBO in 2007, approximately 98 per cent. of current employees own shares or options over shares in the Company. Following Admission, employees are expected to own approximately 35 per cent. of the Company's issued share capital¹. Directors and certain employees have agreed to sale restrictions and vesting provisions in respect of certain of their shareholdings which are summarised in paragraph 10 of the Summary and described in more detail in paragraphs 9.1 and 9.2 of Part 8 "Additional Information – Pre-Admission share incentive arrangements". The Directors believe that these arrangements create a strong alignment of employees' interests with those of shareholders by promoting retention and Jupiter's performance culture.

11. THE BOARD AND CORPORATE GOVERNANCE

The Board is responsible for the proper management of the Company and meets regularly. Although the Board maintains high standards of corporate governance, on Admission the Company will not fully comply with the UK Corporate Governance Code, in the respects set out below.

The UK Corporate Governance Code recommends that at least half the members of the board of directors (excluding the chairman) of a public limited company incorporated in England and Wales should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Currently, the Board consists of nine members, being three executive directors and six non-executive directors, three of whom (excluding the Chairman) are regarded as independent. Accordingly, no individual or group of individuals dominates the Board's decision making. Richard I. Morris, Jr. and Michael Wilson are deemed by the Board not to be independent under the UK Corporate Governance Code, as they represent the TA Funds, which together constitute a significant shareholder of the Company. Michael Wilson is a member of the Remuneration Committee and the Nomination Committee.

For the purposes of assessing compliance with the UK Corporate Governance Code, the Board considers that Liz Airey, Lorraine Trainer, Matteo Dante Perruccio and Jamie Dundas are non-executive directors who are independent in character and judgement and that there are no relationships or circumstances which are likely to affect or could appear to affect, their judgement. However, on Admission, the Company will not comply with the provisions of the UK Corporate Governance Code that at least half of the Board (excluding the Chairman) and all members of the Remuneration Committee should comprise independent non-executive directors and that the Chairman should not chair the Remuneration Committee. Notwithstanding this, the Directors believe that the Board structure is well-balanced, with a majority of non-executive directors of whom three (excluding the Chairman) are viewed as independent. The balance between independent directors, on the one hand, and executives and representative directors of the TA Funds, on the other, is considered to be appropriate, given the proposed shareholding profile of the Company following Admission. As the shareholding of the TA Funds reduces over time, the directors nominated by TA Associates can, under the terms of the Relationship Agreement, be required to step down and the Company would intend, unless it had already done so, to appoint new independent non-executive directors at that point so that at least half of the Board (excluding the Chairman) will be independent and non-executive in compliance with the UK Corporate Governance Code.

¹ Assuming that (a) the Offer Price is set at the mid-point of the Price Range, (b) the Company raises gross proceeds of £220 million, (c) Admission occurs on 21 June 2010, (d) the Over-allotment Option is not exercised and (e) each individual sells the maximum percentage of his Ordinary Shares which he has committed to sell or indicated he may sell.

The UK Corporate Governance Code recommends that non-executive directors should be appointed for specified terms and that terms exceeding six years for a non-executive director should be subject to particularly rigorous review and should take into account the need for progressive refreshing of the board of directors. The UK Corporate Governance Code further provides that serving more than nine years could have a potential impact on the independence of the non-executive director. On Admission, and in relation to Richard Morris, Jr. and Michael Wilson, the Company will not comply with the provision of the UK Corporate Governance Code requiring directors to be appointed for a specified term. Richard Morris, Jr. and Michael Wilson, each of whom was nominated by TA Associates, have been appointed as non-executive directors of the Company for indefinite periods, subject to their right to give the Company three months' notice of termination and the Company's right to terminate their appointments on three months' notice if at any time the shareholding of TA Associates and its associates in the Company drops below the levels specified in the Relationship Agreement (see paragraph 18.2 of Part 8 "Additional Information" for a summary of the terms of the Relationship Agreement). Notwithstanding this, as the remaining non-executive directors are all viewed as independent and their appointments are subject to three-year terms, the Directors consider that the Board has taken sufficient steps to ensure that the Board can be progressively refreshed. The Directors also note that any persons appointed to the Board by TA Associates pursuant to the Relationship Agreement would not be considered independent as they represent a significant shareholder of the Company.

The UK Corporate Governance Code also recommends that the board of directors should appoint one of the independent non-executive directors as Senior Independent Director and Liz Airey has been appointed to fill this role. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of chairman, chief executive or chief financial officer has failed to resolve or for which such contact is inappropriate.

The Walker Report published on 26 November 2009 undertook a review of corporate governance in UK banks and other financial institutions and included recommendations dealing with the composition of a board of directors and the evaluation of the board's performance. Jupiter will monitor any changes in best practice resulting from these recommendations, including to the UK Corporate Governance Code when it is revised later this year.

The Board has established Audit, Remuneration and Nomination Committees, with formally delegated duties and responsibilities with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. TA Associates is entitled under the terms of the Relationship Agreement to nominate one non-executive director to each of the Nomination Committee and the Remuneration Committee subject to the shareholding of TA Associates and its associates not dropping below the levels specified in the Relationship Agreement (see paragraph 18.12 of Part 8: "Additional Information" for a summary of the terms of the Relationship Agreement).

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Company's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Company's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The UK Corporate Governance Code recommends that the audit committee of a public limited company should comprise at least three members who are all independent non-executive directors, and that at least one member should have recent and relevant financial experience.

The Audit Committee comprises three independent non-executive directors (namely Liz Airey, Matteo Dante Perruccio and Lorraine Trainer). Liz Airey is considered by the Board to have recent and relevant financial experience. The Chairman of the Audit Committee is Liz Airey.

The Audit Committee will meet at least three times a year and otherwise as required.

Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Chairman of the Company, the executive directors, each member of the Executive Committee and such other senior executives and fund managers as the Remuneration Committee may designate. The UK Corporate Governance Code provides that the Remuneration Committee should comprise at least three members who are all independent non-executive directors. In addition, the Chairman of the Company may be a member (but not chairman of) the Committee, if he was considered independent on appointment as Chairman of the Company.

The Remuneration Committee comprises three independent non-executive directors (namely Lorraine Trainer, Matteo Dante Perruccio and Jamie Dundas) and Michael Wilson, a non-executive director nominated by TA Associates and therefore not regarded as independent. The Chairman of the Remuneration Committee is Jamie Dundas. In order to comply with the UK Corporate Governance Code, the Company's current intention is that Lorraine Trainer will replace Jamie Dundas as Chairman of the Remuneration Committee in April 2011.

The Remuneration Committee will meet at least twice a year and otherwise as required.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board and retirements and appointments of additional and replacement directors, and will make appropriate recommendations to the Board on such matters.

The UK Corporate Governance Code provides that a majority of the members of the Nomination Committee should be independent non-executive directors.

The Nomination Committee comprises two independent non-executive directors (namely Jamie Dundas and Liz Airey) and Michael Wilson. The Chairman of the Nomination Committee is Jamie Dundas.

The Nomination Committee will meet at least twice a year and otherwise as required.

12. CURRENT TRADING AND PROSPECTS

Since 31 December 2009, net sales have been in line with the Group's expectations. Group AUM increased to £21.1 billion at 31 March 2010 from £19.5 billion at 31 December 2009, as a result of positive net flows of £0.5 billion and an increase of £1.1 billion from positive market movements. Overall investment performance has improved since 31 December 2009 with 63 per cent. of mutual funds having achieved first or second quartile performance over the three months to 31 March 2010.

13. DIVIDEND POLICY

The Company intends to implement a progressive dividend policy.

Dividends will be determined taking into account historic and anticipated profits, cashflow and balance sheet position, with the split between interim and final dividend weighted towards the final dividend.

The dividend policy will be set conservatively from the outset. As such, the first dividend, which will be the final dividend for the year ended 31 December 2010, is intended to be based on an initial 40 per cent. payout ratio on a theoretical one-third/two-thirds split between interim and final dividends.

14. REASONS FOR THE GLOBAL OFFER AND USE OF PROCEEDS

The Directors believe that Admission is an important step in Jupiter's development and will strengthen its ability to retain and attract talented employees. Admission will provide the Company's shareholders with some liquidity and a transparent valuation for their shareholdings.

The primary proceeds of the Global Offer and the capital restructuring which will take effect on Admission will strengthen Jupiter's balance sheet to a level the Directors believe will be beneficial to the business, clients and shareholders over the long-term. While the Global Offer will include a secondary element, Jupiter's employees and the TA Funds will retain significant shareholdings post-Admission.

Of the estimated gross proceeds of the Global Offer received by the Company of £220 million, (i) approximately £174 million¹ will be used to redeem the majority of the Preferred Finance Securities (which are principally owned by the TA Funds, Alpinvest and certain employees), (ii) approximately £30 million will be used to reduce bank debt and (iii) the balance of approximately £16 million will be used towards meeting the expenses of the Global Offer. Preferred Finance Securities which are not redeemed for cash will be exchanged for New Shares (issued at the Offer Price) at Admission. The Company will also prepay £50 million of bank debt using existing cash resources. Following Admission, the Company will have gross borrowings of approximately £283 million. Had Admission occurred on 31 March 2010, net debt, based on the Group's cash and cash equivalents at that date of £196 million and adjusting for the reduction of bank debt referred to above and after redemption of the Preferred Finance Securities, would have been £137 million compared with EBITDA for 2009 of £91.3 million.

The Company will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders or from the sale of Additional Shares pursuant to the Over-allotment Option.

Had Admission occurred on 1 January 2009, the effect on the Group's 2009 earnings would have been positive as a result of lower finance costs in 2009.

¹ Assuming a redemption date of 21 June 2010.

PART 2

THE GLOBAL OFFER

1. SUMMARY OF THE GLOBAL OFFER

The Global Offer will comprise:

- the issue by the Company of 122,375,556 New Shares (assuming an Offer Price at the mid-point of the Price Range of 180p) raising gross proceeds of approximately £220 million and net proceeds of approximately £204 million after deduction of underwriting commissions and other estimated fees and expenses of approximately £16 million; and
- the sale by Selling Shareholders of up to 58,809,461 Sale Shares for an aggregate consideration of up to approximately £106 million (gross) (assuming an Offer Price at the mid-point of the Price Range). A further 12,237,556 Additional Shares may be sold by the Selling Shareholders pursuant to the Over-allotment Option described in paragraph 8 below.

The New Shares (assuming an Offer Price at the mid-point of the Price Range) are expected to represent approximately 28 per cent. of the issued Ordinary Share capital of the Company immediately following Admission.

The Offer Shares are expected to represent approximately 41 per cent. of the issued Ordinary Share capital of the Company immediately following Admission assuming an Offer Price at the mid-point of the Price Range and that Selling Shareholders sell the maximum percentage of their Ordinary Shares which they have committed to sell or indicated they may sell.

The Global Offer is being made by way of:

- (a) an Institutional Offer to qualified investors, including to institutional investors in the United Kingdom, the EEA and certain other institutional investors in offshore transactions as defined in, and in reliance on, Regulation S, and to Qualified Institutional Buyers in the United States in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and
- (b) an Intermediaries Offer to retail investors in the United Kingdom.

All Offer Shares will be issued or sold at the Offer Price¹.

Certain restrictions apply to the distribution of this document and the Offer Shares in jurisdictions outside the United Kingdom. These restrictions are described in paragraph 13 of this Part 2: “The Global Offer – Selling and transfer restrictions”.

The Global Offer is fully underwritten by the Managers and is subject to:

- (i) the conditions set out in the Underwriting Agreement, including Admission becoming effective, being fulfilled or, where appropriate, waived by no later than 8.00 a.m. (London time) on 21 June 2010 (or such later time and/or date (not later than 8.00 a.m. (London time) on 30 June 2010) as the Company and the Joint Bookrunners may agree); and
- (ii) the Underwriting Agreement not having been terminated in accordance with its terms prior to Admission.

On Admission, the Ordinary Shares will be registered with ISIN GB00B53P2009 and SEDOL number B53P200.

¹ The Offer Price may be set within, above or below, the Price Range. To the fullest extent permitted by law, applications received under the Institutional Offer and the Intermediaries Offer are irrevocable and are based on the amount the applicant wishes to invest and not a number of Ordinary Shares or the Offer Price. It is expected that the Pricing Statement containing the Offer Price and the number of Ordinary Shares which are the subject of the Global Offer will be published on or about 16 June 2010.

The New Shares will, following Admission, rank *pari passu* in all respects with the other Ordinary Shares then in issue and will carry the right to receive all dividends and other distributions declared, paid or made on or in respect of the Ordinary Shares after Admission. The Ordinary Shares will, on Admission, be freely transferable.

Immediately following Admission, assuming that the Selling Shareholders sell the maximum percentage of their Ordinary Shares which they have committed to sell or indicated they may sell, that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is not exercised, it is expected that (i) approximately 41 per cent. of the Ordinary Shares will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules) if the Over-allotment Option is not exercised, and (ii) approximately 44 per cent. if the Over-allotment Option is exercised in full. The shareholders immediately prior to the Global Offer will be diluted by 22 per cent., as a result of the Global Offer (assuming the Over-allotment Option is not exercised and assuming an Offer Price at the mid-point of the Price Range).

2. OFFER PRICE AND BOOKBUILDING

The Offer Price will be determined by the Joint Bookrunners following agreement with the Company and TA Associates and is expected to be announced on or about 16 June 2010. The Pricing Statement will be published in printed form and available free of charge at 1 Grosvenor Place, London SW1X 7JJ and on the Company's website at www.investorsjupiteronline.co.uk.

It is currently expected that the Offer Price will be within the Price Range, but this range is indicative only and the Offer Price may be set above or below it. A number of factors will be considered in deciding the Offer Price, including the level and the nature of the demand for Offer Shares and the objective of encouraging an orderly and liquid after-market in the Ordinary Shares. The Offer Price will be established at a level determined in accordance with these factors, taking into account indications of interest received (whether before or after the times and/or dates stated) from persons (including market makers and fund managers) connected with the Joint Bookrunners. The Company, the Directors and the Joint Bookrunners reserve the right to increase or decrease the aggregate number of Offer Shares. If the Price Range changes prior to the announcement of the final Offer Price, the revised Price Range will be announced and advertised as soon as possible. In the event of any change to the Price Range or if the final Offer Price is set above or below the Price Range, the Company will publish a supplementary prospectus and applicants may exercise their withdrawal rights as set out in paragraph 9 below.

The Managers will solicit from prospective investors indications of interest in acquiring Offer Shares under the Institutional Offer. Prospective institutional investors will be required to specify the number of Offer Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). Subject to the Joint Bookrunners and the Company determining allocations, there is no minimum or maximum number of Offer Shares which can be applied for.

In addition, applications are expected to be sought by the Intermediaries from their clients under the Intermediaries Offer on the basis that the number of Offer Shares which may be allocated will vary depending on the final Offer Price. Global applications will then be made by the Intermediaries on behalf of their clients and this demand will be taken into account by the Joint Bookrunners and the Company alongside indications of interest in the Institutional Offer in conducting the bookbuilding process.

Allocations under the Global Offer will be determined at the Joint Bookrunners' discretion, following consultation with, and subject to the approval of, the Company. A number of factors will be considered in determining the basis of allocation, including the level and nature of demand for the Offer Shares and the objective of encouraging an orderly and liquid after-market in the Ordinary Shares. If there is excess demand for Offer Shares, allocations may be scaled down (in any manner) at the Joint Bookrunners' discretion following consultation with, and subject to the approval of, the Company and applicants may be allocated Offer Shares having an aggregate value which is less than the sum applied for. In such event, there is no obligation for the Joint Bookrunners to allocate such Offer Shares proportionately.

Completion of the Global Offer will be subject, among other things, to the determination of the Offer Price and each of the Company's, the Managers' and TA Associates' decisions to proceed with the Global Offer. It will also be subject to the satisfaction or, where appropriate, waiver of conditions contained in the Underwriting Agreement, including Admission becoming effective, and to the Underwriting Agreement not having been terminated in accordance with its terms. The Global Offer cannot be terminated once unconditional dealings in the Offer Shares have commenced. Further details of the Underwriting Agreement are set out in paragraph 14 of Part 8: "Additional Information – Underwriting arrangements, lock-up and stock lending arrangements".

3. THE INSTITUTIONAL OFFER

Under the Institutional Offer, Offer Shares will be offered to certain institutional investors outside the United States and, by way of a private placement in the United States to persons reasonably believed to be Qualified Institutional Buyers in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Certain restrictions that apply to the distribution of this document and the offer and sale of the Offer Shares in jurisdictions outside the United Kingdom are described in paragraph 13 of this Part 2.

Participants in the Institutional Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following pricing and allocation. Prospective investors in the Institutional Offer will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment (for a description of the rights of withdrawal available to investors see paragraph 9 of this Part 2).

4. THE INTERMEDIARIES OFFER

Members of the general public will not be able to apply directly for Offer Shares. They can, however, apply for Offer Shares through the Intermediaries by completing application forms distributed by such Intermediaries or otherwise following such Intermediaries' application procedures. Each Intermediary may not permit underlying applicants to make more than one application under the Intermediaries Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan).

The Intermediaries Offer is being made to retail investors in the United Kingdom only. However, applications received from or on behalf of other persons, including any persons in EEA member states, other than the United Kingdom, may be accepted in limited circumstances at the absolute discretion of the Joint Bookrunners where they are capable of being accepted in a manner which would comply with one of the public offer prospectus exemptions recognised in Article 3.2(a), 3.2(b) or 3.2(c) of the Prospectus Directive. No Offer Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom except in certain limited circumstances and with the consent of the Joint Bookrunners. Applications under the Intermediaries Offer must be by reference to the total monetary amount the applicant wishes to invest and not by reference to a number of shares or the Offer Price.

An application for Offer Shares in the Intermediaries Offer means that the applicant agrees to acquire the Offer Shares at the Offer Price. Each applicant must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient Offer Shares available to satisfy an application in full, the relevant Intermediary will refund the applicant as required and all such refunds will be made without interest and shall be despatched (at the relevant Intermediary's risk) by post to the return address given by the applicant. The Company and the Managers accept no responsibility whatsoever with respect to the obligation of the relevant Intermediary to refund monies in such circumstance.

In making an application, each Intermediary will also be required to represent and warrant that it is not located in the United States and is not acting on behalf of anyone located in the United States.

The Intermediaries may prepare certain materials for distribution to retail investors in the United Kingdom. Any such materials are solely the responsibility of the relevant Intermediary which prepared them and will not be reviewed or approved by the Company or the Managers. Any liability relating to such documents will be for the Intermediary which prepared them only.

The Intermediaries will be informed by the Joint Bookrunners by fax or e-mail of the aggregate number of Offer Shares allocated to their underlying clients (or to the Intermediaries themselves) and the total amount payable in respect thereof. Allocations under the Intermediaries Offer will be determined by the Joint Bookrunners after consultation with, and subject to approval by, the Company. Under the Intermediaries Offer, Offer Shares will be offered outside the United States only in offshore transactions as defined in, and in reliance on, Regulation S.

The publication of this document and/or any supplementary prospectus and any other actions of the Company or the Joint Bookrunners or the Intermediaries or other persons in connection with the Global Offer should not be taken as any representation or assurance by any such person as to the basis on which the number of Offer Shares to be offered under the Intermediaries Offer or allocations within the Intermediaries Offer will be determined, and all liabilities for any such action or statement are hereby disclaimed by the Company and the Managers.

By completing an Intermediaries Application Form, each Intermediary undertakes to make payment on its own behalf (and not on behalf of any other person) of the consideration for the Offer Shares allocated, at the Offer Price, to the Joint Bookrunners in accordance with details to be communicated on or after the time of allocation. Payment shall be made by means of CREST against delivery of the Offer Shares at the time and/or date set out in the section entitled Expected Timetable for the Global Offer, or at such other time and/or date after the day of publication of the Offer Price as may be agreed by the Company and the Joint Bookrunners and notified to the Intermediaries. The issue of any refund cheques to underlying applicants will be the sole responsibility of the Intermediary.

5. REPRESENTATIONS AND WARRANTIES

By receiving this document, each investor and, in the case of paragraphs 5.4 and 5.5 below, any person confirming his agreement to acquire Offer Shares or, if applicable, Additional Shares on behalf of an investor or authorising the Joint Bookrunners to notify an investor's name to the Registrar, is deemed to represent and warrant to the Company and each of the Managers, the Registrar and, for the purpose of paragraphs 5.2 and 5.6 below, each of the Joint Financial Advisers that:

- 5.1 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to acquire Offer Shares;
- 5.2 in agreeing to acquire Offer Shares or, if applicable, Additional Shares under the Global Offer, the investor is relying on this document and (if applicable) any supplementary prospectus or any regulatory announcement issued by the Company, and not on any other information or representation concerning the Company or the Global Offer. Such investor agrees that none of the Company, the Registrar, the Managers, the Joint Financial Advisers nor any of their respective directors or officers will have any liability for any such other information or representation;
- 5.3 if the laws of any place outside the United Kingdom are applicable to the investor's agreement to acquire Offer Shares or, if applicable, Additional Shares and/or acceptance thereof, such investor has complied with all such laws and will not infringe any laws outside the United Kingdom as a result of such investor's agreement to purchase Offer Shares or Additional Shares and/or acceptance thereof or any actions arising from such investor's rights and obligations under the Articles or under the investor's agreement to acquire Offer Shares or Additional Shares and/or acceptance thereof;
- 5.4 in the case of a person who confirms to the Joint Bookrunners on behalf of an investor an agreement to acquire Offer Shares or, if applicable, Additional Shares and/or who authorises the Joint Bookrunners to notify the investor's name to the Registrar, that person represents and warrants that he has authority to do so on behalf of the investor;

- 5.5 the person is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the UK Finance Act 1986 (depository receipts and clearance services); and
- 5.6 the investor has not relied on any of the Managers or any of the Joint Financial Advisers or any person affiliated with any of the Managers or any of the Joint Financial Advisers in connection with any investigation of the accuracy of any information contained in this document and any supplementary prospectus or its investment decision; it has relied only on the information contained in this document and any supplementary prospectus.

Each investor who is a person in a Relevant Member State who receives any communication in respect of, or who acquires any Offer Shares or, if applicable, any Additional Shares, will be deemed to have represented, warranted and agreed to and with the Company and the Joint Bookrunners that:

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive or it is itself acquiring Offer Shares or, if applicable, Additional Shares for a total consideration of not less than £50,000; and
- (b) in the case of any Offer Shares or, if applicable, any Additional Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares or Additional Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in Article 2.1(e) of the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where Offer Shares or Additional Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares or Additional Shares to it is not treated under the Prospectus Directive as having been made to such persons.

The Company and the Managers and each of their respective affiliates, and others will rely on the truth and accuracy of the foregoing representations, warranties and agreements. Notwithstanding the above, a person who is not resident in the United Kingdom and is not a qualified investor and who has notified the Managers of such fact in writing may, with the consent of the Joint Bookrunners, be permitted to subscribe for or purchase Offer Shares or, if applicable, Additional Shares.

6. DEALINGS AND ADMISSION

It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 16 June 2010. **All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a “when issued basis” and at the risk of the parties concerned. If the Global Offer does not become unconditional, these dealings will be of no effect.**

Admission is expected to take place, and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 21 June 2010 (London time). These times and dates may change and, if they do change, revised times and/or dates will be notified through a Regulatory Information Service and will be available on the Company’s website at www.investorsjupiteronline.co.uk.

In connection with the Global Offer, each of the Managers and any affiliate acting as an investor for its own account may take up the Offer Shares and in that capacity may retain, purchase or sell for its own account such securities and any other securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Global Offer. Accordingly, references in this document to the Offer Shares being offered or placed should be read as including any offering or placement of securities to any of the Managers and any affiliate acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

7. CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and to be transferred otherwise than by a written instrument. With effect from Admission, the Articles will permit the holding of Ordinary Shares under CREST. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within CREST if any shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. An investor applying for Offer Shares may, however, elect to receive Ordinary Shares in uncertificated form if that investor is a system-member (as defined in the CREST Regulations) in relation to CREST.

8. STABILISATION AND OVER-ALLOTMENT

In connection with the Global Offer, the Stabilising Manager or any of its agents may (but will be under no obligation to), to the extent permitted by applicable law, over-allot up to a maximum of 10 per cent. of the number of New Shares or effect other stabilisation transactions with a view to supporting the market price of the Ordinary Shares, in each case at a higher level than that which might otherwise prevail in the open market. Such stabilising measures may only be taken during the period from the date on which conditional dealings in the Ordinary Shares commences and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter. Such transactions may be effected on the London Stock Exchange, over-the-counter markets or otherwise. There is no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that such transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price without prior notice, save as required by law or regulation. It is not intended that the Stabilising Manager or any of its agents will publicly disclose, save as required by law, the extent of any over-allotments and/or stabilisation transactions conducted in relation to the Global Offer.

For the purposes of allowing it to cover short positions resulting from any over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, the Stabilising Manager has entered into the Over-allotment Option with the Selling Shareholders, pursuant to which the Stabilising Manager may, acting as agent or principal, purchase or procure purchasers for the Additional Shares representing up to 10 per cent. of the number of New Shares being placed on behalf of the Company at the Offer Price. The Over-allotment Option is exercisable, in whole or in part, only once on notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional trading in the Ordinary Shares on the London Stock Exchange. Any Additional Shares sold pursuant to the Over-allotment Option will be purchased on the same terms and conditions as the Offer Shares.

9. WITHDRAWAL RIGHTS

In the event that the Company is required to publish any supplementary prospectus, applicants who have applied for Offer Shares will have at least two clear business days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire Offer Shares in its entirety. The right to withdraw an application to acquire Offer Shares in these circumstances will be available to all investors in the Global Offer. If an application is not withdrawn within the stipulated period, any offer to apply for Offer Shares will remain valid and binding.

Investors wishing to exercise any statutory withdrawal rights after the publication of any supplementary prospectus must do so by lodging a written notice of withdrawal by hand (during normal business hours only) at 1 Grosvenor Place, London SW1X 7JJ or by facsimile (during normal business hours only) on +44 (0) 207 314 4887 so as to be received no later than the end of the second business day after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by the Company at 1 Grosvenor Place, London SW1X 7JJ after the expiry of such period will not constitute a valid withdrawal.

Applicants who have applied via one of the Intermediaries should contact the Intermediary through whom they applied for details of how to withdraw an application.

10. UNDERWRITING AGREEMENT

The Company, the Directors, the Selling Shareholders (including the Nominee and the Trustee) and the Managers have entered into the Underwriting Agreement, pursuant to which each Manager has agreed, subject to certain conditions (including, in particular, the setting of the Offer Price and Admission occurring), to use reasonable endeavours to procure subscribers for the New Shares and purchasers for the Sale Shares and, failing that, itself to subscribe any unplaced New Shares and purchase any unplaced Sale Shares. All such subscriptions and purchases will be at the Offer Price.

Further details of the terms of the Underwriting Agreement are set out in paragraph 14 of Part 8: “Additional Information – Underwriting arrangements, lock-up and stock lending arrangements”.

11. ALLOCATION AND PRICING

The Managers will solicit from prospective investors their indications of interest in acquiring Offer Shares. Prospective institutional investors will be required to specify the number of Offer Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). Allocations under the Global Offer will be determined by the Joint Bookrunners following consultation with, and subject to approval by, the Company. Subject to the Joint Bookrunners and the Company agreeing allocations, there is no minimum or maximum number of Offer Shares which can be applied for. The process of allocation is expected to be completed by 16 June 2010. A number of factors will be considered in deciding the Offer Price and the bases of allocation under the Global Offer, including the level and the nature of the demand for Offer Shares and the objective of encouraging an orderly and liquid after-market in the Offer Shares.

All Offer Shares will be issued or sold at the Offer Price and payable in full. The number of Offer Shares allocated and the basis of allocation are expected to be announced on 16 June 2010, at which point prospective investors will be advised, amongst other matters, of the Offer Price and the number of Offer Shares allocated to them.

On notification of any allocation, prospective investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment (subject only to paragraph 9 above). Dealings in Offer Shares/Ordinary Shares may not begin before notification is made. The rights attaching to the Offer Shares will be uniform in all respects and will form a single class for all purposes. The proportions in which particular allocations of Offer Shares will comprise New Shares and Sale Shares may vary at the sole discretion of the Joint Bookrunners following consultation with, and subject to approval by, the Company.

12. LOCK-UP ARRANGEMENTS

The Company, TA Associates (for itself and on behalf of the TA Funds), the Directors and certain employees of the Group have each agreed to certain lock-up arrangements as follows:

The Company

Pursuant to the Underwriting Agreement, the Company has undertaken to each of the Managers that during a period of 12 months from the date of Admission it will not, without the prior written consent of the Joint Bookrunners, directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing. These restrictions shall not apply in respect of:

- (a) the issue of New Shares pursuant to the Offer;

- (b) the issue by the Company of any Ordinary Shares, pursuant to the exercise of an option or vesting of an award, and/or the grant of any option or award, under the share incentive arrangements described in paragraphs 9 and 10 of Part 8: “Additional Information” (whether or not such option or award is in existence at the date of Admission).

For the avoidance of doubt, funds managed by the Company or any of its subsidiaries may take any action in relation to the Ordinary Shares without regard to the lock-up provisions.

TA Associates

Pursuant to the Underwriting Agreement, TA Associates (for itself and on behalf of the TA Funds) has undertaken, amongst other things, to each of the Managers that, during the period of six months from the date of Admission, it will not, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed in circumstances where the Joint Bookrunners have given their consent to a Director to dispose of Ordinary Shares under the terms of his or her lock-up (other than in circumstances of personal financial difficulty relating to such Director) provided that such consent will only be granted in relation to the same number of Shares to which the consent granted to the relevant Director applies), directly or indirectly, offer, issue, mortgage, assign, charge, pledge, lend, sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, any Ordinary Shares or any interest in Ordinary Shares or any securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or any interest in Ordinary Shares or file any registration statement under the Securities Act or file or publish any prospectus in respect of any of the foregoing or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, including any swap, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Ordinary Shares whether such swap or transaction is to be settled by delivery of Ordinary Shares, or other such securities, in cash or otherwise, other than pursuant to the Offer, as described in this document. These restrictions shall not prohibit TA Associates or the TA Funds from:

- (a) accepting a general offer made to all holders of issued and allotted Ordinary Shares for the time being (other than Ordinary Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Companies Acts) made in accordance with the City Code on Takeovers and Mergers (the **City Code**);
- (b) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Ordinary Shares or any interest therein) as is referred to in sub-paragraph (a) above;
- (c) voting on (and any disposal directly or indirectly arising in respect of) a scheme of arrangement or analogous procedure in respect of the ordinary share capital of the Company;
- (d) disposing of any Ordinary Shares pursuant to the Stock Lending Agreement;
- (e) selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares;
- (f) disposing of any Ordinary Shares acquired following Admission other than all or any Ordinary Shares allotted or issued to it pursuant to any capital reorganisations (including, for the avoidance of doubt, by way of capitalisation of profits, share premium account or any capital reserve account of the Company) on or after Admission in respect of Ordinary Shares beneficially owned, held or controlled by it on Admission;
- (g) depositing or withdrawing Ordinary Shares into or out of (as the case may be) CREST (including through any intermediary, broker or other person);
- (h) transferring or disposing of Ordinary Shares pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 or pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them,

which is agreed to by the creditors or members and (where required) sanctioned by the court under the Companies Acts;

- (i) taking up or disposing of any rights granted in respect of a rights issue or other pre-emptive share offering by the Company;
- (j) disposing of Ordinary Shares in accordance with any order made by a court of competent jurisdiction or required by law;
- (k) taking any steps necessary to satisfy any of its obligations in respect of the Underwriting Agreement or the Over-allotment Option;
- (l) disposing of any title to or interest in any Ordinary Shares:
 - (i) to one or more companies or other entities (including, without limitation, any fund, limited partnership or other partnership, whether or not having legal personality) (each, a **Fund Entity**) of which TA Associates (or a TA group undertaking for the time being) is a general partner, adviser, sub-advisor, trustee, nominee, or manager (each, a **Fund-Related Entity**);
 - (ii) to any other Fund Entity, Fund-Related Entity or TA group undertaking; or
 - (iii) on a distribution under the constitutive documents of a Fund Entity, directly or indirectly, to the partners in or holders of units in, or to shareholders of, participants in or the holders of other interests in such Fund Entity (or to a nominee or trustee for any such partners, holders, members or investors),

and for these purposes a **TA group undertaking** shall be construed as any entity owned or controlled, directly or indirectly, by all or substantially all of the managing directors from time to time of TA Associates or its successors or assigns, provided that: (i) prior to the making of any such disposal as described in this sub-paragraph (l), the transferee shall have agreed to be bound by the restrictions of the lock-up arrangements as if it were the relevant TA Fund, by the execution and delivery to each of the Managers of a deed of adherence; and (ii) in the event that any such transferee ceases to be an entity described in this sub-paragraph (l), any such interest in any Ordinary Shares will, prior to such cessation, be transferred to the relevant TA Fund or another permitted transferee who falls within this sub-paragraph (l) and has executed and delivered to each of the Managers a deed of adherence;

- (m) disposing of Ordinary Shares or rights to Ordinary Shares issued to the TA Funds by the Company by way of rights issue; or
- (n) giving instructions to its broker to deal on its behalf in the Ordinary Shares following the end of the 6 month lock-up period, provided that such instructions do not require TA Associates to publicly disclose such instructions in any jurisdiction.

Directors

Pursuant to the Underwriting Agreement, the Directors have undertaken to each of the Managers that (other than pursuant to the Underwriting Agreement) during a period of 12 months from the date of Admission he or she will not directly or indirectly, offer, issue, mortgage, assign, charge, pledge, lend, sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, any Ordinary Shares or any interest in Ordinary Shares or any securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or any interest in Ordinary Shares or file any registration statement under the Securities Act or file or publish any prospectus in respect of any of the foregoing or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing including any swap, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Ordinary Shares whether such swap or transaction is to be settled by delivery of Ordinary Shares, or other such securities, in cash or otherwise, other than pursuant to the Offer, in the manner described in this document, these restrictions shall not prevent any Director from:

- (a) making such a disposal with the prior written consent of the Joint Bookrunners;

- (b) accepting a general offer made to all holders of issued and allotted Ordinary Shares for the time being (other than Ordinary Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Companies Acts) made in accordance with the City Code;
- (c) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Ordinary Shares or any interest therein) as referred to in sub-paragraph (b) above;
- (d) voting on (and any disposal directly or indirectly arising in respect of) a scheme of arrangement or analogous procedure in respect of the ordinary share capital of the Company;
- (e) disposing of any Ordinary Shares acquired following Admission other than all or any Ordinary Shares allotted or issued to him or her pursuant to: (i) any capital reorganisations (including, for the avoidance of doubt, by way of capitalisation of profits, share premium account or any capital reserve account of the Company) on or after Admission in respect of Ordinary Shares beneficially owned, held or controlled by him or her on Admission; and (ii) all or any Ordinary Shares issued after the date of Admission pursuant to the conversion of options or similar rights held by him or her at Admission;
- (f) depositing or withdrawing such Ordinary Shares into or out of (as the case may be) CREST (including through any intermediary, broker or other person);
- (g) selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares;
- (h) transferring or disposing of Ordinary Shares pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 or pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the court under the Companies Acts;
- (i) taking up or disposing of any rights granted in respect of a rights issue or other pre-emptive share offering by the Company;
- (j) disposing of Ordinary Shares in accordance with any order made by a court of competent jurisdiction or required by law or to or by personal representatives of an individual who dies;
- (k) taking any steps necessary to satisfy any of its obligations in respect of the Underwriting Agreement or the Over-Allotment Option;
- (l) disposing of Ordinary Shares beneficially owned or held by him or her on Admission by way of transfer to the trustee of the EBT or such other person as the Remuneration Committee may specify pursuant to compulsory transfer provisions applicable in the event that the Director ceases to hold office or employment with Jupiter;
- (m) disposing of Ordinary Shares with a value equal to the value of any tax liability of such person arising in connection with its participation in the Offer; or
- (n) any disposal by way of gift: (i) to a Family Member of the Director (and **Family Member** for these purposes shall mean a person's spouse, parent, widow, widower, cohabitee, adult sibling, child or grandchild (including such child or grandchild by adoption or step child)); (ii) to any person or persons acting in the capacity of trustee or trustees of a trust created by the Director or, on any change of trustees of a trust so created, to the new trustee or trustees, provided that the trust is established for charitable purposes only or there are no persons beneficially interested under the trust other than the Director and his or her Family Members; (iii) by the trustee or trustees of a trust to which sub-paragraph (ii) applies to any person beneficially interested under that trust, in each case provided that, prior to the making of any such disposal, the relevant individual shall have satisfied the Joint Bookrunners that the transferee falls within one of the categories in sub-paragraphs (i) to (iii); or

provided that any disposals permitted under paragraphs (a) to (n) above shall be notified in advance to each of the Joint Bookrunners two Business Days prior to the entry into of any agreement relating to the same and, as regards transfer to personal representatives pursuant to sub-paragraph (j) above, as soon after such transfer as shall be practicable and any disposals pursuant to sub-paragraphs (a), (j) (insofar as they relate to a sale by the personal representatives), and (l) shall be effected in accordance with the reasonable requirements of the Joint Bookrunners (acting in good faith) so as to ensure an orderly market in the Company's listed securities, and prior to any disposal pursuant to sub-paragraph (n) above, the transferee shall have agreed to be bound by the lock-up arrangement as if it were the transferor by execution and delivery to each of the Managers.

Executive Directors, Senior Managers and certain other employees

Under individual deeds of agreement, the Directors owning Ordinary Shares at the date of this document (other than Richard I. Morris, Jr.), the Senior Managers and certain other employees have undertaken to the Company not to sell any of the Ordinary Shares to which they are beneficially entitled at Admission for 1 year following Admission, unless the Remuneration Committee otherwise permits. In addition, proportions of their shareholdings will be subject to sale restrictions for periods between the first and third anniversaries of Admission (as described in paragraph 9.1 of Part 8: "Additional Information – Pre-Admission share incentive arrangements").

The Remuneration Committee will consider granting permission to sell in circumstances such as the exemptions to the lock-up undertakings given by each of the Directors under the Underwriting Agreement described in paragraphs (a) to (n) of the section headed "Directors" above.

Under the Underwriting Agreement, the Company has agreed with the Managers not to vary or waive any obligation under the lock-up arrangements in the individual deeds of agreement described above without the prior written consent of the Joint Bookrunners for the duration of the lock-up arrangement.

13. SELLING AND TRANSFER RESTRICTIONS

No action has been or will be taken in any jurisdiction (other than the United Kingdom) that would permit a public offering for sale of the Offer Shares and, if applicable, the Additional Shares, or possession or distribution of this document or any other offering or publicity material relating to the Offer Shares or Additional Shares, in any country or jurisdiction where action for that purpose is required. The Offer Shares and, if applicable, the Additional Shares, may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Offer Shares or Additional Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Offer Shares and, if applicable, the Additional Shares, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities law of such jurisdiction.

13.1 *European Economic Area*

In relation to each Relevant Member State, no Offer Shares or, if applicable, Additional Shares, have been offered or will be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares or Additional Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Offer Shares and, if applicable, Additional Shares, may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the latest financial year; (ii) a total balance sheet of more than £43,000,000; and (iii) an annual turnover of more than £50,000,000 as shown in its latest annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners; or
- (d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Offer Shares or, if applicable, Additional Shares, shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Offer Shares and, if applicable, any Additional Shares or to whom any offer is made under the Global Offer will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For this purpose the expression an “offer of any shares to the public” in relation to any Offer Shares or, if applicable, any Additional Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any Offer Shares or Additional Shares to be offered so as to enable an investor to decide to purchase any Offer Shares or Additional Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Offer Shares or, if applicable, any Additional Shares, being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares or Additional Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares or any Additional Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale. The Company, the Managers and their affiliates, and others will rely on the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Bookrunners of such fact in writing may, with the consent of the Joint Bookrunners, be permitted to subscribe for Offer Shares or, if applicable, any Additional Shares.

13.2 *United States*

(a) *US selling restrictions*

The Offer Shares and, if applicable, the Additional Shares, have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States.

The Offer Shares and, if applicable, the Additional Shares, are being offered and sold in offshore transactions as defined in, and in reliance on, Regulation S. The Underwriting Agreement provides that the Managers may through their respective US broker-dealer affiliates arrange for the offer and resale of Offer Shares and, if applicable, the Additional Shares, within the United States only to Qualified Institutional Buyers in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Managers has agreed that, except as permitted in the Underwriting Agreement, it will not offer, sell or deliver the Offer Shares or, if applicable, the Additional Shares into or within the United States.

In addition, until 40 days after the commencement of the offering of the Offer Shares or, if applicable, any Additional Shares, an offer or sale of Offer Shares or Additional Shares within

the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements under the Securities Act.

(b) *US transfer restrictions*

Each purchaser of Offer Shares or, if applicable, the Additional Shares within the United States pursuant to Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged as follows:

- (1) It is (a) a Qualified Institutional Buyer within the meaning of Rule 144A, (b) acquiring such Offer Shares or Additional Shares for its own account or for the account of a Qualified Institutional Buyer and (c) aware, and each beneficial owner of such Offer Shares or Additional Shares has been advised, that the sale of such Offer Shares or Additional Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- (2) It understands that (a) such Offer Shares or Additional Shares have not been and will not be registered under the Securities Act or with the securities regulatory authority of any state or other jurisdiction of the United States, (b) the Offer Shares or the Additional Shares are being offered and sold in the United States only in transactions not involving any public offering in the United States and (c) the Offer Shares and, if applicable, the Additional Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act. In addition, it understands that such Offer Shares or Additional Shares may not be offered, sold, pledged or otherwise transferred except (x) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a Qualified Institutional Buyer purchasing for its own account or for the account of a Qualified Institutional Buyer, (y) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (z) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States.
- (3) It understands that such Offer Shares or Additional Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THIS ORDINARY SHARE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR

RESALES OF THIS ORDINARY SHARE. NOTWITHSTANDING ANYTHING TO THE CONTRARY OR FOREGOING, THE ORDINARY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITORY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITORY BANK.

- (4) Notwithstanding anything to the contrary in the foregoing, the Offer Shares and, if applicable, the Additional Shares may not be deposited into any unrestricted depository receipt facility in respect of the Offer Shares or the Additional Shares established or maintained by a depository bank.
- (5) The Company, the Registrar, the Managers and their affiliates, and others will rely on the truth and accuracy of the foregoing representations, agreements and acknowledgments. If the purchaser is acquiring any Offer Shares or, if applicable, any Additional Shares for the account of one or more Qualified Institutional Buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, agreements and acknowledgments on behalf of each such account.

Each purchaser of Offer Shares or, if applicable, any Additional Shares outside the United States will, pursuant to Regulation S, be deemed to have represented and agreed that it has received a copy of this document and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that the Offer Shares and, if applicable, the Additional Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to significant restrictions on transfer;
- the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares or the Additional Shares, were located outside the United States at the time the buy order for such Offer Shares or Additional Shares was originated and continue to be located outside the United States and have not purchased the Offer Shares or the Additional Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States;
- the purchaser is aware of the restrictions on the offer and sale of the Offer Shares and the Additional Shares pursuant to Regulation S as described in this document; and
- the Offer Shares and the Additional Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S.

Prospective purchasers are hereby notified that sellers of the Offer Shares or, if applicable, the Additional Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

13.3 *Japan*

The Offer Shares and, if applicable, any Additional Shares, have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the **FIEL**). The Offer Shares and, if applicable, any Additional Shares, may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity, organised under the laws of Japan) or to others for re-offer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except in accordance with the provisions of, or pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

13.4 *Australia*

This document has not been lodged with the Australian Securities and Investments Commission. Accordingly, the offer under this document is not available to, and the Company will not accept any application from, any person in Australia unless that person is:

1. a “sophisticated investor” under section 708(8) the Corporations Act 2001 (Cth) of Australia (**Corporations Act**); or
2. a “professional investor” under section 708(11) the Corporations Act; or
3. a person “associated with” the Company under section 708(12) the Corporations Act.

In order to participate in the Global Offer, you confirm and warrant to the Company that:

1. you are a “sophisticated investor” and as such:
 - (a) the minimum amount payable for the securities on acceptance of the offer by you is at least AUD 500,000; or
 - (b) the amount payable for the securities on acceptance by you and the amounts previously paid by you for the Company’s securities of the same class add up to at least AUD 500,000; or
 - (c) you have provided to the Company a certificate given by a qualified accountant no more than 6 months before the date of the Global Offer stating that you:
 - (i) have net assets of at least AUD 2,500,000; or
 - (ii) a gross income for each of the last 2 financial years of at least AUD 250,000 a year; or
 - (d) the offer is made to a company or trust controlled by you and you meet the requirements of either subparagraph (1)(c)(i) or (1)(c)(ii) above; or
2. you are a “professional investor” being:
 - (a) a person covered by the definition of “professional investor” in section 9 of the Corporations Act; or
 - (b) a person who has or controls gross assets of at least AUD 10 million (including any assets held by an associate or under a trust that the person manages); or
3. you are a person “associated with” the Company being:
 - (a) a senior manager of the Company or a related body or their spouse, parent, child, brother or sister; or
 - (b) a body corporate controlled by a person referred to in subparagraph (3)(a) above,

and you will not offer any of the shares acquired by you pursuant to this document for resale in Australia within 12 months of those shares being issued to you unless any such resale offer is exempt from disclosure under section 708 of the Corporations Act or otherwise permitted under the Corporations Act.

13.5 *Switzerland*

This document and any other material relating to the Offer Shares which are the subject of the Global Offer contemplated by this document do not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 32 of the Listing Rules of the SIX Swiss Exchange. The Offer Shares and, if applicable, any Additional Shares will not be listed on the SIX Swiss Exchange and therefore the documents relating to the Offer Shares

and, if applicable, any Additional Shares, including but not limited to this document do not comply with the disclosure standards of the Listing Rules of the SIX Swiss Exchange. Accordingly, the Offer Shares and, if applicable, the Additional Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe for the Offer Shares or the Additional Shares with a view to distribution to the public. The investors will be individually approached by any of the Managers from time to time. This document is personal to each offeree and does not constitute an offer to any other person. This document may only be used by those persons to whom it has been handed out in connection with the offer described herein and may, neither directly nor indirectly, be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

13.6 *Canada*

The Offer Shares and, if applicable, any Additional Shares, will not be distributed under a prospectus filed with any Canadian securities regulatory authority. Accordingly, the Offered Shares and, if applicable, any Additional Shares are being offered in Canada only to “accredited investors” as defined in NI 45-106 and/or “permitted clients” as defined in NI 31-103. As the distribution of the Offer Shares and, if applicable, any Additional Shares in Canada is being made on a private placement basis, any resale of such Offer Shares or Additional Shares must be made in accordance with an exemption from prospectus requirements and in compliance with the registration requirements of applicable securities laws, which vary depending on the province. Canadian purchasers of Offer Shares or, if applicable, Additional Shares are advised to seek legal advice prior to any resale of such Offer Shares or Additional Shares.

Confirmations of the acceptance of offers to purchase Offer Shares or, if applicable, Additional Shares will be sent to purchasers in Canada who have not withdrawn their offers to purchase prior to the issuance of such confirmations. Each purchaser who receives a purchase confirmation will, by the purchaser’s receipt thereof, be deemed to represent to the Company, the Selling Shareholders and the dealer from whom such purchase confirmation is received that:

- (a) such purchaser is purchasing as principal and meets one or more of the criteria to be classified as an “accredited investor” as defined in NI 45-106, but was not created and is not being used solely to purchase or hold securities as an “accredited investor”; and
- (b) if the dealer from whom the purchaser is purchasing Offer Shares or, if applicable, Additional Shares is not registered in the relevant province where such purchaser resides as an “investment dealer” or “exempt market dealer”, each as defined in NI 31-103, the purchaser is not an individual but otherwise meets one or more of the criteria set out in section 1.1 of NI 31-103 in order to be classified a “permitted client” pursuant to that instrument, or the purchaser is an individual who owns financial assets (as defined in NI 45-106) with an aggregate realisable value before taxes in excess of Cdn.\$5,000,000.

In addition, each purchaser of Offer Shares or, if applicable, Additional Shares in Canada who receives a purchase confirmation, by the purchaser’s receipt thereof, will be deemed to have represented to the Company, the Selling Shareholders and the dealer from whom such purchase confirmation was received, that the purchaser (a) has been notified by the Company and the dealer (i) that the Company and/or the dealer are required to provide information (**personal information**) pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of Offer Shares purchased), which Form 45-106F1 is required to be filed by the Company under NI 45-106, (ii) that the personal information will be delivered to the Ontario Securities Commission (the **OSC**) in accordance with NI 45-106, (iii) that such personal information is being collected indirectly by the OSC under the authority granted to it in securities legislation, (iv) that such personal information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (v) that the public official in Ontario who can answer questions about the OSC’s indirect collection of the personal information is the Administrative Support Clerk at the OSC, Suite 1903,

Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8314, and (b) has authorized the indirect collection of the personal information by the OSC.

Further, by purchasing Offer Shares or, if applicable, Additional Shares, the purchaser acknowledges that its name and other specified information, including the number of Offer Shares or Additional Shares it has purchased, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable laws. The purchaser consents to the disclosure of that information.

Notice to certain Canadian purchasers regarding non-resident underwriters

J.P. Morgan Securities Ltd. will effect sales into Canada through its affiliate, J.P. Morgan Securities Inc., and Merrill Lynch International will effect sales into Canada through its affiliate, Merrill Lynch, Pierce, Fenner & Smith Incorporated. Each of J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated has a head office or principal place of business outside Canada and is relying on the “international dealer” exemption in NI 31-103 from registration requirements in certain provinces of Canada in which it may sell Offer Shares or, if applicable, Additional Shares pursuant to the Global Offer.

In accordance with NI 31-103, each of J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated hereby notifies purchasers in the provinces listed below that (i) it is not registered in such provinces in respect of activities for which the international dealer exemption is being relied upon, (ii) it is resident outside of Canada, and (iii) all or a substantial portion of its assets may be located outside of Canada. As a result, Canadian purchasers may have difficulty enforcing their legal rights against J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

J.P. Morgan Securities Inc.’s jurisdiction of residence is the State of New York, USA and the name and address of the agent for service of process in each of the provinces of Canada in which it may sell Offer Shares or Additional Shares in reliance on the “international dealer” exemption is as follows:

- Alberta: 152928 Canada Inc.
c/o Stikeman Elliott LLP
4300 Bankers Hall West
888-3rd Street S.W.
Calgary, Alberta T2P 5C5
Attention: President
- British Columbia: 152928 Canada Inc.
c/o Stikeman Elliott LLP
666 Burrard Street, Suite 1700
Park Place
Vancouver, British Columbia V6C 2X8
Attention: President
- Manitoba: Aikins, MacAulay & Thorvaldson LLP.
30th Floor, Commodity Exchange Tower
360 Main Street
Winnipeg, Manitoba R3C 4G1
Attention: Richard L. Yaffe
- Ontario: 152928 Canada Inc.,
c/o Stikeman Elliott LLP, Attention: President
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Attention: President

Quebec: 152928 Canada Inc.
c/o Stikeman Elliott LLP
1155 Rene-Levesque Blvd. West, 40th Floor
Montreal, Quebec H3B 3V2
Attention: Président

Merrill Lynch, Pierce, Fenner & Smith Incorporated's jurisdiction of residence is the State of New York, USA and the name and address of the agent for service of process in each of the provinces of Canada in which it may sell Offer Shares or Additional Shares in reliance on the "international dealer" exemption is as follows:

Alberta	Merrill Lynch Canada Inc. Bow Valley Square 3 255-5th Avenue S.W., Suite 2620 Calgary, Alberta T2P 3G6 Attention: Legal Department
British Columbia	Merrill Lynch Canada Inc. Cathedral Place 925 West Georgia Street, Suite 708 Vancouver, British Columbia V6C 3L2, Attention: Legal Department
Manitoba	Thompson Dorfman Sweatman LLP 2200-201 Portage Avenue Winnipeg, Manitoba R3B 3L3 Attention: Bruce S. Thompson, Partner
Quebec	Merrill Lynch Canada Inc. 1250 Rene-Levesque Blvd. West Suite 3715 Montreal, Quebec H3B 4W8 Attention: Legal Department

13.7 *DIFC*

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (**DFSA**). This document is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set forth herein and has no responsibility for the document. The Offer Shares and, if applicable, any Additional Shares, to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Shares and, if applicable, any Additional Shares, should conduct their own due diligence on the Offer Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

PART 3

OPERATING AND FINANCIAL REVIEW

The following operating and financial review should be read in conjunction with the rest of this document, including the information in “Summary – Summary Financial and Operational Information”, and the combined and consolidated financial statements and related notes appearing in Part 4: “Financial Information”.

The following review contains forward-looking statements that are based on assumptions about future business developments and that involve risks and uncertainties. The Group’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this document, particularly under the headings “Risk Factors” and “Forward-Looking Statements.”

The discussion contained in the following review relates to the historical financial information set out in the combined and consolidated financial statements and related notes appearing in Part 4 of this document, which have been prepared and presented in accordance with IFRS, as adopted by the European Union.

1. OVERVIEW

Jupiter is an investment management business focused on generating investment out-performance across its range of investment capabilities, which include UK, European and emerging markets equities, specialist equities (such as financial sector equities) and fund of funds products. Jupiter’s core strength in equity investment management is complemented by capabilities in fixed income, hedge and absolute return funds.

Jupiter is a market leading fund manager in the UK retail mutual fund market based on the size of its AUM and net sales, its strong investment performance track record, the strength of its brand and presence in key distribution channels. At 31 December 2009, 75 per cent. of Jupiter’s AUM was in mutual funds, the majority of which are open-ended funds directed towards retail investors through intermediated distribution channels in the UK. In addition, Jupiter provides investment management services to segregated clients, private clients, investment trusts and hedge funds.

At 31 December 2009, Jupiter had a total of £19.5 billion of AUM, including £14.7 billion of AUM in 47 mutual funds. It was the fifth largest fund manager of UK retail mutual funds by AUM at 31 December 2009 and the fourth largest by net and gross sales in 2009 (Source: IMA and Lipper Feri, respectively).

2. CERTAIN FACTORS AFFECTING THE GROUP’S RESULTS OF OPERATIONS

The principal factors that affect the Group’s results of operations include:

- equity market performance and volatility;
- the composition of the Group’s AUM;
- investment performance;
- net new business;
- net management and other fees; and
- staff costs.

2.1 *Equity market performance and volatility*

The Group derived 87 per cent. of its net revenue from net management fees on its mutual funds and other asset management products in 2009. As a result, revenue is primarily driven by the amount of AUM and the Group’s management fee structure. A large proportion of the Group’s AUM (approximately 86 per cent. at 31 December 2009) was, during the period under review, and remains invested in equities, particularly UK equities (which accounted for approximately 47 per cent. of AUM at 31 December 2009). The financial results of the Group are therefore sensitive to fluctuations in equity markets as a whole and UK equity markets in particular.

In response to the global financial crisis and deteriorating economic conditions in many of the world’s developed economies, UK equity markets, together with other global equity markets, suffered

significant declines in 2008. These declines worsened in the first quarter of 2009 before partially recovering in the last nine months of 2009, as investor confidence began to return with the stabilisation of the financial system and recovery by economies globally following co-ordinated government intervention. Almost all asset classes were adversely impacted by the financial crisis, but equities proved to be particularly vulnerable and volatile. In the UK equity market, the peak to trough fall in the FTSE 100 Index was 48 per cent. between 15 June 2007 and 3 March 2009. Volatility has significantly increased since the peak at 15 June 2007, with average daily market movements of 1.26 per cent. for the period from 15 June 2007 to 31 December 2009 compared with 0.49 per cent. over the three years preceding 15 June 2007.

The level and volatility of UK equity markets during the period under review is illustrated in the following table which shows the level of the FTSE 100 Index for the months indicated, which represent the closing value of the index on the last day of the previous month, except in relation to October, November and December 2009 as explained below¹ and the annual average for the years presented, except in relation to 2009 as explained below¹:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2007	6,221	6,203	6,171	6,308	6,449	6,621	6,608	6,360	6,303	6,467	6,722	6,432	6,406
2008	6,457	5,880	5,884	5,702	6,087	6,054	5,626	5,412	5,637	4,902	4,377	4,288	5,526
2009 ¹	4,434	4,150	3,830	3,926	4,244	4,418	4,249	4,608	4,909	5,161	5,242	5,310	4,541

1 From 1 October 2009, the Group changed its unit trust charging policy to calculate fees based on daily values of AUM. To reflect this change in charging policy, the table shows the average of daily closing values for the months October, November and December 2009 and the consequent average index level for 2009. Had the alternative method of calculation been used (i.e. the closing value of the FTSE 100 Index on the last day of the previous month) the figures for October, November and December 2009 would have been 5,134, 5,045 and 5,191 respectively and the consequent average index level for 2009 would have been 4,512.

During the three year period under review, the decline in equity markets had a significant impact on the Group's AUM, particularly in 2008 and the first half of 2009. However, by the end of 2009 this impact had been offset by positive net sales of £3.1 billion over the period under review, compared with equity market related depreciation in AUM of £1.0 billion over the same period. Therefore, while the UK equity market declined by 13 per cent. from 31 December 2006 to 31 December 2009, the Group's AUM rose by 12 per cent. over the same period. This trend was reflected in revenues as well, so while the average UK equity market level fell 29 per cent. between 2007 and 2009 (as represented by the FTSE 100 Index), the Group's net management fees only declined by 18 per cent. in the same period.

2.2 *The composition of the Group's AUM*

Given that fees are earned on the amount of AUM, factors that affect the levels and relative composition of the Group's AUM have a direct impact on the Group's results of operations. While a portion of the Group's costs are variable and indirectly linked to levels of AUM, the majority of costs are fixed despite the level of the Group's AUM and, therefore, factors affecting AUM will have a magnified effect on profitability.

The table below sets out the breakdown of the Group's AUM by business line for the periods indicated:

	2007		Year ended 31 December 2008		2009	
	£m	%	£m	%	£m	%
Mutual funds ¹	13,440	72	10,709	72	14,692	75
Segregated mandates ²	3,069	16	2,400	16	2,754	14
Private clients ³	976	5	938	6	1,355	7
Investment trusts	661	4	524	4	546	3
Hedge funds	623	3	243	2	175	1
Total	18,769	100	14,814	100	19,522	100

1 Includes all unit trusts and SICAVs (including absolute return funds).

- 2 Includes primarily segregated institutional funds, private equity funds and sub-advisory funds (those managed by Jupiter but distributed by other financial institutions to their own retail customers).
- 3 Where money is raised from private clients but invested in Jupiter's mutual funds, the relevant assets are categorised as private client AUM. Of the £1.36 billion invested by private clients at 31 December 2009, £398 million was invested in Jupiter's funds.

The Group's AUM is predominantly made up of mutual funds and the proportion of AUM in mutual funds has increased over the period under review. Mutual funds typically have higher net management fee margins than other asset management products and, notwithstanding some reduction in the Group's net management fee margin, net management fee margins across the Group have remained broadly stable as a result of the shift in AUM towards mutual funds.

Key factors influencing the size and composition of the Group's AUM include the following:

- the performance and volatility in the markets in which the Group's AUM are invested (principally, the UK equity market) (as discussed above);
- the investment performance of the Group's portfolio managers (as discussed below); and
- the impact of inflows or outflows of AUM (as discussed below).

2.3 *Investment performance*

Relative levels of investment performance versus a benchmark can have a direct impact on AUM. The Group's investment performance track record is strong for the majority of its funds and products, particularly its mutual funds which accounted for 75 per cent. of AUM at 31 December 2009. At 31 December 2009, 58 per cent. of the Group's mutual fund AUM was in funds that had delivered first and second quartile investment performance over three years. As shown below, over the period under review, the Group has consistently achieved investment performance at or above these levels. This strong relative investment performance can contribute to enhanced appreciation in AUM or, in falling equity markets, can mitigate the impact of depreciation on AUM. Conversely, in the case of weak relative investment performance, the opposite can be the case.

The table below sets out the percentage of the Group's UK mutual fund AUM and number of UK mutual funds delivering first or second quartile investment performance over the three years ending at the quarter year-end specified.

%	2007				2008				2009			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q ¹	2Q	3Q	4Q
Three year performance to Quarter End												
By AUM	84	84	85	86	94	96	96	85	66	66	64	57
By number of funds	72	72	76	76	72	80	81	65	65	65	62	54

1 The decline in AUM performance in the first quarter of 2009 is primarily attributable to the Income Trust, one of the Group's largest mutual funds, falling below its median.

In addition, investment performance can impact inflows and outflows of AUM, because customers and intermediaries tend to be attracted to asset management products with a consistent, strong record of investment outperformance. The Group's strong investment performance has supported consistent positive net sales of AUM over the period under review. These net sales directly impact revenues and results of operations where fees are charged as a percentage of AUM.

Moreover, the Group also has the ability to generate performance fees on approximately £2.1 billion of AUM at 31 December 2009 if investment performance is above the funds' benchmark and/or high water mark. At 31 December 2009, 19 per cent. of this AUM was at or above its high water mark and/or rolling benchmark.

2.4 *Net new business*

The impact of net sales of AUM on the results of operations of the Group is significant because, as discussed more fully above, levels of AUM have the most significant direct impact on revenue and

consequently on results of operations. The Group's ability to attract and retain AUM depends on, amongst other factors:

- market levels and trends;
- investment performance (both absolute and relative to benchmarks and competitors);
- the retention of existing fund managers and ability to attract new fund managers;
- the Group's reputation and brand awareness;
- the introduction of new asset management products;
- client service; and
- relative fee levels.

The table below sets out the Group's net sales by business line for the periods indicated:

	<i>Year ended 31 December</i>			<i>Cumulative</i>
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>Net Sales for</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>the Three</i>
				<i>Year Period</i>
				<i>£m</i>
Mutual funds ¹	1,346	770	1,747	3,864
Segregated mandates ²	(936)	244	(129)	(822)
Private clients ³	75	136	286	497
Investment trusts	27	(6)	(32)	(11)
Hedge funds	38	(379)	(68)	(409)
Total	550	765	1,804	3,119

1 Includes all unit trusts and SICAVs (including absolute return funds). Where money is raised from private clients but invested in Jupiter mutual funds, the relevant assets are categorised as private client AUM.

2 Includes primarily segregated institutional funds, private equity funds and sub-advisory funds (those managed by Jupiter but distributed by other financial institutions to their own retail customers).

3 Where money is raised from private clients but invested in Jupiter mutual funds, the relevant assets are categorised as private client AUM.

As a result of its strong investment performance, brand and reputation, the Group has experienced consistent overall positive net sales during the period under review. During this period, the Group's AUM increased largely as a result of cumulative positive net sales of £3.1 billion, or 18 per cent. of AUM at 31 December 2006. This reflects the Group's success in attracting new mutual fund money in particular, and continues its long-term track record of having positive net sales into its mutual funds each quarter over the last decade. However, as described below, the Group experienced negative net sales during certain years in certain business lines. If the Group were to suffer a sustained period of negative net sales, it would affect the level of AUM, thus affecting net revenue.

The table below sets out a breakdown of changes in the Group's AUM for the periods indicated:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Opening AUM	17,420	18,769	14,814
Inflows	4,408	3,993	4,951
Outflows	(3,858)	(3,229)	(3,147)
Net sales	550	764	1,804
Appreciation/Depreciation	799	(4,719)	2,903
Closing AUM	18,769	14,814	19,522

Total AUM increased to £18.8 billion at 31 December 2007 from £17.4 billion at 31 December 2006, primarily as a result of equity market appreciation and positive net sales. Total AUM decreased to £14.8 billion at 31 December 2008 from £18.8 billion at 31 December 2007, reflecting significant equity market depreciation, as a result of the financial crisis, partially offset by positive net sales. Total AUM increased to £19.5 billion at 31 December 2009, principally as a result of positive net sales more than doubling to £1.8 billion and positive market performance during 2009.

The table below sets out a breakdown of changes in the Group's mutual fund AUM for the periods indicated:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Mutual funds			
Opening AUM	11,772	13,440	10,709
Inflows	3,349	2,704	3,963
Outflows	(2,003)	(1,934)	(2,215)
Net sales	1,346	770	1,747
Appreciation/Depreciation	322	(3,499)	2,235
Closing AUM	13,440	10,709	14,692
(per cent. of total AUM)	72	72	75

Mutual fund AUM increased to £13.4 billion at 31 December 2007 from £11.8 billion at 31 December 2006, primarily as a result of positive net sales. Mutual fund AUM decreased to £10.7 billion at 31 December 2008 from £13.4 billion at 31 December 2007, primarily as a result of significant equity market depreciation of £3.5 billion due to the financial crisis, partially offset by positive net sales. Mutual fund AUM increased to £14.7 billion at 31 December 2009, as a result of equity market appreciation as markets globally began to improve after the first quarter of 2009 and continued positive net sales. Over the period under review, despite cumulative equity market depreciation of £943 million, the Group's mutual fund AUM grew by 25 per cent. as of 31 December 2009 (compared to 1 January 2007) reflecting the generation of positive net sales totalling £3.9 billion across the period under review.

The table below sets out a breakdown of changes in the Group's segregated mandate AUM for the periods indicated:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Segregated mandates			
Opening AUM	3,742	3,069	2,400
Inflows	687	1,019	514
Outflows	(1,623)	(775)	(643)
Net sales	(936)	244	(129)
Appreciation/Depreciation	263	(913)	484
Closing AUM	3,069	2,400	2,754
(per cent. of total AUM)	16	16	14

Segregated mandate AUM decreased to £3.1 billion at 31 December 2007 from £3.7 billion at 31 December 2006, primarily as a result of outflows from balanced mandates and the loss of most of the mandates managed on behalf of Commerzbank AG, the Group's owner prior to the MBO.

Segregated mandate AUM decreased to £2.4 billion at 31 December 2008 from £3.1 billion at 31 December 2007, as significant equity market depreciation was only partially offset by positive net sales. Segregated mandate AUM increased to £2.8 billion at 31 December 2009, primarily as a result of equity market appreciation offset, in part, by negative net sales resulting from the loss of the final mandate managed on behalf of Commerzbank AG.

The table below sets out a breakdown of changes in the Group's private client AUM for the periods indicated.

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Private clients			
Opening AUM	855	976	938
Inflows	87	151	324
Outflows	(12)	(15)	(38)
Net sales	75	136	286
Appreciation/Depreciation	46	(174)	131
Closing AUM	976	938	1,355
(per cent. of total AUM)	5	6	7

Private client AUM increased to £976 million at 31 December 2007 from £855 million at 31 December 2006, as a result of positive net sales and equity market appreciation. Private client AUM decreased to £938 million at 31 December 2008 from £976 million at 31 December 2007, as a result of significant equity market depreciation which led to a decline in AUM value and offset positive net sales. Private client AUM increased to £1.4 billion at 31 December 2009, primarily as a result of a significant increase in net sales from the addition of fund managers, organic growth within the existing private client business and equity market appreciation.

The table below sets out a breakdown of changes in the Group's investment trust AUM for the periods indicated:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment trusts			
Opening AUM	558	661	524
Inflows	27	–	69
Outflows	–	(6)	(101)
Net sales	27	(6)	(32)
Appreciation/Depreciation	76	(131)	54
Closing AUM	661	524	546
(per cent. of total AUM)	4	4	3

Investment trust AUM increased to £661 million at 31 December 2007 from £558 million at 31 December 2006, primarily as a result of equity market appreciation. Investment trust AUM decreased to £524 million at 31 December 2008 from £661 million at 31 December 2007, as a result of significant equity market depreciation. Investment trust AUM increased to £546 million at 31 December 2009, primarily as a result of equity market appreciation which offset the reconstruction of three investment trusts, which, in aggregate, led to negative net sales.

The table below sets out a breakdown of changes in the Group's hedge fund AUM for the periods indicated.

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Hedge funds			
Opening AUM	493	623	243
Inflows	258	119	81
Outflows	(220)	(498)	(149)
Net sales	38	(379)	(68)
Appreciation/Depreciation	92	(1)	–
Closing AUM	623	243	175
(per cent. of total AUM)	3	2	1

Hedge fund AUM increased to £623 million at 31 December 2007 from £493 million at 31 December 2006, primarily as a result of strong investment returns. Hedge fund AUM decreased to £243 million at 31 December 2008 from £623 million at 31 December 2007. Hedge fund AUM decreased further to £175 million at 31 December 2009. In common with much of the hedge fund industry, particularly those managing liquid long/short equity funds, the Group experienced a large number of redemptions during 2008 and early 2009 despite investment returns being flat across 2008. The Group did not apply any restrictions on these redemptions.

2.5 *Net management and other fees*

The Group's revenue principally comprises the net management fees charged on its AUM and, to a lesser extent, initial charges, box profits and performance fees.

- **Net management fees.** Net management fees accounted for 87 per cent. of the Group's net revenue for the year ended 31 December 2009 and consist of management, administration and registration fees, less commissions and fees payable. Management fees are typically calculated at an agreed valuation date by reference to the level of AUM at that date or an average level of AUM over a period, multiplied by a percentage fee rate, which varies according to the nature and size of the fund or type of client. The Group's distribution costs comprise commissions and fees, which are typically calculated as a percentage of the AUM introduced to the Group, based on a contract between the Group and the relevant distributor. Management fee discounts and rebate arrangements negotiated by distributors are also reflected in distribution costs. Net management fees are not shared with fund managers. For a calculation of the Group's net management fees see “– Non-GAAP Measures – Net management fees and net initial charges and commissions”.
- **Initial charges and commissions.** Initial charges and commissions primarily consist of initial charges and box profits. Initial charges are levied on the sale of the Group's mutual funds to new clients. Box profits are earned on dealings in mutual funds by the Group and represent the difference between the cost of purchasing redeemed units at cancellation prices and re-selling those units at higher creation prices on the same day (rather than liquidating those units), in each case after brokerage fees.
- **Performance fees.** Performance fees are calculated as a percentage of the return on AUM where, in the case of certain of the Group's asset management products, the actual performance of AUM exceeds high water marks calculated on previous levels of performance or, in the case of certain other of the Group's products, where the performance exceeds a contractually agreed benchmark. Performance fees are recognised when the performance period ends, which varies from fund to fund, or when an investor chooses to redeem its investment. Performance fees

crystallise at various times during the year. At 31 December 2009, the Group charged performance fees on all of its hedge funds and investment trusts, on certain institutional funds and four of its mutual funds. Where performance fees are earned, a proportion of these fees are shared with the relevant fund manager. The costs of these performance fee incentives are reported as variable staff costs. Performance fees represented only 2 per cent., 6 per cent. and 8 per cent. of the Group's revenue in 2009, 2008 and 2007, respectively.

2.5.1 Fees from mutual funds

Revenue from the Group's mutual funds business largely consists of management fees on its unit trust and SICAV products. In the past, unit trust management fees were charged monthly based on a fixed percentage of the closing price of the fund on the last day of the previous month. However, since 1 October 2009, those fees have been based on a fixed percentage of daily prices. During the period under review, SICAV management fees have been charged on a fixed percentage of daily prices. Management fee rates vary by fund, but in 2009 the Group typically earned, on its mutual fund AUM, a gross management fee of 150 basis points per annum, administration and registration fees averaging 21 basis points per annum and a net management fee, after distribution costs, of approximately 113 basis points.

The table below sets out the Group's mutual fund net management fee margins, which represent net management fees over the Group's average monthly mutual fund AUM during the year:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
Net management fees (£'000)	155,176	141,402	135,332
Average AUM (£m)	12,857	11,764	12,020
Mutual fund net management fee margin (basis points)	121	120	113

Over the period under review, the Group's mutual fund net management fee margin on mutual fund business has declined by 8 basis points from 121 basis points in 2007 to 113 basis points in 2009. This was principally a result of the changing distribution mix of mutual fund AUM combined with the high proportion of net new business written in the last three years. In the past, the Group's mutual funds were predominantly sold directly to IFAs and directly to some retail clients, which allowed the Group to retain a relatively high proportion of the management fee, because of the absence or lower level of ongoing fees and commissions paid to distributors. Now, the Group's mutual fund business is predominantly intermediated by IFAs who are also increasingly using fund platforms to transact and administer their business, instead of doing so directly with the Group as they have done in the past. Business distributed in this way has added to the Group's distribution costs, since IFAs and fund platforms, together, typically charge fees and commissions of between 50 basis points and 75 basis points of AUM. These trends when combined with the Group's strong positive net sales in recent years have resulted in mutual fund net management fee margins across its overall mutual fund book slowly declining, since retained management fees on the Group's "back book", which was acquired when direct sales to IFAs and some retail clients were more common and fund platforms were less prevalent, are typically higher than those on new business written today.

This trend in the Group's mutual fund net management fee margin over the period under review was also exacerbated by the volatility of markets and the Group's unit trust management fee charging structure. This charging structure was based on previous month-end closing values, which, when coupled with distributor charging structures that were based on the closing values at the end of the current month, had a distorting impact on these trends. For example, in periods where equity markets and AUM were rising, the mutual fund net management fee margin would be negatively impacted and the reverse would happen where equity markets and AUM were falling. Equity market volatility over the past two years was also a significant contributor to the substantial reduction in mutual fund net management fee margin during 2008 and 2009.

Initial charges and box profits are also earned on mutual funds. Initial charges are directly linked to gross sales. Typically, when the Group sells a mutual fund through an intermediary, it often rebates a certain proportion of the initial charge to that intermediary, which may be, in part, passed on to the client. Under IFRS and the Group's accounting policies, initial charges are amortised over six years, and, as a result, the Directors expect the Group's reported initial charges to remain broadly at current levels in future years. Box profits are derived from gross sales and gross redemptions within the same unit trusts on any given day and the Group's consequent ability to sell the redeemed unit to another unit holder rather than asking the trustee to liquidate it.

Mutual funds do not typically include performance fee provisions save for four funds, which only accounted for approximately £553 million of the Group's AUM at 31 December 2009.

2.5.2 *Fees from other business lines*

Revenue from the Group's other business lines is principally generated through management fees that are calculated as a percentage of AUM. In general, management fees are calculated on a monthly basis for hedge funds, and a quarterly basis for the Group's segregated institutional mandates, private clients and investment trusts. In addition, the Group may earn performance fees on its segregated mandates, investment trusts and hedge funds. The performance fees are typically earned on a percentage of the annual return on the funds over a high water mark and/or benchmark return. The Group's private client business line also earns commissions for dealing on behalf of its clients on an advisory basis.

2.6 *Staff costs*

The Group's most significant operational expenses are staff costs, which comprised 69 per cent. of total administrative expenses in 2009.

2.6.1 *Fixed staff costs*

Fixed staff costs consist of salary costs, pension and other benefits, as well as related social security costs where relevant. The key factor impacting the Group's fixed staff costs is the number of employees. The Group employed 461 employees at 31 December 2009 compared with 506 and 483 at 31 December 2008 and 31 December 2007, respectively. The size of the Group's staff base reflects the fact that the Group continues to administer its unit trust business in-house, where approximately 123 people were employed at 31 December 2009 compared with approximately 152 and 166 at 31 December 2008 and 31 December 2007, respectively. Salaries are reviewed annually and increases are influenced by market conditions and industry trends.

2.6.2 *Variable staff costs*

Over the period under review the annual bonus pool has been determined based on a fixed proportion of the Group's operating profitability, which includes net performance fees. Performance fee incentives are made to certain portfolio managers based on a fixed proportion of the performance fee earned on the fund managed by that individual. These arrangements are not expected to change following Admission.

As a result of the MBO in 2007, the Group reports a number of one-off costs in variable staff costs over the period under review, which principally relate to the vesting and termination of legacy incentive plans in place prior to the MBO. These one-off costs amounted to £17.5 million in 2007, £6.2 million in 2008 and £1.4 million in 2009. Adjusting for these one-off costs, the Group's variable staff costs as a percentage of pre-variable staff cost operating earnings (including other operating income) was 25 per cent. in 2007, 25 per cent. in 2008 and 21 per cent. in 2009. This percentage fell in 2009, as all pre-MBO-related arrangements ceased and normal deferral of bonuses recommenced.

The table below sets out the Group's variable staff costs and adjusted variable staff costs in relation to operating earnings:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating earnings	101,912	88,766	89,226
Other operating income	1,644	872	644
	<u>103,556</u>	<u>89,638</u>	<u>89,870</u>
Add: variable staff costs	58,209	38,267	25,821
Pre-variable staff cost operating earnings	161,765	127,905	115,691
Ratios: variable staff cost to pre-variable staff cost operating earnings (including other operating income)			
– Variable staff costs	36%	30%	22%
– Adjusted variable staff costs	25%	25%	21%

The Directors currently expect that 30 per cent. of the variable discretionary remuneration paid to individuals whose annual compensation exceeds a certain threshold will be deferred over a period of three years. Under IFRS and the Group's accounting policies, the deferral of variable staff remuneration will affect the timing of charges in the Group's accounts, since these costs will be amortised over the period of deferral.

Following Admission, the Group will have a LTIP for its employees. Awards will be made at the discretion of the Remuneration Committee and may be granted in the form of options (either market value or nil-cost), restricted shares or conditional share awards. Awards will normally vest on the third anniversary of the date of grant subject to a continuing employment requirement and, in some cases, the satisfaction of a performance condition. Any performance condition will be set at the date of award by the Remuneration Committee and may comprise a combination of corporate and individual measures. Under IFRS and the Group's accounting policies, these costs are expected to increase to their normalised level over a period of three years.

The Directors currently expect that, over the medium-term, total variable staff costs, including annual bonuses, performance fee incentives and LTIP, as a ratio of pre-variable staff cost operating earnings (including other operating income) are expected to rise to a percentage in the upper 20 per cent. range, although there can be no assurance that this will be the case. However, because of the accounting treatment of the deferred portion of the bonuses and LTIP described above, and the unpredictability of performance fees, this ratio may differ from this range.

3. NON-GAAP MEASURES

The Group presents the following non-GAAP measures to enhance the understanding of the Group's operating results. Net management fees, net initial charges and commissions and EBITDA are not measures of financial performance under generally accepted accounting principles, including IFRS. The Group provides these measures because it uses them to assess, and believes that investors and securities analysts will find them to be useful for evaluating, its net revenues, operating cash flows from operations and profitability. These measures should not be considered in isolation or as an alternative to management fees, initial charges and commissions, operating profit, profit on ordinary activities before tax or profit for the financial period, cash flows from operating activities, investing activities or financing activities, or other data presented in its financial statements as indicators of financial performance. Because these measures are not determined in accordance with generally accepted accounting principles and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

3.1 *Net management fees and net initial charges and commissions*

Although, in accordance with IFRS, the Group reports gross management fees and gross initial charges and commissions, in each case before commissions and fees payable, the Directors believe that net management fees, stated after deducting trail commissions and fees to distributors, and net initial charges and commissions, stated after deducting upfront commissions to distributors, are more meaningful measures for evaluating its revenues.

The table below sets out the breakdown of commissions and fees payable between trail commissions and fees, which are paid by the Group to distributors on levels of AUM from the annual management fees earned by the Group, and upfront commissions and fees, which are paid by the Group to distributors on sales from initial charges and commissions earned by the Group:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trail commission and fees	39,801	30,943	26,714
Upfront commissions and fees	5,151	5,378	5,744
Commissions and fees payable	44,952	36,321	32,458

The table below sets out the reconciliation of management fees and net management fees. It also sets out the Group's net management fee margins, which represent net management fees over the Group's average monthly AUM during the year:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Management fees	225,611	198,261	185,208
Trail commission and fees	(39,801)	(30,943)	(26,714)
Net management fees	185,810	167,318	158,494
Average AUM (£m)	18,279	16,471	16,315
Net management fee margin (basis points)	102	102	97

The table below sets out the reconciliation of initial charges and commissions and net initial charges and commissions:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Initial charges and commissions	26,307	24,171	24,237
Upfront commissions and fees	(5,151)	(5,378)	(5,744)
Net initial charges and commissions	21,156	18,793	18,493

3.2 EBITDA

The table below sets out the reconciliation of profit/(loss) to EBITDA. The Directors believe that EBITDA is an important measure for evaluating operating cash flows and comparing financial performance with that of similar companies that have different capital structures. It is also the principal measure used by management to assess the Group's profitability.

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit/(loss) for the financial period	41,818	(15,598)	8,598
Add: Income tax expense/(credit)	13,463	(281)	(1,423)
Add: Finance expense	41,045	64,660	46,414
Less: Finance income	(11,408)	(8,476)	(1,172)
Add: Amortisation of intangibles	22,609	39,711	39,877
Less: Other gains/(losses)	(3,971)	9,622	(2,424)
Add: Depreciation	1,810	1,914	1,388
EBITDA	105,366	91,552	91,258
EBITDA margin	46%	46%	50%

4. RESULTS OF OPERATIONS

The table below sets out the Group's results of operations for the periods indicated.

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	273,431	236,959	214,619
Commissions and fees payable	(44,952)	(36,321)	(32,458)
Net revenue	228,479	200,638	182,161
Administrative expenses	(126,567)	(111,872)	(92,935)
Operating earnings	101,912	88,766	89,226
Other operating income	1,644	872	644
Other gains/(losses)	3,971	(9,622)	2,424
Amortisation of intangibles	(22,609)	(39,711)	(39,877)
Operating profit	84,918	40,305	52,417
Finance income	11,408	8,476	1,172
Finance expense	(41,045)	(64,660)	(46,414)
Profit/(loss) on ordinary activities before taxation	55,281	(15,879)	7,175
Income tax (expense)/credit	(13,463)	281	1,423
Profit/(loss) for the financial period attributable to equity holders of the parent	41,818	(15,598)	8,598

4.1 **Revenue**

Revenue decreased by 9 per cent. to £214.6 million in 2009 from £237.0 million in 2008, which was a 13 per cent. decrease from £273.4 million in 2007, primarily as a result of the factors discussed below.

The table below sets out the breakdown of Group revenue for the periods indicated:

	<i>Year Ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Management fees	225,611	198,261	185,208
Initial charges and commissions	26,307	24,171	24,237
Performance fees	21,513	14,527	5,174
Revenue	273,431	236,959	214,619

	<i>Year Ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
Average FTSE 100 (of month-end closing values)	6,406	5,526	4,541
Average AUM (£m)	18,279	16,471	16,315
Net management fee margin (basis points)	102	102	97

4.1.1 *Management fees*

Management fees in 2009 were £185.2 million, a decrease of £13.1 million, or 7 per cent., from £198.3 million in 2008. This decrease in management fees was the result of lower average levels of AUM in 2009 compared with 2008, as lower average equity market levels in 2009 versus 2008 partially offset the benefit of net sales in 2009 and 2008 and lower margins, as described in paragraph 2.5.1 above. Improvements in the overall level of AUM, in particular in the fourth quarter of 2009 when global equity markets rose back to mid-2008 levels, partially offset the impact of lower levels of AUM earlier in the year.

Management fees in 2008 were £198.3 million, a decrease of £27.3 million, or 12 per cent., from £225.6 million in 2007. This decrease in management fees was primarily the result of a significant decrease in the average level of AUM in all business lines, as declines in equity markets worldwide more than offset the benefit of positive net sales.

4.1.2 *Initial charges and commissions*

Initial charges and commissions remained largely unchanged at £24.2 million in both 2009 and 2008. Initial charges and commissions in 2008 represented a decrease of £2.1 million, or 8 per cent., from £26.3 million in 2007. Although initial charges and commissions charged in recent years are falling, as noted above, the reported initial charges and commissions are amortised over six years. As a result, initial charges and commissions have remained relatively stable during the period under review.

4.1.3 *Performance fees*

A number of the Group's asset management products charge performance fees and certain of those products earned performance fees at different times over the period under review, resulting in positive contributions to net revenue across the period under review.

Performance fees in 2009 were £5.2 million, a decrease of £9.4 million, or 64 per cent., from £14.5 million in 2008. This decrease in performance fees was primarily as a result of the loss of hedge fund assets and a number of portfolios being below their high water marks and/or benchmarks after negative 2008 investment returns.

Performance fees in 2008 were £14.5 million, a decrease of £7.0 million, or 33 per cent., from £21.5 million in 2007. This decrease in performance fees was primarily as a result of difficult equity market conditions relating to the global financial crisis.

Performance fees as a percentage of revenue decreased from 8 per cent. in 2007 to 6 per cent. in 2008, then decreased to 2 per cent. in 2009. The decreases in 2008 and 2009 were for the reasons set forth in the preceding paragraphs.

The table below sets out a breakdown of performance fees by business line for the periods indicated:

	<i>Year Ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Hedge funds			
–current	4.3	2.7	1.9
–closed	3.6	6.9	–
Mutual funds	3.5	2.9	1.9
Segregated mandates	6.5	2.0	–
Private clients	–	–	–
Investment trusts	3.6	–	1.4
Total performance fees	21.5	14.4	5.2

4.2 *Commissions and fees payable*

Commissions and fees payable relate to payments made to distributors of the Group’s mutual funds, including, but not limited to, IFAs and fund platforms, in return for generating inflows and servicing the underlying investors who provide such inflows. These fees are based on a percentage of the mutual funds that the Group manages.

Commissions and fees payable in 2009 were £32.5 million, a decrease of £3.8 million, or 10 per cent., from £36.3 million in 2008. This decrease in fee and commission expenses primarily resulted from declines in equity markets which, in turn, reduced average AUM levels.

Commissions and fees payable in 2008 represented a decrease of £8.7 million, or 19 per cent., from £45.0 million in 2007. This decrease in commissions and fees payable primarily resulted from declines in equity markets which, in turn, reduced average AUM levels. See “– Management Fees” above for a discussion of the movements in AUM.

4.3 *Net revenue*

As a result of the foregoing factors, net revenue decreased by 9 per cent. to £182.2 million in 2009 from £200.6 million in 2008, which was a 12 per cent. decrease from £228.5 million in 2007.

Net management fees as a percentage of net revenue increased to 87 per cent. in 2009 from 83 per cent. in 2008, which was an increase from 81 per cent. in 2007.

4.4 *Administrative expenses*

The following table sets out a breakdown of the Group's administrative expenses for the periods indicated:

	<i>Year Ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed staff costs	35,684	36,604	38,357
Variable staff costs	58,209	38,267	25,821
Total staff costs	93,893	74,871	64,178
Other administrative expenses	32,674	37,001	28,757
Total administrative expenses	126,567	111,872	92,935
Average number of employees	485	496	474
Staff cost : net revenue ratio	41%	37%	35%
Cost : income ratio	55%	56%	51%

Total administrative expenses were £92.9 million in 2009, a decrease of £19.0 million, or 17 per cent., from £111.9 million in 2008. This decrease in total administrative expenses primarily resulted from lower variable staff costs and, to a lesser extent, lower other administrative expenses.

Total administrative expenses in 2008 decreased by £14.7 million, or 12 per cent., from £126.6 million in 2007. This decrease in total administrative expenses primarily resulted from lower variable staff costs offset in part by an increase in other administrative expenses.

Fixed staff costs were £38.4 million in 2009, an increase of £1.8 million, or 5 per cent., from £36.6 million in 2008. This increase in fixed staff costs resulted from £1.8 million of redundancy costs as the Group reduced staff levels from 506 at 31 December 2008 to 461 at 31 December 2009.

Fixed staff costs increased by £0.9 million, or 3 per cent., to £36.6 million in 2008, from £35.7 million in 2007. The increase in fixed staff costs between 2007 and 2008 primarily resulted from slightly higher average headcount.

Variable staff costs were £25.8 million in 2009, a decrease of £12.5 million, or 33 per cent., from £38.3 million in 2008. This decrease in variable staff costs primarily resulted from reduced performance fee share, reduced amortised deferred bonuses dating from before the MBO and the deferral of £3.8 million of the 2009 annual bonus into future years.

The level of variable staff costs decreased by £19.9 million, or 34 per cent., to £38.3 million in 2008 from £58.2 million in 2007. This decrease in variable staff costs primarily resulted from lower bonus costs in line with reduced profit levels, reduced performance fee share and the cessation of a number of pre-MBO incentive schemes.

Total staff costs as a percentage of net revenues have declined from 41 per cent. to 35 per cent. in all the years under review as costs associated with the vesting and termination of legacy incentive plans in place prior to the MBO have reduced.

The Group's other administrative costs include marketing and communication and occupancy, among others. These costs have declined significantly in 2009 relative to previous periods but are expected to increase in 2010.

Marketing and communication expenses normally comprise the cost of advertising campaigns as well as the printing and stationery costs of marketing materials. As part of the Group's overall effort to contain these costs, these expenses have been reduced since 2007. Marketing expenses as a percentage of operating expenses have been declining as a result of this and reductions made in 2009 during difficult market conditions. However, the Directors expect marketing expenses to increase in the near future in line with expected increased competitor activity. Occupancy costs are predominately related to rents, rates and service charges at the Group's offices in London.

Other administrative expenses were £28.8 million in 2009, a decrease of £8.2 million, or 22 per cent., from £37.0 million in 2008. £3.8 million of this decrease resulted from lower occupancy costs as a provision made in 2008 on 4 Grosvenor Place was released on the cancellation of the lease in 2009, while the remainder resulted from lower discretionary expenditure on areas such as marketing and IT as equity markets fell.

The level of other administrative expenses in 2008 increased by £4.3 million, or 13 per cent., from £32.7 million in 2007. This increase primarily resulted from the establishment of the lease provision mentioned above and higher IT project expenditure.

The Group's cost income ratio reflects its high concentration of mutual fund AUM and consequent overall net management fee margin. It has remained consistent at between 51 per cent. and 56 per cent. in all three years under review.

4.5 *Other operating income*

Other operating income includes directors' fees earned by employees in relation to their directorships on funds, rental income, gains on foreign exchange and profit on the disposal of property, plant and equipment.

In 2009, other operating income was £0.6 million, a decrease of £0.2 million, or 26 per cent., from £0.9 million in 2008. This decrease in other operating income primarily resulted from a decrease in rental income as a result of the cancellation of the Group's lease at 4 Grosvenor Place, on which it formerly received income for subletting, which allowed a £2.4 million provision to be released into administrative expenses.

In 2008, other operating income was £0.9 million, a decrease of £0.8 million, or 47 per cent., from £1.6 million in 2007. This decrease in other operating income primarily resulted from a decrease in rental income as a result of space at 4 Grosvenor Place which was previously sublet becoming vacant.

4.6 *Other gains/(losses)*

Other gains/(losses) are movements in the fair value of the Group's investments, primarily on its seed capital holdings and associated hedge programme (See "Market risks – Equity market risks"). In June 2008 the Group entered into a total return swap arrangement with Merrill Lynch International over its seed capital holdings. The amount hedged using this swap has grown to £40.3 million of the £50.9 million fair value of Jupiter's seed capital investments in its own funds at 31 December 2009.

In 2009, other gains were £2.4 million, an increase of £12.0 million, compared to other losses of £9.6 million in 2008. This gain primarily resulted from rising equity markets contributing a small net gain on the unhedged portion of the seed capital holdings.

In 2008, other losses were £9.6 million, a decrease of £13.6 million, compared to other gains of £4.0 million in 2007. This loss primarily resulted from unrealised losses on the Group's seed capital portfolio before the protections of the hedging plan mentioned above were fully implemented.

4.7 *Amortisation of intangibles*

The Group's amortisation of intangibles was £39.9 million in 2009, £39.7 million in 2008 and £22.6 million in 2007. In each of the three years under review, this line item principally comprised the amortisation of intangible assets relating to the valuation of the investment management contracts acquired as part of the MBO in June 2007. The assets associated with these contracts are being amortised on a straight-line basis over a period of 7 years: see Note 12 to the Group's combined and consolidated financial statements.

4.8 *Operating profit*

As a result of the foregoing factors, operating profit in 2009 was £52.4 million, an increase of £12.1 million, or 30 per cent., compared with £40.3 million in 2008. The level of operating profit in 2008 was a decrease of £44.6 million or 53 per cent., from £84.9 million in 2007.

4.9 *Finance income and finance expenses*

The following table sets out a breakdown of the Group's finance income and finance expenses for the periods indicated:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Finance income			
Interest on bank deposits	8,882	8,310	1,072
Interest on staff loans	155	23	18
Dividend income	219	143	82
Other	84	–	–
Unwinding interest discount on staff loan	2,068	–	–
Total finance income	11,408	8,476	1,172
Finance expenses			
Interest payable on bank loan	18,184	30,875	23,085
Finance costs on bridge loans	1,151	–	–
Amortisation of senior debt issue costs	1,919	1,195	1,407
Interest on Preferred Finance Securities	11,116	21,925	24,063
Dividends on Tier 2 Preference Shares	1,289	2,497	2,717
Bank facility fees	873	505	150
Syndicate amendment fees	–	–	1,103
Tax late payment interest	–	91	40
Other finance costs adjacent to interest	77	55	300
Fair value movement on interest rate swap	6,436	7,517	(6,451)
Total finance expenses	41,045	64,660	46,414

In 2009, finance income was £1.2 million, a decrease of £7.3 million, or 86 per cent., from £8.5 million in 2008. Despite the higher average cash balances in 2009 compared with 2008, this decrease in finance income primarily resulted from lower interest income on the Group's cash balances following the rapid reduction in UK base rates between October 2008 and March 2009, which remained in effect throughout 2009.

In 2008, finance income was £8.5 million, a decrease of £2.9 million, or 26 per cent., from £11.4 million in 2007. This decrease in finance income primarily resulted from the effect of the unwinding of an interest discount on a staff loan. This item was related to pre-MBO incentive arrangements which expired in June 2007.

In each of 2007, 2008 and 2009, the Group had significant finance expenses, principally interest payable on loans made under the Facility Agreement, interest payable on the Preferred Finance Securities and dividends on the Tier 2 Preference Shares, all of which are accounted for as debt under IFRS. This debt was incurred in connection with the MBO in June 2007. The Directors expect that finance charges on loans made under the Facility Agreement will decrease from a weighted average cost of 6 per cent. in 2009 as a result of the expiry of the Group's fixed rate swap arrangements in August 2010 under which the Group paid a fixed rate of 8.3725 per cent. on £212.5 million compared with floating rates of 2.625 per cent. on the remaining balance (both of these rates include margin). See Note 20 to the Group's combined and consolidated financial statements. Of the estimated gross proceeds of the Global Offer received by the Company of £220 million, (i) approximately £174 million¹ will be used to redeem the majority of the Preferred Finance Securities (which are principally owned by the TA Funds, Alpinvest and certain employees), (ii) approximately £30 million will be used to reduce bank debt and (iii) the balance of approximately £16 million will be used towards meeting

¹ Assuming a redemption date of 21 June 2010.

the expenses of the Global Offer. See paragraph 14 of Part 1: “Information on the Group – Reasons for the Global Offer and use of proceeds”. The finance charges are also expected to decline as the obligations to pay interest and dividends on the Preferred Finance Securities and the Tier 2 Preference Shares, respectively, terminate when the Tier 2 Preference Shares are converted prior to Admission and the Preferred Finance Securities are redeemed after Admission.

In 2009, finance expenses were £46.4 million, a decrease of £18.3 million, or 28 per cent., from £64.7 million in 2008. This decrease in finance expenses resulted from a combination of (i) increasing amounts of the loans made under the Facility Agreement moving from fixed to floating interest rates during a period when these interest rates were falling to record lows, which reduced the average interest rate payable and (ii) an improvement in the fair value of the interest rate swap as its notional principal amount and time to maturity reduced during 2009. This decrease was offset in part by compounding interest payable on the Preferred Finance Securities.

In 2008, finance expenses were £64.7 million, an increase of £23.6 million, or 58 per cent., from £41.0 million in 2007. This increase in finance expenses primarily resulted from increased interest expense and interest payable on loans made under the Facility Agreement and Preferred Finance Securities, respectively. Interest accrued on loans made under the Facility Agreement and the finance securities only from June 2007 when the MBO took place, compared with the full year 2008.

4.10 *Income tax*

The Company is a UK resident company for tax purposes and is subject to the standard UK corporation tax rate. The statutory tax rate was 30 per cent. for the year ended 31 December 2007 and for the first three months of 2008, after which it was reduced to 28 per cent. The statutory tax rate has remained at 28 per cent. through 31 December 2009.

Taxation in 2009, 2008 and 2007 was a credit of £1.4 million, a credit of £0.3 million and a charge of £13.5 million, respectively. The Group’s effective tax rate was minus 20 per cent. in 2009, 2 per cent. in 2008 and 25 per cent. in 2007.

The Company recorded a tax credit in 2009 because of a significant reduction in the expected tax liability for earlier years as a result of the full deductibility of interest paid on the shareholder finance that had previously been assumed to be partially non-tax deductible (decrease of £2.0 million), and significant non-taxable income and gains included in group profits (decrease of £2.9 million).

The tax credit in 2008 was lower than the standard UK corporation tax rate because of the impact of the corporation tax rate change on the Group’s significant deferred tax balances (increase of £1.6 million), a significant reduction in the expected tax liability for earlier years (decrease of £2.1 million) and significant non-taxable income included in group profits (increase of £4.6 million).

The tax charge in 2007 was lower than the standard UK corporation tax rate because of the impact of the corporation tax rate change on the group’s significant deferred tax balances (decrease of £4.2 million), an assumed disallowance of shareholder financing costs (increase of £1.9 million), and movement on the goodwill charge that is disallowable for tax purposes (decrease of £1.3 million).

Over time, the Directors expect the Group’s future effective tax rates to be around the statutory tax rate.

4.11 *Profit/(loss) for the period*

As a result of the foregoing factors, profit in 2009 was £8.6 million, an increase of £24.2 million from a loss of £15.6 million in 2008. Loss in 2008 represented a decrease of £57.4 million from profit of £41.8 million in 2007 primarily as a result of the impact of the MBO and declining equity markets.

5. LIQUIDITY AND CAPITAL RESOURCES

In the past, the Group has relied on operating earnings to finance its working capital, seed capital, regulatory and other capital requirements, and the Directors expect that this will continue to be its primary source of

cash in the future. In June 2007, the Group borrowed £500 million under the Facility Agreement (£75 million cash bridge facility and £425 million in senior debt) to finance the acquisition of Comasman Limited (which was, at that time, the holding company of the Group). The Group also issued £55 million of preference shares and £207 million of Preferred Finance Securities in June 2007. The Group repaid the bridge loan of £75 million, paid down £50 million of the senior debt in 2007 and paid down a further £12 million in 2009 on the senior debt via an excess cash sweep arrangement. At 31 December 2009 and 1 June 2009 (the latest practicable date prior to the publication of this document), the total amount outstanding under the Facility Agreement was £363 million (gross of unamortised loan arrangement costs of £6.4 million at 31 December 2009). The Group also has access to a multicurrency £10 million revolving cash facility that terminates in June 2014 and remains undrawn. For a discussion of these facilities, see “ – Capitalisation and Indebtedness.”

Of the estimated gross proceeds of the Global Offer received by the Company of £220 million, (i) approximately £174 million¹ will be used to redeem the majority of the Preferred Finance Securities (which is principally held by the TA Funds, Alpinvest and certain employees), (ii) approximately £30 million will be used to reduce bank debt and (iii) the balance of approximately £16 million will be used towards meeting the expenses of the Global Offer. Preferred Finance Securities not redeemed for cash will be exchanged for New Shares (issued at the Offer Price) at Admission. The Company will also prepay £50 million of bank debt using existing cash resources.

The Group does not make use of off-balance sheet financing arrangements.

The Group’s treasury team manages its interest bearing cash balances and is also responsible for hedging currency exposures. The treasury team manages the Group’s surplus liquidity so as to minimise its counterparty risk in terms of exposures and duration. In addition, the Group performs regular cash-flow forecasts, modelling both normal and stressed conditions and prepares the following reports and performance measurements: daily cash reports and counterparty exposures for all companies, monthly management accounts, monthly debt/EBITDA calculations, monthly cash flow analysis, agreed debtor reconciliation analysis and monthly and quarterly calculations of regulatory surpluses. For a further discussion of the Group’s approach to the management of various risks, see “ – Risks on Financial Assets and Liabilities.”

The following table sets out the Group’s consolidated statement of cash flows for the periods indicated:

	<i>Year ended 31 December</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£’000</i>	<i>£’000</i>	<i>£’000</i>
Net cash inflows from operating activities	149,962	28,370	17,255
Net cash inflows/(outflows) from investing activities	(746,134)	6,385	299
Net cash inflows/(outflows) from financing activities	627,516	2,308	(8,993)
Exchange gains/(losses) on cash and cash equivalents	82	3,064	(1,614)
Net increase/(decrease) in cash and cash equivalents	31,344	37,063	8,561
Cash and cash equivalents at the end of the period	176,277	216,404	223,351

5.1 *Net cash inflows from operating activities*

In 2009, net cash inflows from operating activities were £17.3 million, a decrease of £11.1 million from £28.4 million in 2008. The decrease between 2008 and 2009 resulted from a net increase in seed capital deployed and reduced levels of working capital driven by unsettled mutual fund sales and redemptions over year end.

In 2008, net cash inflows from operating activities were £28.4 million, a decrease of £121.6 million from £150.0 million in 2007. The decrease between 2007 and 2008 primarily resulted from a significant reduction in working capital in 2007 and net investments into seed capital in 2007 versus net divestments in 2008.

¹ Assuming a redemption date of 21 June 2010.

5.2 *Net cash inflows/(outflows) from investing activities*

In 2009, net cash inflows from investing activities were £0.3 million, compared with net cash inflows from investing activities of £6.4 million in 2008. The change between 2008 and 2009 primarily resulted from lower interest income following the reduction in base rates.

In 2008, net cash inflows from investing activities were £6.4 million, compared to net cash outflows from investing activities of £746.1 million in 2007. The change between 2007 and 2008 primarily resulted from the acquisition of Comasman Limited in the MBO in 2007.

5.3 *Net cash inflows/(outflows) from financing activities*

In 2009, net cash outflows from financing activities were £9.0 million, compared to net cash inflows from financing activities of £2.3 million in 2008. The change between 2008 and 2009 resulted from the partial prepayment of the loan made under the Facility Agreement in early 2009 under its cash sweep provisions.

In 2008, net cash inflows from financing activities were £2.3 million, compared with net cash inflows from financing activities of £627.5 million in 2007. The change between 2007 and 2008 primarily resulted from the MBO transactions in 2007.

5.4 *Capital expenditure*

The Group's capital expenditure requirements have not been significant and have been limited to office and IT equipment.

5.5 *Contractual obligations and commercial commitments*

The table below sets out the maturity analysis of the Group's principal contractual obligations and commercial commitments at 31 December 2009:

	<i>Payments Due by Period</i>				
	<i>Total</i>	<i>Less than 1 year</i>	<i>1-3 years</i>	<i>3-5 years</i>	<i>Over 5 years</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Leasehold property obligations	3,467	2,729	–	738	–

See "Capitalisation and indebtedness" for a discussion of the Group's debt financing arrangements, including repayment obligations.

The Group has a contingent liability in respect of deferred consideration on the acquisition of Comasman Limited. Under the sale and purchase agreement, in the event of an exit event (which includes an IPO) as defined in the agreement, within three years of the acquisition on 19 June 2007, Commerzbank AG would be entitled to further consideration. See Note 23 to the Group's combined and consolidated financial statements. The table above does not include this payment.

6. CAPITALISATION AND INDEBTEDNESS

The following tables show the Group's unaudited consolidated capitalisation and indebtedness. The following tables do not reflect the impact of the Global Offer on the Group's capitalisation and indebtedness, including receipt of the net proceeds by the Company, the proposed repurchase of the outstanding Preferred Finance Securities and the repayment of bank debt. Please refer to Part 5 (Pro Forma Financial Information) of this document for an analysis of the impact of the Global Offer on the consolidated net assets of the Group.

Capitalisation and Indebtedness

The financial information relating to the Group's indebtedness at 31 March 2010 in the following table has been extracted without material adjustment from the Group's unaudited accounting records. The information on the Group's shareholders' equity has been extracted from Part 4 (Financial Information) of this document.

Capitalisation and indebtedness

	<i>At 31 March 2010 (£'000) (Unaudited)</i>
Total current debt	
Guaranteed	–
Secured ¹	–
Unguaranteed/unsecured	–
	<hr/>
	–
Total non-current debt (excluding current portion of the long-term debt)	
Guaranteed	
Secured ¹	356,858
Unguaranteed/unsecured ²	244,077
	<hr/>
	600,935
	<i>At 31 December 2009 (£'000)</i>
Capital and reserves^{3, 4}	
Share capital	32,250
Legal reserves	–
Other reserves ⁵	7,284
	<hr/>
	39,534

1 Secured debt comprises borrowings under the Facility Agreement.

2 Represents the debt outstanding under the Preferred Finance Securities, Tier 2 Preference Shares and B Shares.

3 Capital and reserves excludes retained earnings and other reserves.

4 There has been no material movement in Jupiter's capital and reserves since 31 December 2009 other than the transfer of £0.7 million of B Shares from debt to equity following the removal of repurchase provisions for certain B Shares on 16 April 2010.

5 The Group's "Other reserves" includes the foreign currency translation reserve.

6 The Group has an Amortising Interest Rate Swap arrangement with The Royal Bank of Scotland plc for a period of three years. Under the terms of the agreement, the Group has agreed to pay a fixed interest rate of 6.2475 per cent. on notional amounts settling quarterly. At 31 March 2010, the fair value of the swap arrangement was a loss position of £5.9 million.

Net indebtedness

The financial information relating to the Group at 31 March 2010 in the following table has been extracted without material adjustment from the Group's unaudited accounting records and sets out the unaudited net indebtedness of the Group at 31 March 2010.

	<i>At 31 March 2010 (£'000) (Unaudited)</i>
Cash	40,655
Cash equivalents	155,500
Trading securities	–
	<hr/>
Total liquidity	196,155
Current bank debt	–
Current portion of non current debt	–
Other current financial debt	–
Current financial debt	<hr/>
	–
Net current financial funds¹	196,155
Non-current bank loans ^{2, 3}	356,858
Bonds issued	–
Other non-current financial debt	244,077
	<hr/>
Non current financial indebtedness	600,935
Net financial indebtedness	<hr/> 404,780

- 1 Net current financial funds includes cash at bank plus cash held in short term deposits less bank overdrafts and the portion of debt under the Facility Agreement due for repayment within the next 12 months.
- 2 Non-current bank loans include the debt under the Facility Agreement falling due in more than 12 months.
- 3 The Group's secured debt is presented net of £6.1 million of unamortised issue costs.
- 4 The Group has no indirect or contingent indebtedness at 31 March 2010.
- 5 Net financial indebtedness excludes the fair value of the Group's derivatives.

At 31 March 2010, the Group had total borrowings outstanding of £600.9 million, all of which was non-current debt. Save as described in paragraph 18.3.4 of Part 8: "Additional Information – Facility Agreement – Representations and Undertakings", none of the Group's borrowings include any material negative covenants. There has been no material change in the Group's obligations in respect of loans and borrowings from 31 March 2010 to 1 June 2010 (the latest practicable date prior to the publication of this document).

Set out below is a summary of the Group's principal sources of borrowings at 31 December 2009.

- A term bank loan facility of £425 million under the Facility Agreement bearing interest per annum at the London Interbank Offered Rate (**LIBOR**) + margin (which is currently 2.125 per cent. but could increase to 3.75 per cent. or 4 per cent. if certain conditions are satisfied (for further details, see paragraph 18.3 of Part 8: "Additional Information – Facility Agreement")), which terminates on 19 June 2015. At 31 December 2009, £363 million was outstanding under this facility (gross of unamortised loan arrangement fees);
- A multi-currency revolving credit facility of £10 million under the Facility Agreement bearing interest per annum at LIBOR or the Euro Interbank Offered Rate (**EURIBOR**), as applicable + margin (which is currently 2 per cent. but could increase to 3.625 per cent. or 3.875 per cent. if certain conditions are satisfied (for further details, see section 18.3 of Part 8: "Additional Information – Facility Agreement")), which terminates on 19 June 2014. At 31 December 2009, this facility remained undrawn;
- £244 million of Preferred Finance Securities issued by the Group which are non-voting and carry the right to receive fixed cumulative interest of 10 per cent. per annum; and
- £55 million of Tier 1 and Tier 2 Preference Shares issued by the Group at the time of the MBO. The Tier 2 Preference Shares carry the right to a fixed preferential dividend at a rate of 10 per cent. of the issue price per share (£1) accruing daily from the date of issue. These shares include dividend payment restrictions which are detailed in paragraph 18.3 of Part 8: "Additional Information – Facility Agreement".

For further descriptions of the Group's borrowings, see paragraph 18.3 of Part 8: "Additional Information – Facility Agreement" and Note 20 to the Group's combined and consolidated financial statements contained in Part 4: "Financial Information".

To manage its exposure to interest rate movements on this debt, in 2007 the Group was required to enter into an amortising interest rate swap arrangement with RBS. The Group agreed to pay a fixed interest rate of 6.2475 per cent., or a total interest rate including the margin over LIBOR of 8.3725 per cent. per annum, on notional amounts of £300 million of its debt on a quarterly basis. The notional value of the swap was reduced by £50 million in 2008 and a further £37.5 million in 2009. Therefore, the amount on which the interest was fixed at 31 December 2009 was £212.5 million. At 31 December 2009, as a result of falling interest rates since the swap was put in place, the fair value of the swap arrangement was a loss position of £8.7 million. The Group will exit this swap after its last payment in August 2010.

Total net debt includes, at any time, the aggregate amount of all obligations of members of the Group for or in respect of borrowings at that time but: (i) excluding any such obligations to any other member of the Group; (ii) excluding any such obligations, to the extent they constitute borrowings, any new shareholder injections; (iii) including, in the case of finance leases only, their capitalised value; and (iv) deducting the aggregate amount of freely available cash and cash equivalent investments held by any member of the Group at that time less cash or cash equivalent investments held with either of the employee benefit trusts if this would normally be included for accounting purposes, and so that no amount shall be included or excluded more than once (**Total Net Debt**).

As of 31 December 2009, 2008 and 2007, Total Net Debt was £426.1 million, £404.1 million and £403.4 million, respectively. As of 31 March 2010, Total Net Debt was £385.3 million¹. The decrease in Total Net Debt over the period under review resulted from the cash generated by the Group's operating activities and lower working capital requirements. At Admission, the Group intends to partially redeem the Preferred Finance Securities, exchange the remaining balance of Preferred Finance Securities for New Shares and reduce bank debt by £30 million. For a further discussion of the Group's financial position following Admission, see Part 5: "Pro Forma Financial Information".

7. REGULATORY CAPITAL

Regulatory capital requirements form an integral part of the FSA's prudential supervision of UK authorised firms. The regulatory capital rules oblige firms to hold a certain amount of capital at all times (taking into account the particular risks to which the firm may be exposed given its business activities), thereby helping to ensure that firms can meet their liabilities as they fall due and safeguarding their (and their counterparties) financial stability.

The Group's asset management business in the UK is managed through several group entities headed by the Company as the top holding company. The Group contains two entities regulated by the FSA, namely JAM and JUTM:

The Group has received an investment firm consolidated supervision waiver from the FSA, effective from 19 June 2007 until 18 June 2012, which disapplies the requirement to calculate capital requirements on a consolidated basis and instead enables regulatory capital requirements to be calculated on an unconsolidated basis by reference to the aggregate notional capital requirements of each entity within the regulatory capital group under the Company. The FSA has stated to the Group on 22 January 2010 that, based on the information provided to it by the Group on the Global Offer, the consolidation waiver should remain in force following the Global Offer.

The Group has two other entities outside the United Kingdom that are subject to regulatory capital requirements based on their authorisation by a local regulator namely JAMB and Jupiter Asset Managers (Jersey) Ltd. (the **Overseas Regulated Entities**):

The Overseas Regulated Entities have varying capital requirements, some similar to the UK FSA requirements while others are based on fixed amounts or liability driven requirements. The Overseas Regulated Entities currently maintain an appropriate level of capital resources relative to their regulatory capital requirements.

The FSA-registered entities maintain a level of capital resources appropriate to their regulatory capital requirements. The regulatory capital requirements of each of the FSA entities differ, but all are based on the requirement to cover a proportion of fixed expenditure. The FSA entities collectively had a regulatory capital requirement of £17.5 million at 31 December 2009.

The Group's aggregate notional capital requirement for the FSA-registered entities and the Overseas Regulated Entities on 31 December 2009 was approximately £18.3 million.

8. MARKET RISKS

The Group is exposed to a variety of market risks but principally is exposed to credit risk, equity market risk, foreign exchange risk, interest rate risk and liquidity risk.

8.1 *Credit risk*

The Group is exposed to risks of loss where an investor, fund or counterparty fails to meet its obligations under a financial instrument or contract.

In particular, the Group is exposed to failure by the funds to pay fees owing to the Group. Management fees from mutual funds, representing the majority of the Group's net revenues, are

¹ Total Net Debt at 31 March 2010 of £385.3 million plus £27.6 million of Tier 2 Preference Shares and B Shares, less £8.1 million of interest payable and capitalised loan arrangement fees represents the Group's net financial indebtedness as presented on page 97.

collected monthly. In addition, the Group is exposed to amounts due from investors for the purchase of units/shares in mutual funds. These transactions are monitored by the Group's unit trust administration department and on default the loss is limited to the amount of any adverse market and/or foreign exchange movements in the value of the fund holding since the transaction was placed.

The Group is also exposed to credit risk on amounts held by banks in respect of cash deposits. The Group's policy is to place liquid short-term deposits only with financial institutions which satisfy minimum ratings and other criteria set by the Group's treasury committee. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The treasury team monitors the Group's counterparty exposures.

8.2 *Equity market risk*

The Group's investments (in respect of seed capital investments in the Group's own funds) are primarily equity based and, therefore, the Group is exposed to the risk that changes in the equity markets will reduce the value of the Group's investments. The Group's policy is to hedge the equity market and currency exposure of its seed capital investments depending on the fund mandate and provided such transactions are cost effective.

At 31 December 2009, the exposure to equity securities at fair value was £50.9 million. The Group entered into a total return swap arrangement with Merrill Lynch International over its holdings of investment funds investing in European and North American equities to reduce its exposures to equity markets. Gains and losses on the swap contracts are recognised and settled monthly in accordance with the terms of the contract. As the swap is settled and reset monthly, the fair value of the swap at 31 December 2009 was £40.3 million.

8.3 *Foreign exchange risk*

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. As almost all of the Group's income and expenses are sterling-denominated, the direct exposure to such movements is limited. The Group's policy is to hold minimum currency to cover operational needs and therefore to convert foreign currency on receipt. Direct exposures are limited to operational cash held in overseas subsidiaries and short-term outstanding currency fee debts at any time. The Group does not normally hedge this risk.

At 31 December 2009, approximately 43 per cent. of the Group's AUM was invested in non-UK assets. Furthermore, large-cap UK-listed companies often derive a substantial portion of their earnings from overseas ventures and hence their market value can be impacted by movements in exchange rates. Consequently, movements in exchange rates can have a significant impact on sterling-denominated AUM, revenue levels and profitability.

Foreign currency risk is managed by the Group's finance team.

8.4 *Interest rate risk*

The Group is exposed to the risk that a rise in interest rates will increase the interest payable on the proportion of the Group's long-term debt obligation of £363 million (at 31 December 2009) which is variable and based on LIBOR.

In 2007, the Group was required to enter into a swap arrangement to effectively fix the rate payable on £300 million of the debt incurred under the Facility Agreement. The notional value of the swap was reduced by £50 million in 2008 and a further £37.5 million in 2009. Therefore, the amount on which the interest was fixed at 31 December 2009 was £212.5 million. A schedule of the payments and notional amounts associated with this swap is set out in Note 20 to the Group's combined and consolidated financial statements. At 31 December 2009, after taking into account the effect of interest rate swaps, approximately 59 per cent. of the Group's borrowings were at a fixed rate of

interest. The Group is also exposed to interest rates on banking deposits held in the ordinary course of business. The treasury team monitors the Group's interest rate cash flow risks and returns.

8.5 *Liquidity risk*

Liquidity risk is the risk that the Group may be unable to meet its payment obligations as they fall due, or can only do so at a significantly increased cost. The Group performs regular cash flow forecasts, modelling both normal and stressed conditions, to monitor this risk.

Certain Group companies are regulated and must maintain liquid capital resources to comply with the capital requirements of the FSA and others. The Group's finance department monitors this risk to make sure it always has sufficient cash and/or highly liquid assets available to meet its liabilities and meet regulatory requirements.

Further, liquidity risk is mitigated by the long-term nature of the Group's principal borrowings and the relatively low working capital requirements of the business. JAMG also has access to a £10 million revolving credit facility under the Facility Agreement that remains undrawn. The Group closely monitors compliance with the Facility Agreement to reduce the risk of default, early repayment and potential refinancing.

9. CRITICAL ACCOUNTING POLICIES

The Group's combined and consolidated financial statements reflect the selection and application of accounting policies that require management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed by the Directors to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The Group makes no significant judgments in the process of applying the Group's accounting policies, other than those involving estimates and assumptions related to:

- impairment of goodwill;
- impairment of available-for-sale financial instruments;
- provisions;
- accrued income and expenses;
- deferred tax assets; and
- share-based payment transactions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A summary of the Group's accounting policies, which are subject to estimations and assumptions, is set out in Note 2 to the Group's combined and consolidated financial statements.

PART 4

FINANCIAL INFORMATION

A. ACCOUNTANTS' REPORT



PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

The Directors
Jupiter Fund Management plc
1 Grosvenor Place
London SW1X 7JJ

J.P. Morgan Securities Ltd. (the “Sponsor”)
125 London Wall
London EC2Y 5AJ

2 June 2010

Dear Sirs,

Jupiter Fund Management plc

We report on the financial information set out on pages 104 to 163 below (the “**IFRS Financial Information Table**”). The IFRS Financial Information Table has been prepared for inclusion in the prospectus dated 2 June 2010 (the “**Prospectus**”) of Jupiter Fund Management plc (the “**Company**”) on the basis of the accounting policies set out in Note 2. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the IFRS Financial Information Table in accordance with the basis of preparation set out in Note 2(a) to the financial information.

It is our responsibility to form an opinion as to whether the IFRS Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the Financial Information Table gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 2(a).

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully,

PricewaterhouseCoopers LLP
Chartered Accountants

**B. FINANCIAL INFORMATION FOR THE THREE FINANCIAL YEARS ENDED
31 DECEMBER 2009**

**COMBINED AND CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009**

	<i>Note</i>	<i>2007</i> <i>£'000</i>	<i>2008</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Revenue	4	273,431	236,959	214,619
Commissions and fees payable		(44,952)	(36,321)	(32,458)
Net revenue		<u>228,479</u>	<u>200,638</u>	<u>182,161</u>
Administrative expenses	5	(126,567)	(111,872)	(92,935)
Operating earnings ¹		101,912	88,766	89,226
Other operating income	7	1,644	872	644
Other gains/(losses)		3,971	(9,622)	2,424
Amortisation of intangible assets	12	(22,609)	(39,711)	(39,877)
Operating profit		<u>84,918</u>	<u>40,305</u>	<u>52,417</u>
Finance income	8	11,408	8,476	1,172
Finance expense	9	(41,045)	(64,660)	(46,414)
Profit/(loss) on ordinary activities before taxation		<u>55,281</u>	<u>(15,879)</u>	<u>7,175</u>
Income tax (expense)/credit	10	(13,463)	281	1,423
Profit/(loss) for the financial period attributable to equity holders of the parent		<u>41,818</u>	<u>(15,598)</u>	<u>8,598</u>
Earnings per share				
Basic	25	43.0	(16.1)	8.8
Diluted	25	17.8	(16.1)	3.6

All group operations during the period are from continuing operations.

The financial information above may not be representative of future results: for example, the historical financing and capital structure does not reflect the future financing and capital structure. Future interest income and expense and tax charges may be significantly different from those that resulted from the historical ownership structure.

1 Operating earnings is net revenue less administrative expenses, and does not include investment income and returns and amortisation of intangible assets, items which the Company considers are not indicative of the ongoing incomes and costs of the Group's operations. The Directors believe that operating earnings, while not a GAAP measure, gives relevant information on the profitability of the Group and its ongoing operations. Operating earnings may not be comparable to similarly titled measures used by other companies.

**COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009**

	<i>Note</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit/(loss) for the financial period		41,818	(15,598)	8,598
Other comprehensive income:				
Exchange movements on translation of subsidiary undertakings	24	<u>2,226</u>	<u>8,032</u>	<u>(2,974)</u>
Other comprehensive income for the period		<u>2,226</u>	<u>8,032</u>	<u>(2,974)</u>
Total comprehensive income for the period attributable to equity holders of the parent		<u>44,044</u>	<u>(7,566)</u>	<u>5,624</u>

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2007, 2008 AND 2009**

	<i>Note</i>	<i>2007</i> £'000	<i>2008</i> £'000	<i>2009</i> £'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	3,391	2,662	1,556
Intangible assets	12	600,957	562,202	522,921
Available for sale investments	14	13,204	13,204	13,204
Deferred income tax assets	17	18,197	24,889	12,973
Trade and other receivables	16	12,462	12,476	14,401
Total non-current assets		<u>648,211</u>	<u>615,433</u>	<u>565,055</u>
CURRENT ASSETS				
Investments in associates	14	11,027	16,446	27,649
Financial assets at fair value through profit or loss	14	57,501	13,654	23,286
Current income tax assets		–	–	10,241
Trade and other receivables	16	63,138	52,507	71,327
Cash and cash equivalents	18	176,277	216,404	223,351
Total current assets		<u>307,943</u>	<u>299,011</u>	<u>355,854</u>
TOTAL ASSETS		<u>956,154</u>	<u>914,444</u>	<u>920,909</u>
EQUITY CAPITAL AND RESERVES				
Called up share capital	22	32,250	32,250	32,250
Foreign currency translation reserve	24	2,226	10,258	7,284
Retained earnings	24	13,287	(1,925)	6,875
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>47,763</u>	<u>40,583</u>	<u>46,409</u>
NON-CURRENT LIABILITIES				
Loans and borrowings	20	595,880	587,077	627,711
Trade and other payables	19	39,870	31,760	27,370
Deferred income tax liabilities	17	74,785	63,239	54,417
Provisions	21	1,176	2,390	–
Total non-current liabilities		<u>711,711</u>	<u>684,466</u>	<u>709,498</u>
CURRENT LIABILITIES				
Loans and borrowings	20	–	12,035	–
Liabilities at fair value through profit or loss		23,507	2,947	–
Trade and other payables	19	164,573	149,195	156,263
Current income tax liabilities		2,164	10,473	–
Derivative financial instruments	14	6,436	14,745	8,739
Total current liabilities		<u>196,680</u>	<u>189,395</u>	<u>165,002</u>
TOTAL LIABILITIES		<u>908,391</u>	<u>873,861</u>	<u>874,500</u>
TOTAL EQUITY AND LIABILITIES		<u>956,154</u>	<u>914,444</u>	<u>920,909</u>

**COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009**

Attributable to equity holders of the parent

	<i>Ordinary Share capital £'000</i>	<i>Foreign currency translation reserve £'000</i>	<i>Capital reserves £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>
Balance at 1 January 2007	177,978	226	5,676	18,691	202,571
Comprehensive income					
Profit for the year	–	–	–	41,818	41,818
Other comprehensive income					
Currency translation differences	–	2,226	–	–	2,226
Total other comprehensive income	–	2,226	–	–	2,226
Total comprehensive income	–	2,226	–	41,818	44,044
Less: Elimination on acquisition	(177,978)	(226)	(5,676)	(46,608)	(230,488)
Transactions with owners					
Proceeds from shares issued	32,250	–	–	–	32,250
Own shares acquired	–	–	–	(614)	(614)
Employee share schemes – value of employee services	–	–	–	–	–
Total transactions with owners	32,250	–	–	(614)	31,636
Balance at 31 December 2007	32,250	2,226	–	13,287	47,763
Comprehensive income					
Loss for the year	–	–	–	(15,598)	(15,598)
Other comprehensive income					
Currency translation differences	–	8,032	–	–	8,032
Total other comprehensive income	–	8,032	–	–	8,032
Total comprehensive income	–	8,032	–	(15,598)	(7,566)
Transactions with owners					
Proceeds from shares issued	–	–	–	270	270
Employee share schemes – value of employee services	–	–	–	116	116
Total transactions with owners	–	–	–	386	386
Balance at 31 December 2008	32,250	10,258	–	(1,925)	40,583
Comprehensive income					
Profit for the year	–	–	–	8,598	8,598
Other comprehensive income					
Currency translation differences	–	(2,974)	–	–	(2,974)
Total other comprehensive income	–	(2,974)	–	–	(2,974)
Total comprehensive income	–	(2,974)	–	8,598	5,624
Transactions with owners					
Proceeds from shares issued	–	–	–	344	344
Share issue expenses	–	–	–	(448)	(448)
Employee share schemes – value of employee services	–	–	–	306	306
Total transactions with owners	–	–	–	202	202
Balance at 31 December 2009	32,250	7,284	–	6,875	46,409

**COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009**

	<i>Note</i>	<i>2007</i> £'000	<i>2008</i> £'000	<i>2009</i> £'000
Cash flows from operating activities				
Cash generated from operations	31	177,323	70,379	57,834
Finance expense paid		(19,154)	(32,360)	(24,382)
Income tax paid		(8,207)	(9,649)	(16,197)
Net cash inflows from operating activities		149,962	28,370	17,255
Cash flows from investing activities				
Acquisition of subsidiary undertakings		(757,066)	–	–
Purchases of property, plant and equipment		(609)	(1,205)	(508)
Proceeds from sale of property, plant and equipment		107	115	231
Purchase of intangible assets		(1,938)	(1,001)	(596)
Proceeds from sale of available for sale investments		1,964	–	–
Finance income received		11,189	8,333	1,090
Dividend income received		219	143	82
Net cash (outflows)/inflows from investing activities		(746,134)	6,385	299
Cash flows from financing activities				
Proceeds from issue of A Shares		1,250	–	–
Net proceeds on issue of B Shares		3,452	13	145
Proceeds from issue of the Tier 1 Preference Shares		30,386	271	344
Net proceeds from issue of the Tier 2 Preference Shares		23,525	210	265
Net proceeds from issue of the Preferred Finance Securities		202,897	1,814	2,288
Net proceeds from long term loans		491,006	–	–
Repayment of long term loans		(125,000)	–	(12,035)
Net cash inflows/(outflows) from financing activities		627,516	2,308	(8,993)
Net increase in cash and cash equivalents		31,344	37,063	8,561
Cash and cash equivalents at beginning of year		144,851	176,277	216,404
Exchange gains/(loss) on cash and cash equivalents		82	3,064	(1,614)
Cash and cash equivalents at end of year		176,277	216,404	223,351

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Introduction

The principal activity of Jupiter Investment Management Holdings Limited (the “Company”) is to act as an investment holding company for a group of investment management companies. The Company and its subsidiaries (together the “Group”) offer a range of asset management products. Through its subsidiaries, the Group acts as investment manager to authorised unit trusts, investment trust companies, pension funds, private clients, hedge funds and other specialist funds. The Group has offices in the United Kingdom, Bermuda, Germany, Jersey, Croatia and Singapore. The principal operating subsidiaries within the Group during the three year period ended 31 December 2009 are disclosed in Note 15.

Following admission to the Official List, the Company will be required to prepare statutory consolidated financial statements which comply with International Financial Reporting Standards and IFRIC Interpretations (together defined as “IFRS”) as adopted for use in the European Union (“EU”) and Companies Act 2006 applicable to companies reporting under IFRS for the year ending 31 December 2010 and subsequently. As a company seeking admission, the Group is required to present certain historical financial information in its prospectus on a basis consistent with the accounting policies to be adopted in its financial statements for its next financial period. Therefore, the directors of the Company (the “Directors”) have prepared financial information for the Group for the financial period ended 31 December 2007, the financial period ended 31 December 2008 and the financial period ended 31 December 2009, on the basis expected to be applicable, in so far as this is currently known, to the first financial statements of the Company following admission to the Official List prepared in accordance with International Financial Reporting Standards as adopted for use in the EU.

2. ACCOUNTING POLICIES

(a) *Basis of preparation*

Development of the Group

The Company and its wholly owned subsidiary, Jupiter Asset Management Group Limited (“JAMG”), were incorporated on 9 March 2007. Both of these companies, together with Jupiter Fund Management Group Limited (“JFMG”), another wholly owned subsidiary incorporated on 13 March 2007, were established to acquire by way of a management buy-out (“MBO”) in conjunction with TA Associates, the entire share capital of Comasman Limited (formerly Commerz Asset Management (UK) plc) on 19 June 2007 for £740 million (plus transaction costs), from Commerzbank AG, on which date the Group commenced business. The acquisition was part financed by bank debt of £500 million. Comasman Limited was the UK holding company of Jupiter Investment Management Group Limited (“JIMG”) (formerly Jupiter International Group PLC), whose subsidiaries have operated in investment management since 1985. The Group has made no other acquisitions during the three year period ended 31 December 2009.

The combined and consolidated financial information has been prepared in accordance with the requirements of the Prospectus Directive, the Listing Rules and in accordance with this basis of preparation. The basis of preparation describes how the combined and consolidated financial information has been prepared in accordance with IFRS (except as disclosed below) and in accordance with the Companies Act 2006.

IFRS does not provide for the preparation of combined financial information or for the specific accounting treatments set out below, and accordingly in preparing the combined financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departure from IFRS.

In the year ended 31 December 2007, the financial results of the predecessor group and the successor group have been combined to reflect the underlying trading of the business which has not changed throughout the 3 year period ended 31 December 2009.

Other than the above departure, IFRS has been applied in the preparation of the combined and consolidated financial statements for the year ended 31 December 2007.

(b) ***Basis of accounting***

Combined and consolidated financial information

The combined and consolidated financial information of the Group represents the following:

(i) **Financial year ended 31 December 2007**

The combined financial information for the financial year ended 31 December 2007 includes

- the consolidated financial statements of Comasman Limited and its subsidiaries from 1 January 2007 to 18 June 2007; and
- the consolidated financial statements of the Company and its subsidiaries from 9 March 2007 to 31 December 2007. There was no activity in the Company or any of its subsidiaries prior to the acquisition of Comasman Limited on 19 June 2007.

The 2007 acquisition has been accounted for using acquisition accounting rules in accordance with IFRS 3, 'Business combinations'. However, for the purposes of this document, the results of the Group companies acquired in those acquisitions have been included in the combined and consolidated financial information for the three year period presented, such that the combined and consolidated financial information includes the results of the underlying business for all three years.

To present the combined financial information on a consistent basis for the entire three year period ended 31 December 2009, the IFRS accounting policies detailed below have been applied to the predecessor group for the period from 1 January 2007 to 18 June 2007 except that the amortisation of intangible assets recognised as part of the acquisition and finance costs on loans and borrowings issued to finance the acquisition have not been rolled back to 1 January 2007 as they did not exist at 1 January 2007. The Group did not have any financing arrangements in place at 1 January 2007. Appropriate IFRS 1 exemptions have been applied from 1 January 2007. All income and expense and assets and liabilities from 1 January to 18 June 2007 are eliminated on 18 June 2007 as pre-acquisition profits in the combined and consolidated statement of changes in equity and all cash inflows and outflows from the period 1 January to 18 June 2007 are eliminated in the combined and consolidated statement of cash flows.

IFRS 1 provides certain optional exemptions from full retrospective application of all accounting standards effective at 1 January 2007. See Note 32 for details.

The Group has not early adopted IFRS 3 (revised), 'Business combinations' to account for the acquisition of Comasman Limited in the combined financial statements for the year ended 31 December 2007 as IFRS 3 (revised) is required to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

(ii) **Financial years ended 31 December 2008 and 31 December 2009**

The consolidated financial information for the financial years ended 31 December 2008 and 2009 includes the consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2008 and 31 December 2009, respectively.

The accounting policies that follow set out those policies that have been applied in preparing the financial statements for the years ended 31 December 2007, 31 December 2008 and 31 December 2009.

The combined and consolidated financial statements of the Group for the financial year ended 31 December 2007 have been prepared in accordance with the basis of preparation outlined above. The consolidated financial statements for the financial years ended 31 December 2008 and 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC Interpretations (“IFRS as adopted by the EU”) and the Companies Act 2006 applicable to companies reporting under IFRS.

The combined and consolidated financial statements have been prepared on the historical cost convention and on a going concern basis, modified by the revaluation of certain available for sale financial assets and financial assets and financial liabilities (including derivative financial instruments) that have been measured at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined and consolidated financial statements are disclosed in Note 2(w).

(c) ***First time adoption of International Financial Reporting Standards (“IFRS”)***

In preparing these combined and consolidated financial statements, the Group has elected to apply certain exemptions available under IFRS 1, ‘First time adoption of International Financial Reporting Standards’. These are set out in Note 2(b)(i). The Company was incorporated on 9 March 2007, and acquired by way of a MBO on 19 June 2007, the entire business of Comasman Limited. The date of first time adoption of IFRS is 9 March 2007. However, in accordance with the guidance for complex financial histories in respect of financial information to be included, a combined financial information of Comasman Limited, the predecessor group, and the Company, the successor group, has been presented for the year ended 31 December 2007. This reflects the underlying trading of the business which has not changed throughout the three year period ended 31 December 2009. The financial information for the period 1 January 2007 to 18 June 2007 has been prepared and included in the combined financial statements for the year ended 31 December 2007 using accounting policies consistently adopted during the entire three year period ended 31 December 2009. For the purpose of presentation of the reconciliations to IFRS from the previously published UK GAAP financial statements, which have been summarised in Note 31, the date of transition is 9 March 2007.

(d) ***Basis of consolidation***

(i) **Subsidiaries**

Subsidiaries are entities (including employee benefit trusts and special purpose entities) controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities generally accompanying a shareholding of more than one half of the voting rights. Seed capital investments in closed-ended funds, open-ended investment companies and unit trusts are accounted for as subsidiaries, associates or other financial investments depending on the holdings of the Group and on the level of influence and control that the Group exercises. The financial statements of subsidiaries are included in the combined and consolidated financial statements from the date that control commences until the date that control ceases.

Uniform accounting policies are applied across all Group companies and intra-group transactions, balances, income and expense are eliminated on consolidation.

The Group holds a controlling interest in certain mutual funds, unit trusts and similar entities which are accounted for as subsidiaries. The funds have issued redeemable shares to the Group and external investors who have the ability to put the redeemable shares back to the funds. In

accordance with IAS 32, 'Puttable financial instruments and obligations arising on liquidation', non-controlling interests in redeemable shares issued by these funds accounted for as subsidiaries represent the portion of profit or loss and net assets that is not held by the Group or its subsidiaries and are included within other gains/losses in the combined and consolidated income statement and as liabilities at fair value through profit or loss in the consolidated balance sheet. This is due to the ability of the external shareholders in these funds to put the shares back to the funds. Such instruments are liabilities of the group in accordance with IAS 32, 'Financial instruments: presentation'.

(ii) **Associates**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio held through mutual funds, unit trusts and similar entities are carried in the balance sheet at fair value even though the Group may have significant influence over those companies as permitted by IAS 28 'Investment in Associates', with changes in fair value recognised in the combined and consolidated income statement. The fair value of investments in associates is determined by reference to the quoted market bid prices or net asset value of the underlying investments at the close of business on the balance sheet date.

(e) **Revenue recognition**

(i) **Revenue**

Revenue comprises the fair value of the consideration received or receivable for the provision of investment management services in the ordinary course of the Group's activities. Revenue is shown net of any value added tax, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

- **Management fees** are calculated as a percentage of net fund assets managed in accordance with individual management agreements. Fees are recognised in the accounting period in which the associated investment management services are provided.
- **Performance fees** are calculated by reference to the appreciation in the net asset value of the relevant fund during the performance period. In accordance with IAS 18, performance fees are only recognised once they can be measured reliably. Performance fees are recognised when the prescribed performance hurdles have been achieved during the performance period and it is probable that the fee will crystallise as a result.
- **Initial charges on sales of unit trusts** are deferred and amortised over the anticipated period of the provision of investment management services which is currently assessed as six years, being management's best estimate of the average holding period of investors in the unit trusts. Initial charges include income from sale of units and profits earned on dealing within the unit trust manager's box, calculated as the difference between the cost of purchasing redeemed units at cancellation prices and re-selling them at creation prices. Such profits are recognised when the related sale is made.

- (ii) **Interest** on cash and cash equivalents is recognised as it accrues using the effective interest rate method.
- (iii) **Dividend income** from investments is recognised on the date when shareholders' rights to receive payment have been established.
- (iv) **Gains and losses on financial assets at fair value through profit or loss** are recognised in the combined and consolidated income statement as other gains/(losses).

- (v) **Gains and losses on revaluation of available-for-sale investments** are initially recognised through the combined and consolidated statement of comprehensive income. Upon disposal, any gain or loss previously taken through comprehensive income is reversed and the full gain or loss since purchase, after any impairment charge previously recognised, is reclassified to the combined and consolidated income statement.
 - (vi) **Operating earnings** is net revenue less administrative expenses, and does not include investment income and returns and amortisation of intangible assets, items which the Company considers are not indicative of the ongoing income and costs of the Group's operations. The Company believes that operating earnings, while not a GAAP measure, gives relevant information on the profitability of the Group and its ongoing operations. Operating earnings may not be comparable to similarly titled measures used by other companies.
 - (vii) **Net revenue** is stated after deducting commissions and fees payable to intermediaries for ongoing services under distribution agreements.
- (f) ***Commission expenses***
- Commission payments (also known as renewal or trail commissions) made to intermediaries for ongoing services under distribution agreements are charged to the combined and consolidated income statement over the accounting period in which the service is provided. The service provided includes the provision of access to a basket of fund products, information on financial products, promotional materials, ongoing services to customers and transaction processing. Commission paid to intermediaries at initial intake of unit trust investors is amortised over the same period of time as the recognition of initial charges which is currently assessed as six years.
- (g) ***Other gains/(losses)***
- Other gains/(losses) comprise gains and losses on:
- (i) financial assets and investment in associates held at fair value through profit or loss;
 - (ii) total return swap contract covering some of the Group's seed capital investments;
 - (iii) Group's share of gains and losses from financial assets at fair value through profit or loss held by the subsidiaries of the Group.
- (h) ***Finance costs of debt***
- Interest payable on bank loans is charged on an accruals basis using the effective interest method. Dividends on Tier 2 Preference Shares are included in finance costs and are charged on an accruals basis. Debt issue costs relating to the raising of loans and borrowings are deducted from the carrying value of the loan and borrowings and are amortised over the term of the loan using the effective interest method. Finance costs, reported within finance expense, include ancillary charges for commitment fees, non-utilisation fees and margin reduction fees which are charged as incurred.
- (i) ***Employee benefits***
- (i) **Pension costs**
- The Group provides employees with retirement benefits through defined contribution schemes. The assets of these schemes are held separately from the Group's general assets in trustee administered funds. The Group has no further payment obligations once the contributions have been paid. Contributions made by the Group are charged to the combined and consolidated income statement as they become payable in accordance with the rules of the scheme.
- (ii) **Incentive plans and employee benefit trust**
- The Group recognises a provision for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders, for that financial year. At the end of each financial year, the Group recognises a liability for bonuses accrued but not yet paid.

The Group operates an employee benefit trust for the benefit of its employees. Payments made to the trust in respect of retention bonuses for certain employees are recognised as assets of the Group. Retention bonus expense is recognised in the combined and consolidated income statement over the two year vesting period. The liability for retention bonuses is calculated annually using the projected unit credit method. Investments and the related employee liabilities are subsequently derecognised on the vesting date.

The trust's assets include investment in fund products, B ordinary shares ("B Shares"), non-cumulative non-redeemable Tier 1 preference shares (the "Tier 1 Preference Shares") and Tier 2 Preference Shares issued by the Company, and Preferred Finance Securities issued by a subsidiary company. The Tier 1 Preference Shares are classified as an equity instrument (own shares) and therefore the shares held by the trust, which are consolidated in these financial statements, are shown as a deduction from reserves. In the case of the B Shares, the Tier 2 Preference Shares and the Preferred Finance Securities, which are classified as liabilities, the trust holdings are offset against those liabilities in the combined and consolidated financial statements. Amounts invested by the trust in nominated fund products are initially recognised in full as an investment. Investments in funds are purchased and held in the name of a nominee company for the benefit of relevant employees. Investments are subject to forfeiture provisions.

(j) ***Share-based payment transactions***

The Group operates an equity-settled share based-compensation plan. It allows employees to acquire B Shares in the Company or options to acquire such shares. Shares and options vest on occurrence of a specified event under the rules of the plan. The average estimated term to vesting is two years from the date of grant. Certain B Shares are subject to performance conditions.

The conditions attaching to the B Shares and options may, in some circumstances, require the Group to repurchase the shares at the original cost of issue and therefore, the B Shares and options, are classified as liabilities and are included in loans and borrowings in Note 20. The legal form of the B Shares is that of ordinary shares. The fair value of the employee services received in exchange for the share awards and options granted is recognised as an expense, measured as the fair value of the awards granted in accordance with IFRS 2. The corresponding credit is recognised in retained earnings within total equity attributable to equity holders of the parent. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share and options awarded/granted and the consideration paid by employees to acquire the share and options awarded/granted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and the number of shares awarded that are expected to vest. It recognises the impact of revision of original estimates, if any, in the combined and consolidated income statement and a corresponding adjustment to shareholder's equity.

(k) ***Business combinations***

Under the requirements of IFRS 3 Business Combinations (IFRS 3), all business combinations are accounted for using the purchase method (acquisition accounting). The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, equity instruments issued by the acquirer and any costs directly attributable to the business combination. The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. Consideration paid in excess of the net identifiable assets acquired, including intangible assets identified, is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference, being negative goodwill, is recognised directly in the combined and consolidated income statement.

(l) **Goodwill**

Goodwill arising on acquisitions, being the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is capitalised in the consolidated balance sheet. The carrying value of all goodwill is not amortised but is tested annually for impairment or more frequently if any indicators of impairment arise.

(m) **Impairment of goodwill and non-financial assets**

An impairment loss is recognised in the combined and consolidated income statement whenever the carrying value of an asset exceeds its recoverable value, or, where the asset does not generate cash flows that are largely independent of those from other assets, its carrying value is greater than the recoverable value of its cash-generating unit (CGU). Any impairment is recognised immediately through administrative expenses in the combined and consolidated income statement and is not subsequently reversed. An asset or CGU's recoverable amount is the higher of its value in use and its fair value less costs to sell. The Group has determined that the integrated nature of its investment management activities is such that it is made up of a single CGU.

(n) **Property, plant and equipment**

All property, plant and equipment are stated at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the combined and consolidated income statement during the financial period when they were incurred.

Depreciation is calculated on a straight-line basis to allocate the cost of each asset over its estimated useful life as follows:

(i) Motor vehicles	4 years
(ii) Office furniture and equipment	3-5 years
(iii) Leasehold property/improvements	Shorter of 10 years and the remaining period of the lease

The assets' useful economic lives are reviewed at each financial period end and adjusted if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the combined and consolidated income statement in the year the item is sold or retired.

(o) **Other intangible assets**

Computer software licences acquired are capitalised at the costs incurred to bring the software into use and are amortised over their estimated useful lives, which is estimated at 3-5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets, acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The intangible assets in the Group are its trade name and individual management contracts and the useful lives are assessed as finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset

may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The useful economic life of the trade name and individual management contracts acquired is currently assessed as a maximum of 10 years and 7 years respectively. The amortisation expense on intangible assets with finite lives is recognised in the combined and consolidated income statement.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset and are recognised within the combined and consolidated income statement when the asset is derecognised.

(p) ***Financial instruments***

Financial assets and liabilities are recognised in the combined and consolidated financial statement, when the Group becomes party to the contractual provisions of an instrument, at fair value adjusted for transaction costs, except for financial assets classified at fair value through profit or loss where transaction costs are immediately recognised in the combined and consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Financial liabilities are de-recognised when the obligation under the liability has been discharged, cancelled or has expired.

Financial Assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, or derivatives not so designated, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the date of transition to IFRS or at initial recognition, whichever is the later.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans to employees and other receivables, quoted and unquoted financial instruments and derivative financial instruments (that are not designated as hedges).

(i) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include investments in close-ended funds, open-ended investment companies and unit trusts which are designated as fair value through profit or loss, as they are managed and evaluated on a fair value basis, in accordance with documented strategy. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. This category includes those derivative financial instruments entered into by the Group.

Financial assets classified at fair value through profit or loss also comprise the "manager's box" positions in unit trusts, which are recorded at fair value.

Financial assets at fair value through profit or loss are carried in the consolidated balance sheet at fair value with gains and losses recognised in the combined and consolidated income statement within gains/(losses) in the period in which they arise.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Assets in this category are classified as current assets.

(ii) **Loans and receivables**

Loans and receivables, including loans to employees, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are classified as trade and other receivables in the balance sheet. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When a trade receivable is uncollectible, it is written off against trade receivables and the amount of the loss is recognised in the combined and consolidated income statement. Subsequent recoveries of amounts previously written off are credited in the combined and consolidated income statement.

(iii) **Available-for-sale investments**

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the combined and consolidated income statement for the accounting period.

Where a fall in the value of an equity investment is significant or prolonged, this is considered an indication of impairment under IAS 39, 'Financial Instruments: Recognition and Measurement'. In such an event, the investment is written down to fair value and the amounts previously recognised in equity in respect of market value movement on the investment are recognised in the combined and consolidated income statement as an impairment charge. Impairment losses recognised in the combined and consolidated income statement on equity instruments are not reversed through the combined and consolidated income statement.

The Group does not have any quoted available-for-sale investments. For unquoted available-for-sale investments, the Group establishes fair value using valuation techniques such as using recent arm's length market transactions, reference to current fair value of other instrument that is substantially the same, discounted cash flow analysis or other valuation model.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

(i) **Trade and other payables**

Trade and other payables are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. A financial liability is de-recognised when the obligation under the liability has been discharged, cancelled or has expired.

(ii) **Loans and borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined and consolidated income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

B Shares and options whilst legally equity have been classified as liabilities due to the conditions attaching to the B Shares and options which may, in some circumstances, require the Group to repurchase the B Shares and options at the original cost of issue. B Shares and options, the Tier 2 Preference Shares and the Preferred Finance Securities are classified as liabilities and are included in loans and borrowings in Note 20.

(iii) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Derivative financial instruments

The Group holds a total return swap over part of its investment portfolio. Gains or losses on the swap are recognised in the combined and consolidated income statement in accordance with the fair value movements in the swap over the period of the contract. At the balance sheet date, any cash settlement due from or to the counterparty is recorded within current assets or current liabilities as appropriate.

The Group's interest rate swap is valued based on the discounted future cash flows arising from the contract. Gains or losses on the swap are recognised within finance expense in the combined and consolidated income statement.

(q) ***Cash and cash equivalents***

Cash amounts represent cash in hand and short term deposits. Cash equivalents are short-term deposits with a maturity of 90 days or less from the date of acquisition.

(r) ***Provisions***

Provisions which are liabilities of uncertain timing or amount, are recognised when: the Group has a present obligation, legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions for onerous leases reflect the excess of lease rentals and other payments on properties that were vacant, or expected to become vacant, over the amounts to be recovered from subletting these properties. In the event that the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects a current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) ***Taxation***

The Group provides for current tax expense according to the tax laws of each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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.

A deferred income tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Current and deferred income tax relating to items recognised in other comprehensive income is recognised in other comprehensive income and not in the combined and consolidated income statement.

Expenses and assets are recognised net of the amount of value added tax, except where this tax is not recoverable, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of expenses. Receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority, is included as part of receivables or payables in the consolidated balance sheet.

(t) ***Foreign currency***

(i) **Functional and presentational currency**

Items included in the financial information 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 combined and consolidated income statement financial information is presented in sterling ('£'), which is the Company's functional and presentational currency and the currency in which the majority of the Group's revenue streams, assets and liabilities is denominated.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 are recognised in the combined and consolidated income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the combined and consolidated income statement as part of gains/(losses).

(iii) **Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each combined and consolidated income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of comprehensive income.

(u) ***Operating leases***

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. All of the Group's leases are operating leases and rental payments are charged to the combined and consolidated income statement on a straight line basis over the term of the lease. Incentives received to enter into leases are amortised over the period of the lease.

(v) ***Dividend recognition***

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are paid and, in the case of final dividends, when these are approved by the Company's shareholders. Dividend distributions on equity instruments are recognised in equity.

Dividends on the Tier 2 Preference Share dividends are included in finance costs and charged on an accruals basis.

(w) ***Critical accounting estimates, judgements and assumptions***

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial information deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where assumptions and estimates are significant to the Group financial statements are discussed below:

(i) **Impairment of goodwill**

Goodwill is reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired. For this purpose, management prepares a cash generating unit valuation based on value in use. This valuation is based on the approved budget for the following year, extrapolated for expected future growth rates and discounted at the Group's pre tax equity cost of capital. The judgement exercised by management in arriving at this valuation includes the selection of market growth rates, fund flow assumptions, expected margins and costs. The carrying amount of goodwill is detailed in Note 12.

(ii) **Impairment of available-for-sale financial investments**

Available-for-sale financial assets are reviewed for impairment in accordance with the guidance on impairment set out in IAS 39. In specific cases, where a quoted market price or fair value is not available, significant judgement is exercised by management in determining the extent of impairment of available-for-sale financial assets. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, as well as the financial health of and business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

(iii) **Accrued income and expenses**

Accrued income and expenses are based on latest available information and involves a degree of estimation. The most significant expense accruals at year end relate to bonus and other variable remuneration scheme costs.

(iv) **Deferred income tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and the level of future taxable profits with future tax planning strategies.

(x) ***New standards and interpretations not applied***

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has decided not to early adopt them:

		<i>Effective for period beginning on or after</i>
	Endorsed and available for early adoption	
IAS 32 amendment	Presentation on Classification of Right Issues	1 February 2010
	Not yet endorsed	
IFRS 1 amendment	First-time Adoption – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
IFRS 9	Financial Instruments on Classification and Measurement	1 January 2013
IAS 24 revised	Related Party Disclosures	1 January 2011
IFRIC 14 amendment	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application, except for IFRS 9 "Financial Instruments on Classification and Measurement", which is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is valued at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Accordingly, investments classified as available for sale in the combined and consolidated balance sheet will have to be classified as financial assets at fair value through profit or loss.

3. SEGMENT REPORTING

The Group has adopted IFRS 8: Operating Segments during the year end 31 December 2009, which has replaced IAS 14: Segment Reporting. The adoption of the new standard has not altered the make-up of the Group's reportable business segments. The Group operates only as one business segment: Investment Management.

The Group acts as an investment manager to authorised unit trusts, investment trusts, pension funds, private clients, hedge funds and other specialist funds and has offices in the United Kingdom, Bermuda, Germany, Jersey, Croatia and Singapore.

The Group offers different fund products through different distribution channels. All financial, business and strategic decisions are made centrally by the Board of Directors (the "Board"), which determines the key performance indicators of the Group. Information is reported to the chief operating decision maker, the Board, on an aggregated basis. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

	2007 £'000	2008 £'000	2009 £'000
Revenue by product and services			
Management and performance fees – external	247,124	212,788	190,382
Total	<u>247,124</u>	<u>212,788</u>	<u>190,382</u>

Management monitors the operating earnings of its business segment for the purposes of making decisions about resource allocation and performance assessment.

Geographical information

	2007 £'000	2008 £'000	2009 £'000
Net revenue by location of clients			
UK	190,406	169,718	163,287
Continental Europe	24,541	19,006	10,962
Bermuda	12,933	11,247	7,687
Rest of the world	599	667	225
	<u>228,479</u>	<u>200,638</u>	<u>182,161</u>

The net revenue information above is based on the location of the customer.

	2007 £'000	2008 £'000	2009 £'000
Non-current assets by domicile			
UK	616,563	577,181	538,768
Continental Europe	7	2	1
Bermuda	240	157	109
Rest of the world	–	–	–
	<u>616,810</u>	<u>577,340</u>	<u>538,878</u>
Financial instruments	13,204	13,204	13,204
Deferred income tax	18,197	24,889	12,973
	<u>648,211</u>	<u>615,433</u>	<u>565,055</u>

The Group did not have any single customer or distributor contributing more than 10 per cent. of total revenues during any of the 3 years ended 31 December 2009.

4. REVENUE

	2007 £'000	2008 £'000	2009 £'000
Management fees	225,611	198,261	185,208
Initial charges and commissions	26,307	24,171	24,237
Performance fees	21,513	14,527	5,174
Revenue	<u>273,431</u>	<u>236,959</u>	<u>214,619</u>

5. ADMINISTRATIVE EXPENSES

(a)		2007 £'000	2008 £'000	2009 £'000
	Fixed staff costs	35,684	36,604	38,357
	Variable staff costs	58,209	38,267	25,821
	Total staff costs	93,893	74,871	64,178
	Other administrative expenses	32,674	37,001	28,757
	Administrative expenses	126,567	111,872	92,935

Variable staff costs comprise payments to employees relating to bonuses, share based payments and profit sharing based on performance fees earned by the Group. All other employee costs are considered to be fixed staff costs and include salaries and wages and related benefits and social security costs of employees.

(b)	Note	2007 £'000	2008 £'000	2009 £'000
	The following items have been included in administrative expenses:			
	Staff costs	6 93,893	74,871	64,178
	Depreciation of property, plant and equipment	13 1,810	1,914	1,388
	Operating lease rentals: Land and buildings	4,184	3,663	3,276

(c) *Auditors' remuneration*

The Group obtained the following services from the auditors, PricewaterhouseCoopers LLP:

	2007 £'000	2008 £'000	2009 £'000
Fees payable to the Group's auditors for the audit of the Group's annual combined and consolidated financial statements	181	253	255
Fees payable to the Group's auditors and their associates for other services			
Audit of the Company's subsidiaries pursuant to legislation	76	158	632
Other services related to taxation	134	186	145
Other services	26	55	104
Total auditor's remuneration	<u>417</u>	<u>652</u>	<u>1,136</u>

In addition to the auditors' remuneration noted above in respect of 2007, a further £1,178,000 of fees relating to the acquisition of Comasman Limited were capitalised into goodwill.

6. STAFF COSTS

(a) *Group employment costs, including executive directors, during the year:*

	2007 £'000	2008 £'000	2009 £'000
Wages and salaries	78,346	63,773	54,026
Share based payment charge (Note 26)	–	116	306
Social security costs	12,184	7,498	6,169
Defined contribution pension costs	3,363	3,484	3,677
Total staff costs	<u>93,893</u>	<u>74,871</u>	<u>64,178</u>

Wages and salaries include amounts paid under long-term employee incentive arrangements of £22,603,000 (2008: £33,653,000; 2007: £48,978,000). Wages and salaries shown above include salaries paid in the year and bonuses relating to that year, and are charged against administrative expenses. Social security costs for the year ended 31 December 2007 include national insurance on the long-term employee incentive arrangements in place before the management buy-out.

(b) ***The monthly average number of persons employed by the Group during the period, including executive directors, by activity:***

	2007	2008	2009
Investment management, analysis and dealing	79	80	62
Sales and marketing	65	69	64
Administration and customer service	318	324	327
Compliance and operational risk	23	23	21
	<u>485</u>	<u>496</u>	<u>474</u>

(c) ***Pension arrangements***

The Group contributes to a number of defined contribution pension schemes for the benefit of its employees. Mainly, the contributions in respect of the UK employees (at the rate of 15 per cent. of gross salary) are made into the Jupiter Pension Scheme whose financial statements are available from the trustees at the registered office of the Company. No liability is included in the balance sheet as no obligations were outstanding at the balance sheet date.

7. OTHER OPERATING INCOME

	2007 £'000	2008 £'000	2009 £'000
Other operating income:			
Rental income	714	288	42
Foreign exchange gains	86	168	92
Profit on disposal of property, plant and equipment	37	67	17
Other income	807	349	493
Total other operating income	<u>1,644</u>	<u>872</u>	<u>644</u>

8. FINANCE INCOME

	2007 £'000	2008 £'000	2009 £'000
Interest on bank deposits	8,882	8,310	1,072
Unwinding discount on staff loan	2,068	–	–
Interest on staff loans	155	23	18
Dividend income	219	143	82
Others	84	–	–
	<u>11,408</u>	<u>8,476</u>	<u>1,172</u>

9. FINANCE EXPENSE

	2007	2008	2009
	£'000	£'000	£'000
Interest payable on bank loans	18,184	30,875	23,085
Finance costs on bridge loans	1,151	–	–
Amortisation of senior debt issue costs	1,919	1,195	1,407
Interest on Preferred Finance Securities	11,116	21,925	24,063
Dividends on the Tier 2 Preference Shares	1,289	2,497	2,717
Bank facility fees	873	505	150
Syndicate amendment costs	–	–	1,103
Tax late payment interest	–	91	40
Other finance costs	77	55	300
Fair value movement on interest rate swap	6,436	7,517	(6,451)
	<u>41,045</u>	<u>64,660</u>	<u>46,414</u>

Interest rate swap

In 2007, the Group entered into a swap arrangement which effectively fixed the interest rate on £300 million of the debt at a cost of 8.3725 per cent. (see Note 20). The notional value of the swap reduced by £50 million in 2008 and a further £37.5 million in 2009 and the amount on which the interest was fixed at 31 December 2009 was therefore £212.5 million (2008: £250.0 million; 2007: £300.0 million). Interest payable on the remaining £150.5 million of bank loans is calculated on a floating rate currently linked to three month LIBOR and a margin of 2.125 per cent.

Preferred Finance Securities

Interest is payable on the Preferred Finance Securities at the rate of 10 per cent. per annum from the date of issue on 19 June 2007. Interest is due to be paid to the holders on 31 March each year otherwise compound interest will be charged on the 31 March balance each year until payment has been made. For the first 8 years (until 31 March 2015) interest payments may be rolled up. No interest was paid in cash during the 3 year period ended 31 December 2009 and the interest payable was rolled up in December 2009.

Tier 2 Preference Shares

The Tier 2 Preference Shares carry the right to a fixed preferential dividend at a rate of 10 per cent. of the issue price per share (£1) accruing daily from the date of issue. The dividend accrued up to 31 December each year is payable annually on 31 March otherwise compound dividend entitlements will be charged on the missed Tier 2 dividends each year until payment has been made. The Tier 1 Preference Shares carry a discretionary dividend and no dividend was declared or paid during the 3 year period ended 31 December 2009. The Company is entitled to satisfy a preference dividend by passing an ordinary resolution and issuing Tier 1 Preference Shares to Tier 1 preference shareholders and Tier 2 Preference Shares to Tier 2 preference shareholders with an aggregate nominal value equal to the amount of the relevant preference dividend not satisfied by cash.

10. INCOME TAX EXPENSE/(CREDIT)**(a) Tax (credit)/charge for the period**

	2007 £'000	2008 £'000	2009 £'000
Current taxation			
U.K. Corporation tax:			
Current period	6,713	19,997	2,135
Prior period adjustment	322	(2,058)	(6,659)
Overseas taxation:			
Current period	–	18	9
Prior period	–	–	(2)
	<u>7,035</u>	<u>17,957</u>	<u>(4,517)</u>
Deferred taxation			
Origination and reversal of temporary differences (Note 17)	<u>6,428</u>	<u>(18,238)</u>	<u>3,094</u>
Total tax (credit)/charge	<u>13,463</u>	<u>(281)</u>	<u>(1,423)</u>

The UK corporation tax rate for the period ended 31 December 2009 was 28 per cent. (2008: 28.5 per cent.; 2007: 30 per cent.).

The tax rate of 28.5 per cent. for the year to 31 December 2008 is based on the UK tax rate of 30 per cent. which applied for the first three months, and 28 per cent. which applied during the remaining nine months of the period.

The tax charge in the period is lower (2008: higher; 2007: lower) than the standard rate of corporation tax in the UK and the differences are explained below:

(b) Factors affecting tax (credit)/charge for the period

	2007 £'000	2008 £'000	2009 £'000
Profit/(Loss) before taxation	<u>55,281</u>	<u>(15,879)</u>	<u>7,175</u>
Taxation at the standard corporation tax rate	16,584	(4,525)	2,009
Impact of tax rate change	(4,156)	1,640	–
Other permanent differences	2,094	(111)	(1,738)
Non taxable income	(1,572)	4,574	(947)
Disallowable expenses	2,217	1,376	1,163
Adjustment to tax charge in respect of prior periods (current tax)	322	(2,058)	(6,662)
Adjustment to tax charge in respect of prior periods (deferred income tax)	(2,026)	(1,181)	4,749
Overseas tax at higher rate than UK	–	4	3
Total tax charge/(credit)	<u>13,463</u>	<u>(281)</u>	<u>(1,423)</u>

Adjustment to tax charge in respect of prior periods (current tax) of (£6.7m) relates to payment of PFS interest and adjustment to bonus accrual.

In the year ended 31 December 2009, subsidiaries of the Group have unused capital tax losses for which no deferred income tax asset has been recognised in the balance sheet amounting to £5.2m (2008: £6.5m; 2007: £4.9m) as it is uncertain that the Group will generate sufficient taxable capital gains in the future to utilise these losses.

11. EMOLUMENTS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) *Directors*

	2007 £'000	2008 £'000	2009 £'000
Aggregate emoluments	4,390	15,785	3,804
Aggregate gains made on the exercise of share options	–	–	–
Aggregate amounts receivable under long-term incentive schemes	–	3,158	3,182
Company contribution to money purchase pension schemes	36	68	74
	<u>4,426</u>	<u>19,011</u>	<u>7,060</u>

Three directors (2008: two; 2007: two) have retirement benefits accruing under money purchase pension schemes. Amounts were accruing to four directors (2008: five; 2007: six) under the Group's long-term incentive schemes.

(b) *Highest paid director*

	2007 £'000	2008 £'000	2009 £'000
Aggregate emoluments and benefits under long-term incentive schemes	2,758	5,902	2,187
	<u>2,758</u>	<u>5,902</u>	<u>2,187</u>

(c) *Key management emoluments*

Key management includes directors (executive and non-executive) and members of the Executive Committee. The aggregate compensation paid or payable to key management for employee services is shown below:

	2007 £'000	2008 £'000	2009 £'000
Short-term employee benefits	4,390	15,785	4,202
Share based payments	–	100	171
Other long term benefits	–	3,158	3,196
Post employment benefits	36	68	97
	<u>4,426</u>	<u>19,111</u>	<u>7,666</u>

12. INTANGIBLE ASSETS

	2007 £'000	2008 £'000	2009 £'000
Net carrying values of intangible assets			
Computer software	3,657	3,732	3,187
Goodwill arising on acquisition of Comasman Limited	341,246	341,246	341,246
Investment management contracts and trade name arising on acquisition of Comasman Limited	255,959	217,224	178,488
Investment management contracts arising from acquiring Peninsular Investment Management Limited	95	–	–
Total intangible assets at end of period	<u>600,957</u>	<u>562,202</u>	<u>522,921</u>

On 19 June 2007, the Group acquired the entire share capital of Comasman Limited (formerly Commerz Asset Management (UK) plc). This acquisition gave rise to goodwill and the recognition of an asset relating

to investment management contracts and the trade name of the Group. Other intangible assets relate to the acquisition of investment management contracts in respect of funds acquired from Peninsular Investment Management Limited. In 2008, the underlying fund was wound-up and therefore the asset was fully written off. The carrying value of the trade name at 31 December 2009 was £13,962,000 (2008: £15,833,000; 2007: £17,704,000) and the remaining useful economic life at 31 December 2009 was 7 years (2008: 8 years; 2007: 9 years).

	2007 £'000	2008 £'000	2009 £'000
Goodwill arising on acquisition of Comasman Limited			
Cost			
At 1 January	–	341,246	341,246
Arising on acquisition of Comasman Limited	341,246	–	–
Total goodwill at 31 December	<u>341,246</u>	<u>341,246</u>	<u>341,246</u>

The Group has determined that it has one CGU for the purpose of assessing the carrying value of goodwill and intangible assets, that of investment management contracts and trade name. The Directors have reviewed the total goodwill amount at 31 December 2009 for indicators of impairment.

The recoverable amount of goodwill and intangible assets at each year end has been determined from a value in use calculation.

The key growth assumptions used include a market growth of 5 per cent. and cost inflation of 3 per cent. per annum throughout.

A discount rate of 10 per cent. per annum has been applied.

The resultant value in use calculation has been compared with the carrying amount of goodwill and intangible assets to determine if any impairment arises.

	2007 £'000	2008 £'000	2009 £'000
Investment management contracts and trade name arising on acquisition of Comasman Limited			
Cost			
At 1 January	8,451	276,759	276,759
Elimination on acquisition	(8,451)	–	–
Arising on acquisition of Comasman Limited	276,759	–	–
At 31 December	<u>276,759</u>	<u>276,759</u>	<u>276,759</u>
Amortisation			
At 1 January	6,000	20,800	59,535
Pre-acquisition amortisation	574	–	–
Elimination on acquisition	(6,574)	–	–
Post acquisition amortisation charge	20,800	38,735	38,736
At 31 December	<u>20,800</u>	<u>59,535</u>	<u>98,271</u>
Net book value at 31 December	<u>255,959</u>	<u>217,224</u>	<u>178,488</u>

The intangible assets relating to the valuation of the investment management contracts are being amortised on a straight-line basis over the expected average life of the acquired assets under management, which have a range of 2 to 15 years depending on the type of contract. These intangible assets are being amortised over 7 years on a straight line basis from the date of acquisition of Comasman Limited on 19 June 2007. The Directors consider this to be an appropriate period. The intangible asset relating to the valuation of the trade name is being amortised on a straight line basis over 10 years. The discount rate used for discounting future cash flows is 10 per cent.

	2007 £'000	2008 £'000	2009 £'000
Investment management contracts arising from acquiring Peninsular Investment Management Limited			
Cost			
At 1 January	–	101	–
Addition	102	–	–
Foreign exchange movement	(1)	39	–
At 31 December	<u>101</u>	<u>140</u>	<u>–</u>
Amortisation			
At 1 January	–	6	–
Amortisation charge for the period	6	124	–
Foreign exchange movement	–	10	–
At 31 December	<u>6</u>	<u>140</u>	<u>–</u>
Net book value at 31 December	<u>95</u>	<u>–</u>	<u>–</u>

Intangible assets relate to the acquisition of investment management contracts in respect of funds acquired from Peninsular Investment Management Limited which was amortised over 7 years. In 2008, the underlying fund was wound-up and therefore the asset was fully written off.

	2007 £'000	2008 £'000	2009 £'000
Computer Software			
Cost			
At 1 January	9,029	4,268	5,195
Pre-acquisition additions	1,068	–	–
Pre-acquisition disposals	–	–	–
Eliminated on acquisition	(10,097)	–	–
Arising on acquisition of Comasman Limited	3,500	–	–
Post acquisition additions	768	1,001	596
Post acquisition disposals	–	(74)	–
Foreign exchange movement	–	–	–
At 31 December	<u>4,268</u>	<u>5,195</u>	<u>5,791</u>
Amortisation			
At 1 January	5,973	611	1,463
Pre-acquisition amortisation	624	–	–
Elimination on acquisition	(6,597)	–	–
Post acquisition amortisation charge	611	926	1,141
Post acquisition disposals	–	(74)	–
At 31 December	<u>611</u>	<u>1,463</u>	<u>2,604</u>
Net book value at 31 December	<u>3,657</u>	<u>3,732</u>	<u>3,187</u>

13. PROPERTY, PLANT AND EQUIPMENT

	<i>Motor vehicles £'000</i>	<i>Leasehold property/ improvements £'000</i>	<i>Office furniture & equipment £'000</i>	<i>Total £'000</i>
GROUP				
Cost				
At 1 January 2007	1,094	5,083	9,582	15,759
Elimination on acquisition	(1,094)	(5,083)	(9,582)	(15,759)
Arising on acquisition of Comasman Limited	539	1,950	1,243	3,732
Post acquisition additions	131	70	408	609
Post acquisition disposals	(69)	–	–	(69)
At 31 December 2007	<u>601</u>	<u>2,020</u>	<u>1,651</u>	<u>4,272</u>
Accumulated depreciation				
At 1 January 2007	510	2,839	7,749	11,098
Pre-acquisition depreciation charge	45	294	590	929
Elimination on acquisition	(555)	(3,133)	(8,339)	(12,027)
Post acquisition charge for the year	149	417	315	881
At 31 December 2007	<u>149</u>	<u>417</u>	<u>315</u>	<u>881</u>
Net book value at 31 December 2007	<u>452</u>	<u>1,603</u>	<u>1,336</u>	<u>3,391</u>
	<i>Motor vehicles £'000</i>	<i>Leasehold property/ improvements £'000</i>	<i>Office furniture & equipment £'000</i>	<i>Total £'000</i>
GROUP				
Cost				
At 1 January 2008	601	2,020	1,651	4,272
Additions	149	140	916	1,205
Disposals	(276)	–	(55)	(331)
Foreign exchange movement	–	29	70	99
At 31 December 2008	<u>474</u>	<u>2,189</u>	<u>2,582</u>	<u>5,245</u>
Accumulated depreciation				
At 1 January 2008	149	417	315	881
Charge for the year	208	713	993	1,914
Disposals	(228)	–	(55)	(283)
Foreign exchange movement	–	21	50	71
At 31 December 2008	<u>129</u>	<u>1,151</u>	<u>1,303</u>	<u>2,583</u>
Net book value at 31 December 2008	<u>345</u>	<u>1,038</u>	<u>1,279</u>	<u>2,662</u>

	<i>Motor vehicles £'000</i>	<i>Leasehold property/ improvements £'000</i>	<i>Office furniture & equipment £'000</i>	<i>Total £'000</i>
GROUP				
Cost				
At 1 January 2009	474	2,189	2,582	5,245
Additions	25	217	266	508
Disposals	(313)	–	(30)	(343)
Foreign exchange movement	–	(12)	(31)	(43)
At 31 December 2009	<u>186</u>	<u>2,394</u>	<u>2,787</u>	<u>5,367</u>
Accumulated depreciation				
At 1 January 2009	129	1,151	1,303	2,583
Charge for the year	81	569	738	1,388
Disposals	(101)	–	(28)	(129)
Foreign exchange movement	–	(10)	(21)	(31)
At 31 December 2009	<u>109</u>	<u>1,710</u>	<u>1,992</u>	<u>3,811</u>
Net book value at 31 December 2009	<u>77</u>	<u>684</u>	<u>795</u>	<u>1,556</u>

14. FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying values of the financial instruments of the Group at 31 December is shown below:

At 31 December 2007

	<i>Loans and receivables</i>	<i>Designated as Financial assets at fair value through profit or loss</i>	<i>Available- for-sale</i>
Financial assets			
Available-for-sale investments	–	–	13,204
Investment in associates	–	11,027	–
Financial assets at fair value through profit or loss	–	57,501	–
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	49,886	–	–
Cash and cash equivalents	176,277	–	–
Total financial assets	<u>226,163</u>	<u>68,528</u>	<u>13,204</u>
Financial liabilities			
Loans and borrowings	–	–	595,880
Liabilities at fair value through profit or loss	–	23,507	–
Trade and other payables (excluding deferred income)	–	–	159,584
Derivative financial instruments	–	6,436	–
Total financial liabilities	<u>–</u>	<u>29,943</u>	<u>755,464</u>

At 31 December 2008

	<i>Loans and receivables</i>	<i>Designated as Financial assets at fair value through profit or loss</i>	<i>Available- for-sale</i>
Financial assets			
Available-for-sale investments	–	–	13,204
Investment in associates	–	16,446	–
Financial assets at fair value through profit or loss	–	13,654	–
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	39,290	–	–
Cash and cash equivalents	216,404	–	–
Total financial assets	<u>255,694</u>	<u>30,100</u>	<u>13,204</u>
		<i>Financial liabilities at fair value through profit or loss – held for trading</i>	<i>Other financial liabilities at amortised cost</i>
Financial liabilities			
Loans and borrowings		–	599,112
Liabilities at fair value through profit or loss		2,947	–
Trade and other payables (excluding deferred income)		–	139,158
Derivative financial instruments		14,745	–
Total financial liabilities		<u>17,692</u>	<u>738,270</u>

At 31 December 2009

	<i>Loans and receivables</i>	<i>Designated as Financial assets at fair value through profit or loss</i>	<i>Available- for-sale</i>
Financial assets			
Available-for-sale investments	–	–	13,204
Investment in associates	–	27,649	–
Financial assets at fair value through profit or loss	–	23,286	–
Derivative financial instruments	–	–	–
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	54,950	–	–
Cash and cash equivalents	223,351	–	–
Total financial assets	<u>278,301</u>	<u>50,935</u>	<u>13,204</u>

	<i>Financial liabilities at fair value through profit or loss – held for trading</i>	<i>Other financial liabilities at amortised cost</i>
Financial liabilities		
Loans and borrowings	–	627,711
Liabilities at fair value through profit or loss	–	–
Trade and other payables (excluding deferred income)	–	144,190
Derivative financial instruments	8,739	–
Total financial liabilities	<u>8,739</u>	<u>771,901</u>

The fair value of long-term borrowings is given in Note 20.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are based on unobservable market data.

At 31 December 2009, the Group held the following financial instruments measured at fair value.

<i>31 December 2009</i>	<i>Level 1 £'000</i>	<i>Level 2 £'000</i>	<i>Level 3 £'000</i>	<i>Total £'000</i>
Financial assets				
Financial assets at fair value through profit or loss				
Quoted investments	23,286	–	–	23,286
Unquoted investments	–	–	–	–
Investment in associates				
Quoted investments	26,437	–	–	26,437
Unquoted investments	–	1,212	–	1,212
Available-for-sale investments				
Unquoted investments	–	–	13,204	13,204
	<u>49,723</u>	<u>1,212</u>	<u>13,204</u>	<u>64,139</u>
Financial liabilities				
Derivative financial instrument				
Interest rate swaps	–	8,739	–	8,739
	<u>–</u>	<u>8,739</u>	<u>–</u>	<u>8,739</u>

During the year ended 31 December 2009, there were no transfers between Level 1, Level 2 and Level 3.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the year ended 31 December 2009:

	<i>Financial assets at fair value through profit or loss 2009 £'000</i>	<i>Available- for-sale investments 2009 £'000</i>
Opening balance	–	13,204
Arising on acquisition	–	–
Purchases	–	–
Sales	–	–
Transfer in/(out) of Level 3	–	–
Total gains or losses included in other gains/(losses) in the Combined and Consolidated Statement of Comprehensive Income	–	–
Closing balance	<u>–</u>	<u>13,204</u>

Investments

The holding period of the investment portfolio is on average less than one year. For this reason the portfolio is classified as current except for the unquoted investments in Cofunds Holdings Limited, a company registered in England and Wales, which is classified as available for sale.

(i) Available-for-sale investments

During the three year period ended 31 December 2009, the Group owned 12.89 per cent. of the 'A' Ordinary shares in Cofunds. It is the only investment which has been classified under Level 3 in the table above as there is no active market for these shares. The inputs used in the model are unobservable. The valuation has remained unchanged during the 3 years ended 31 December 2009.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include seed capital investments in funds and investments through its subsidiary undertaking, Jupiter Investment Management Group Limited.

The fair values of quoted equity shares classified under Level 1 are determined by reference to published price quotations in an active market. Investments classified under Level 2 are investments in non-quoted investment funds which only invest in financial assets quoted in an active market. The fair value of the fund's unit is determined to be a proportion of the net asset value of the fund. If there are significant liquidity discounts applied (e.g. when the funds have redemption gates or lock-up periods), the effect of the adjustments will put the fair value in Level 3. There is no such indication in investments classified under Level 2 in 2009.

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its interest-bearing loans and borrowings. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. No contracts are designated as hedging instruments, as defined in IAS 39, and consequently all changes in fair value are taken to the combined and consolidated income statement. At 31 December 2009, the notional amount of outstanding interest rate swaps is £212,500,000 (2008: £250,000,000; 2007: £300,000,000).

Total return swap

In 2008, the Group entered into a total return swap arrangement with Bank of America Merrill Lynch over certain of its holdings of investments in seed funds. Gains and losses on the swap contracts are recognised and settled monthly in accordance with the terms of the contract. At 31 December 2009, the notional value

of the swap was £40,280,000 (2008: £16,394,000; 2007: £nil). As the swap is settled and reset monthly, the fair value of the swap at 31 December 2009 was £nil (2008: £nil; 2007: £nil).

The Group does not trade in derivatives. In general, derivatives are held to hedge specific exposures and have maturities designed to match the exposures they are hedging. It is the intention to hold both the financial instruments giving rise to the exposure and the derivative hedging them until maturity and therefore no net gain or loss is expected to be realised. The derivatives are held at fair value which represents the price to exit the instruments at the financial position date. Movements in the fair value of derivatives are included in the combined and consolidated income statement.

15. PRINCIPAL GROUP UNDERTAKINGS

The following are the principal operating subsidiaries and associates of the Group:

<i>Subsidiaries</i>	<i>Country of incorporation & operation</i>	<i>Principal activities</i>	<i>Percentage of issued ordinary shares held in subsidiary companies</i>		
			<i>At 31 December 2007</i>	<i>At 31 December 2008</i>	<i>At 31 December 2009</i>
Jupiter Fund Management Group Limited	England	Investment holding company	100	100	100
Jupiter Asset Management Group Limited	England	Investment holding company	100	100	100
Comasman Limited	England	Investment holding company	100	100	100
Jupiter Investment Management Group Limited	England	Investment holding company	100	100	100
Jupiter Asset Management Limited	England	Investment management	100	100	100
Jupiter Unit Trust Managers Limited	England	Unit trust activities	100	100	100
Jupiter Administration Services Limited	England	Corporate services	100	100	100
Jupiter Asset Management (Bermuda) Limited*	Bermuda	Investment management	100	100	100
Jupiter Asset Management (Asia) Limited	Hong Kong	Investment management	100	100	100
Jupiter Asset Managers (Jersey) Limited	Jersey	Investment management	100	100	100
Jupiter Adria Management Limited**	Bermuda	Investment management	100	100	100
Kingshill Investments Limited	England	Corporate services	–	–	100
Jupiter Asset Management (Asia) Private Limited	Singapore	Investment management	–	–	100
Jupiter Global Fund SICAV: Jupiter North American	Luxembourg	Sub-portfolio	–	–	100
Jupiter Green Hedge Fund Limited***	Bermuda	Hedge fund	69.2	73.0	–

<i>Associates</i>	<i>Country of incorporation & operation</i>	<i>Accounting treatment</i>	<i>Year end Reporting date</i>	<i>Principal Activities</i>	<i>Percentage of equity held by Group</i>		
					<i>At 31 December 2007</i>	<i>At 31 December 2008</i>	<i>At 31 December 2009</i>
Alon Technology Ventures Limited*	British Virgin Islands	At fair value through profit or loss	31 December	Investment company	40.1	40.1	40.1
Jupiter Asia Pacific****	Luxembourg	At fair value through profit or loss	30 September	Sub-portfolio	56.6	55.7	49.8
Jupiter European Opportunities****	Luxembourg	At fair value through profit or loss	30 September	Sub-portfolio	53.3	38.2	37.1
Jupiter European Income Fund	England	At fair value through profit or loss	31 January	Sub-portfolio	25.7	–	–

<i>Associates</i>	<i>Country of incorporation & operation</i>	<i>Accounting treatment</i>	<i>Year end Reporting date</i>	<i>Principal Activities</i>	<i>Percentage of equity held by Group</i>		
					<i>At 31 December 2007</i>	<i>At 31 December 2008</i>	<i>At 31 December 2009</i>
Jupiter Asia Pacific Hedge Fund	Bermuda	At fair value through profit or loss	31 December	Sub-portfolio	37.3	–	–
Jupiter European Growth****	Luxembourg	At fair value through profit or loss	30 September	Sub-portfolio	21.3	–	–

* Common shares
** A Shares
*** Redeemable shares
**** Shares of no par value

Summarised financial information for associates which are seed capital investments in funds and are classified as Investments in associates and held at fair value through profit or loss are shown below.

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Aggregate profits/(losses)	(61)	(1,025)	(1,592)
Net assets	84,026	47,759	75,930

16. TRADE AND OTHER RECEIVABLES

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current			
Trade receivables	49,432	38,827	53,595
Deferred acquisition and commission costs	4,808	5,207	5,590
Loans to employees	97	463	134
Prepayments and accrued income	8,801	8,010	12,008
Total current trade and other receivables	<u>63,138</u>	<u>52,507</u>	<u>71,327</u>
Non-current			
Trade receivables	–	–	885
Deferred acquisition and commission costs	12,105	12,476	13,180
Loans to employees	357	–	336
Total non-current trade and other receivables	<u>12,462</u>	<u>12,476</u>	<u>14,401</u>

For details on related party receivables, refer to Note 29.

Interest bearing loans to employees amounted to £357,000 in 2007, £357,000 in 2008 and £336,000 in 2009. These are repayable over a 3 year period from the grant of the loan. Trade receivables are non-interest bearing and are generally on 30–90 day terms. See below for the ageing analysis of trade and other receivables.

	<i>Neither past due nor impaired</i>		<i>Past due but not impaired</i>			<i>Total</i>
	<i>£'000</i>	<i><30 days</i>	<i>30–60 days</i>	<i>61–90 days</i>	<i>Over 90 days</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
2007	41,696	6,524	462	287	917	49,886
2008	32,086	5,908	396	192	708	39,290
2009	47,050	5,391	660	407	1,442	54,950

17. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2007 £'000	2008 £'000	2009 £'000
Deferred income tax assets:			
– to be recovered after more than 12 months	16,993	12,963	10,631
– to be recovered within 12 months	1,204	11,926	2,342
	<u>18,197</u>	<u>24,889</u>	<u>12,973</u>
Deferred income tax liabilities:			
– to be recovered after more than 12 months	(63,238)	(54,417)	(43,171)
– to be recovered within 12 months	(11,547)	(8,822)	(11,246)
	<u>(74,785)</u>	<u>(63,239)</u>	<u>(54,417)</u>

	<i>Intangible assets</i> £'000	<i>Interest costs</i> £'000	<i>Retention bonus</i> £'000	<i>Deferred income/ expenses</i> £'000	<i>Debt issue costs</i> £'000	<i>Others</i> £'000	<i>Total</i> £'000
At 31 December 2007							
Assets	–	1,584	6,598	7,825	–	2,190	18,197
Liabilities	(71,667)	–	–	–	(2,518)	(600)	(74,785)
	<u>(71,667)</u>	<u>1,584</u>	<u>6,598</u>	<u>7,825</u>	<u>(2,518)</u>	<u>1,590</u>	<u>(56,588)</u>
At 31 December 2008							
Assets	–	7,401	6,372	6,847	–	4,269	24,889
Liabilities	(60,823)	–	–	–	(2,184)	(232)	(63,239)
	<u>(60,823)</u>	<u>7,401</u>	<u>6,372</u>	<u>6,847</u>	<u>(2,184)</u>	<u>4,037</u>	<u>(38,350)</u>
At 31 December 2009							
Assets	–	581	1,979	5,789	–	4,624	12,973
Liabilities	(49,977)	–	–	–	(1,790)	(2,650)	(54,417)
	<u>(49,977)</u>	<u>581</u>	<u>1,979</u>	<u>5,789</u>	<u>(1,790)</u>	<u>1,974</u>	<u>(41,444)</u>

Movement in temporary differences between the balance sheet dates has been reflected in the statement of comprehensive income or the combined and consolidated income statement as follows:

	<i>Intangible assets</i> £'000	<i>Interest costs</i> £'000	<i>Retention bonus</i> £'000	<i>Deferred income/ expenses</i> £'000	<i>Debt issue costs</i> £'000	<i>Others</i> £'000	<i>Total</i> £'000
At 1 January 2007	–	–	2,629	7,655	–	22,582	32,866
Elimination on acquisition	–	–	(2,629)	(7,655)	–	(22,582)	(32,866)
Arising on acquisition of Comasman Limited	(83,026)	–	2,629	7,655	–	22,582	(50,160)
Effect of change in tax rate (Charged)/credited to the income statement	5,119	–	(501)	170	–	(13)	4,775
	<u>6,240</u>	<u>1,584</u>	<u>4,470</u>	<u>–</u>	<u>(2,518)</u>	<u>(20,979)</u>	<u>(11,203)</u>
At 31 December 2007 and at 1 January 2008	(71,667)	1,584	6,598	7,825	(2,518)	1,590	(56,588)
Effect of change in tax rate (Charged)/credited to the income statement	–	(132)	(1,328)	–	–	(60)	(1,520)
	<u>10,844</u>	<u>5,949</u>	<u>1,102</u>	<u>(978)</u>	<u>334</u>	<u>2,507</u>	<u>19,758</u>
At 31 December 2008 and at 1 January 2009	(60,823)	7,401	6,372	6,847	(2,184)	4,037	(38,350)
(Charged)/credited to the income statement	10,846	(6,820)	(4,393)	(1,058)	394	(2,063)	(3,094)
	<u>(49,977)</u>	<u>581</u>	<u>1,979</u>	<u>5,789</u>	<u>(1,790)</u>	<u>1,974</u>	<u>(41,444)</u>

Other temporary differences primarily relate to deferred income, unrealised movements on investments and economic hedging transactions at fair value, amortisation of debt issue costs and differences between depreciation and capital allowances.

18. CASH AND CASH EQUIVALENTS

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	6,385	25,959	26,965
Cash held by employee benefit trust and fund subsidiaries	9,273	5,445	1,386
Short-term deposits	160,619	185,000	195,000
	<u>176,277</u>	<u>216,404</u>	<u>223,351</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. At 31 December 2009, the Group had available £10 million (2008: £10 million; 2007: £10 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Cash held by the employee benefit trust and by fund subsidiaries in the table above is restricted in its use by the Group.

19. TRADE AND OTHER PAYABLES

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current			
Trade payables	31,737	26,339	48,635
Deferred income	12,647	12,476	12,676
Other payables	52,388	39,827	36,736
Social security and other taxes	8,128	6,661	5,815
Accruals	59,673	63,892	52,401
Total current and other payables	<u>164,573</u>	<u>149,195</u>	<u>156,263</u>
Non-current			
Trade creditors	–	–	–
Deferred income	32,212	29,321	26,767
Other creditors	7,658	2,439	603
Total non-current trade and other payables	<u>39,870</u>	<u>31,760</u>	<u>27,370</u>

20. LOANS AND BORROWINGS

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current			
Bank loan	–	12,035	–
	–	12,035	–
Non-current			
Bank loan	366,006	355,166	356,572
Preferred Finance Securities	202,897	204,711	243,529
Tier 2 Preference Shares	23,525	23,735	24,000
B Shares	3,452	3,465	3,610
	<u>595,880</u>	<u>587,077</u>	<u>627,711</u>
Total borrowings	<u>595,880</u>	<u>599,112</u>	<u>627,711</u>

The carrying value and fair value of the loans and borrowings are as follows:

	<i>Carrying value</i>			<i>Fair value</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loan – current	–	12,035	–	–	12,035	–
Bank loan – non-current	366,006	355,166	356,572	366,006	355,166	356,572
Preferred Finance Securities	202,897	204,711	243,529	202,897	204,711	243,529
Tier 2 Preference Shares	23,525	23,735	24,000	23,525	23,735	24,000
	<u>592,428</u>	<u>595,647</u>	<u>624,101</u>	<u>592,428</u>	<u>595,647</u>	<u>624,101</u>

Bank loan

JAMG has a syndicated loan, which is repayable on or before 19 June 2015. The loan is secured by a charge over the assets of JAMG. Interest is payable over periods selected by JAMG or as agreed with the Facility Agent (The Royal Bank of Scotland plc) at a rate per annum of LIBOR plus a current margin of 2.125 per cent.

In August 2007, JAMG entered into an Amortising Interest Rate Swap arrangement with The Royal Bank of Scotland plc for a period of three years. Under the terms of the agreement, JAMG has agreed to pay a fixed interest rate of 6.2475 per cent. on notional amounts as follows, settling quarterly:

Period to 26 August 2008	300,000,000
Period to 26 November 2008	275,000,000
Period to 26 February 2009	250,000,000
Period to 26 May 2009	225,000,000
Period to 26 August 2010	212,500,000

At 31 December 2009, as a result of falling interest rates since the inception of the swap, the fair value of the swap arrangement was a loss position of £8,739,000 (2008: £14,593,000; 2007: £6,436,000).

Under the Facility Agreement, JAMG has access to a revolving credit facility of £10 million which is unutilised.

Preferred Finance Securities

On 19 June 2007 JFMG issued 207,000,000 Preferred Finance Securities which are non-voting and carry the right to receive fixed cumulative interest of 10 per cent. p.a. These Preferred Finance Securities can be redeemed at par by the Group at any time but the Group is required to redeem any outstanding securities in issue by 18 June 2106. Interest is due to be paid to the holders on 31 March of each year. No interest was paid in the year. At 31 December 2009, the Group held £nil (2008: £2,288,000; 2007: £4,103,000) of these securities through an employee benefit trust which have been offset against the liability.

For the first 8 years (until 31 March 2015) interest payments may be rolled up. Subject to investor consent, investors may be issued payment-in-kind preferred finance securities (PIK PFS) (£1 issue price of PIK PFS for each £1 of interest due) in full or part satisfaction of any accrued interest payable. In the eighth year after the issue date (2015) and every year thereafter, interest shall be paid in cash on 31 March until redemption (the first payment being 31 March 2015). On 21 December 2009 £36,529,000 PIK PFS were issued in lieu of interest accrued up to 31 March 2009.

Tier 2 Preference Shares and B Shares

The rights and entitlements of the B Shares and the Tier 2 Preference Shares are detailed in Note 22. At 31 December 2009, the Group held £140,000 (2008: £285,000; 2007: £298,000) of B Shares and £Nil (2008: £265,000; 2007: £475,000) of Tier 2 Preference Shares through an employee benefit trust which have been offset against the liabilities.

21. PROVISIONS

	2007 £'000	2008 £'000	2009 £'000
At 1 January	1,684	1,176	2,390
Pre-acquisition utilisation of provisions	(252)	–	–
Eliminated on acquisition	(1,432)	–	–
Arising on acquisition of Comasman Limited	1,432	–	–
Post acquisition additions/(release) during the period	(1)	1,276	(2,249)
Post acquisition utilisation of provisions	(268)	(117)	(161)
Amortisation of discount	13	55	20
At 31 December	<u>1,176</u>	<u>2,390</u>	<u>–</u>

The Group has provided for onerous leases in accordance with the requirements of IAS 37. The provision related to 4 Grosvenor Place and is calculated based on the expected deficiency of rent receivable below rent payable up to lease termination in April 2016. The increase in the provision in 2008 resulted from the departure of one tenant in the year and revised assumptions in relation to other tenants that they would renegotiate lower rents at the first lease break clause.

The provision was released in 2009 when the terms of the lease arrangement were re-negotiated in 2009.

22. CALLED UP SHARE CAPITAL

GROUP	2007	2008	2009	2007	2008	2009
	Number 000s	Number 000s	Number 000s	£'000	£'000	£'000
Authorised						
A Shares of £1 each	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>
Tier 1 Preference Shares of £1 each	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>
	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>
Issued, allotted and fully paid						
A Shares of £1 each	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>
Tier 1 Preference Shares of £1 each	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>
	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>	<u>32,250</u>

The authorised share capital of £60,000,000 comprises:

- (i) 1,250,000 A Shares of £1 each;
- (ii) 3,750,000 B Shares of £1 each;
- (iii) 31,000,000 Tier 1 Preference Shares of £1 each; and
- (iv) 24,000,000 Tier 2 Preference Shares of £1 each.

The A and B Shares rank *pari passu* except that certain B Shares have performance conditions. Additionally, there is a mechanism for the lead investor, TA Associates, on behalf of A ordinary shareholders to request a sale at any time after 19 June 2015 subject to certain conditions having been met. The A and B Shares are subject to restrictions on transfers. The payment of dividends to the A and B ordinary shareholders can only be made in restricted circumstances after satisfaction of the preference dividends and repayment of Preferred Finance Securities and subject to regulatory capital adequacy.

The conditions attaching to the B Shares may, in some circumstances, require the Group to repurchase the shares at the original cost of issue. Therefore, the B Shares, whilst legally equity, are included in loans and borrowings in Note 20.

The Tier 1 and Tier 2 Preference Shares have no voting rights and no rights to receive notice of, or attend, any general meeting. The Tier 2 Preference Shares carry the right to a fixed preferential dividend at a rate of 10 per cent. of the issue price per share (£1) accruing daily from the date of issue and payable annually on 31 March. The Company may then at its discretion pay a dividend on the Tier 1 Preference Shares. The first preference dividend pay date was 31 March 2008 for the period from the date of issue of Tier 2 Preference Shares to 31 December 2007. Compound dividend entitlements will be charged on the missed Tier 2 dividends each year until payment has been made. The Company is entitled to satisfy a preference dividend by passing an ordinary resolution and issuing Tier 1 Preference Shares to Tier 1 preference shareholders and Tier 2 Preference Shares to Tier 2 preference shareholders with an aggregate nominal value equal to the amount of the relevant preference dividend not satisfied by cash.

At 31 December 2009, the Group held £nil (2008: £344,000; 2007: £614,000) of Tier 1 Preference Shares which have been deducted from equity.

Tier 2 Preference Shares may be redeemed by the Company at par at any time after the fifth anniversary of issue. On a winding-up, after payment of liabilities including the Preferred Finance Securities issued by the Group, surplus assets would be paid as follows: firstly to holders of Tier 2 Preference Shares at the issue price; secondly to holders of Tier 2 Preference Shares in respect of unpaid dividends and catch-up amounts; thirdly to holders of Tier 1 Preference Shares an amount equal to the issue price and dividend catch-up amount in respect of dividends; fourthly to holders of A and B Shares *pari passu* in respect of declared but unpaid dividends; and fifthly to holders of A and B Shares *pari passu*. Where applicable, the Tier 1 Preference Share and Tier 2 Preference Share catch-up amounts comprise the difference between a compound rate of return of 10 per cent. per annum from the date of issue and any dividends actually paid.

The Tier 2 Preference Shares are classified as loan and borrowings and are included in Note 20.

23. FINANCIAL COMMITMENTS AND CONTINGENCIES

The future aggregate minimum lease payments under non-cancellable operating leases are as follows, taking into consideration any early break clauses exercisable by the Group:

	<i>Leasehold property</i>		
	2007	2008	2009
	£'000	£'000	£'000
Not later than one year	3,192	1,852	2,729
Later than one year and not later than five years	3,399	1,553	738
	<u>6,591</u>	<u>3,405</u>	<u>3,467</u>

The Group has a contingent liability in respect of deferred consideration on the acquisition of Comasman Limited. Under the sale and purchase agreement, in the event of an exit event as defined in the agreement within three years of the acquisition on 19 June 2007, Commerzbank AG would be entitled to further consideration. On an exit within two years of the acquisition, Commerzbank AG would be entitled to share in any uplift over acquisition value. On a realisation in the third year, Commerzbank AG would be entitled to a fixed payment of £3 million at the start of the year falling to £1 million at the end of the year.

24. RESERVES

(i) *Foreign currency translation reserve*

	2007	2008	2009
	£'000	£'000	£'000
At 1 January	226	2,226	10,258
Eliminated on acquisition	(226)	–	–
Post acquisition exchange movement on translation of subsidiary undertakings	2,226	8,032	(2,974)
At 31 December	<u>2,226</u>	<u>10,258</u>	<u>7,284</u>

(ii) Capital reserves			
	2007	2008	2009
	£'000	£'000	£'000
At 1 January	5,676	–	–
Eliminated on acquisition	(5,676)	–	–
At 31 December	<u>–</u>	<u>–</u>	<u>–</u>
(iii) Retained earnings			
	2007	2008	2009
	£'000	£'000	£'000
At 1 January	18,691	13,287	(1,925)
Profit/(loss) for the year	41,818	(15,598)	8,598
Elimination of pre-acquisition profits	(46,608)	–	–
Own shares (acquired)/re-issued	(614)	270	344
Share issue expenses	–	–	(448)
Employee share scheme	–	116	(306)
At 31 December	<u>13,287</u>	<u>(1,925)</u>	<u>6,875</u>

25. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during that period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares during the reported periods.

	2007	2008	2009
	£'000	£'000	£'000
Net profit attributable to ordinary equity holders of the parent for basic earnings	41,818	(15,598)	8,598
	<u>41,818</u>	<u>(15,598)</u>	<u>8,598</u>

The weighted average number of shares for the purpose of calculating earnings per share is as follows:

	2007	2008	2009
	Number	Number	Number
	000s	000s	000s
Weighted average number of ordinary shares after share restructuring (as per Note 30) for the purpose of basic earnings per share	<u>97,183</u>	<u>97,183</u>	<u>97,183</u>
Weighted average number of ordinary shares after share restructuring (as per Note 30) for the purposes of diluted earnings per share	<u>235,100</u>	<u>235,425</u>	<u>239,375</u>

Earnings per share

	2007	2008	2009
	Pence	Pence	Pence
Basic	43.0	(16.1)	8.8
Diluted	17.8	(16.1)	3.6

26. SHARE BASED PAYMENTS

The Group operates an Employee Share Plan (“Plan”) to reward and incentivise employees that is effected through employees acquiring B Shares in the Company or options to acquire such shares. Shares and options vest on occurrence of a specified event under the rules of the Plan. There is no minimum or maximum vesting period and the average estimated term to vesting is two years. Certain shares and options are subject to performance conditions.

The following table illustrates the number (“No.”) and weighted average exercise price (“WAEP”) of, and movement in, share options during the year:

	2007	WAEP	2008	WAEP	2009	WAEP
	Number	(£)	Number	(£)	Number	(£)
Outstanding at 1 January	–	–	1,605	–	15,384	1
Granted during the year	1,605	1	15,200	1	2,345	1
Forfeited during the year	–	–	(1,421)	1	(1,160)	1
Exercised during the year	–	–	–	³	–	²
Expired during the year	–	–	–	–	–	–
Outstanding at 31 December	1,605	1	15,384	1	16,569	1
Exercisable at 31 December	–	–	–	–	–	–

2 The weighted average share price at the date of exercise of these options was £1.

3 The weighted average share price at the date of exercise of these options was £1.

The weighted average remaining contractual life for the share options outstanding at 31 December 2009 is 1 year (2008: 4 years; 2007: 5 years). The weighted average fair value of shares and options granted during the year was £559,000 (2008: £573,000; 2007: £1,605). The range of exercise prices for shares and options outstanding at the end of the year was £1 – £1 (2008: £1 – £1; 2007: £1 – £1).

The following share and option awards have been made by the Group:

	Number of B Shares	Number of options	Total
At 1 January 2007	–	–	–
Awarded during the period	3,481,515	1,605	3,483,120
Forfeited during the period	(30,733)	–	(30,733)
At 31 December 2007	<u>3,450,782</u>	<u>1,605</u>	<u>3,452,387</u>
At 1 January 2008	3,450,782	1,605	3,452,387
Awarded during the period	16,195	15,200	31,395
Forfeited during the period	(17,696)	(1,421)	(19,117)
At 31 December 2008	<u>3,449,281</u>	<u>15,384</u>	<u>3,464,665</u>
Awarded during the year	203,080	2,345	205,425
Forfeited during the year	(58,767)	(1,160)	(59,927)
At 31 December 2009	<u><u>3,593,594</u></u>	<u><u>16,569</u></u>	<u><u>3,610,163</u></u>

The fair value of services received as consideration for the share and option awards has been measured by reference to the fair value of the shares and options at the date of award. Shares and options awarded in 2009 had a subscription price of £1 per share (2008: £1) and a weighted average fair value of £2.72 (2008: £18.28; 2007: £1) per share. The expense for the year of £306,000 (2008: £116,000; 2007: £nil) is recognised in employee costs with a corresponding credit to equity (reserves). Shares and options awarded in 2007 were

assessed to have a fair value equal to the subscription price and therefore, there was no expense in the period. Shares and options were forfeited at £1 during the year (2008: £1; 2007: £1).

The fair value of the shares and options has been determined by reference to earnings, net assets and liabilities and market comparable data including earnings multiples of quoted comparables and volatility of earnings. A zero dividend yield has been assumed. The estimate of the fair value of services received includes assumptions for employee forfeiture rates and satisfaction of performance conditions.

27. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

Financial assets principally comprise investments in equity securities, available-for-sale investments, trade and other receivables, and cash and cash equivalents.

Financial liabilities comprise loans and borrowings for financing purposes, certain provisions, and trade and other payables.

The main risks arising from financial instruments are market price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. Each of these risks is discussed in detail below.

The Group monitors financial risks on a consolidated basis and intra-Group balances are settled when it is deemed appropriate for both parties to the transaction.

The Group has designed a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate to the Group. The management of risk within the Group is governed by the Board.

Market price risk

Market price risk is the risk that a decline in the value of assets will adversely impact the profitability of the Group. Management has identified price risk as the exposure in the value of financial assets held by the Group resulting in a loss recognised in the combined and consolidated income statement.

At 31 December 2009, the exposure to unlisted equity securities at fair value was £13.2 million (2008: £13.2 million; 2007: £13.2 million). At 31 December 2009, the exposure to securities at fair value was £50.9 million (2008: £30.1 million; 2007: £68.5 million). The Group's investments (in respect of seed capital investments in funds) are primarily equity based, and therefore, the Group is exposed to the risk that changes in the equity markets will reduce the value of the Group's investments. The Group's policy is to hedge the equity market and currency exposure of its seed capital investments depending on the fund mandate and whether such transactions are cost effective. To effect this, the Group has entered into a total return swap arrangement over certain of its holdings of investments in seed funds. At 31 December 2009, the notional value of the swap was £40.3 million (2008: £16.4 million; 2007: £nil). See Note 14 for details.

A fall in value of an available for sale investment which is significant or prolonged is considered to be an indication of impairment under IAS 39. In such an event, the available for sale investment is written down to fair value and the amounts of previously recognised equity, in respect of market value are recognised in the combined and consolidated income statement as an impairment charge.

Price risk sensitivity analysis on financial assets

An increase or decrease of 10 per cent. on the market index would have the following impact on the profit before taxation and equity of the Group:

<i>Market value movement +/- 10 per cent.</i>	<i>Combined and consolidated income statement</i>	<i>Equity</i>
	<i>£m</i>	<i>£m</i>
31 December 2007	6.9	6.9
31 December 2008	1.4	1.4
31 December 2009	1.1	1.1

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into in order to provide a hedge against such movements.

Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates.

The Group earns fees in foreign currencies from overseas clients. The Group's business is impacted through its exposure to non-pounds sterling income and expenses. The Group's policy is to hold minimum currency to cover operational needs and therefore to convert foreign currency on receipt. Direct exposures are limited to operational cash held in overseas subsidiaries and short-term outstanding currency fee debts at any time. The Group does not normally hedge this risk.

Foreign currency risk is managed by the finance function (incorporating treasury operations), whereby foreign currency balances are monitored closely.

The Group's exposure to foreign currency risk at 31 December is shown below:

	31 December 2007		31 December 2008		31 December 2009	
	<i>Euro</i>	<i>US dollar</i>	<i>Euro</i>	<i>US dollar</i>	<i>Euro</i>	<i>US dollar</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Financial assets at fair value						
through profit or loss	48.6	–	5.8	–	15.1	6.2
Investment in associates	9.1	–	14.2	–	26.4	–
Trade and other receivables	–	5.8	–	8.2	–	3.6
Cash and cash equivalents	–	3.1	–	8.3	–	12.0
	<u>57.7</u>	<u>8.9</u>	<u>20.0</u>	<u>16.5</u>	<u>41.5</u>	<u>21.8</u>

Foreign currency risk sensitivity analysis

The table below illustrates the impact of adjusting year end exchange rates on all unhedged financial assets and cash balances denominated in a currency other than pounds sterling:

	<i>Combined and consolidated income statement</i>	<i>Equity</i>
<i>31 December 2007</i>	<i>£m</i>	<i>£m</i>
Euro exchange rate +/- 10 per cent.	5.8	5.8
US dollar exchange rate +/- 10 per cent.	0.9	0.9
	<i>Combined and consolidated income statement</i>	<i>Equity</i>
<i>31 December 2008</i>	<i>£m</i>	<i>£m</i>
Euro exchange rate +/- 10 per cent.	2.0	2.0
US dollar exchange rate +/- 10 per cent.	1.7	1.7
	<i>Combined and consolidated income statement</i>	<i>Equity</i>
<i>31 December 2009</i>	<i>£m</i>	<i>£m</i>
Euro exchange rate +/- 10 per cent.	4.2	4.2
US dollar exchange rate +/- 10 per cent.	2.2	2.2

Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest bearing assets and liabilities. The Group's exposure to the risk of changes in market interest rates relates primarily

to the Group's long-term debt obligations with floating interest rates. For interest rate risk exposures see Notes 18 and 20.

The Group manages its interest rate risk by having fixed and variable rate loans and borrowings. As explained further in Note 14 to the financial statements, the Group has entered into a swap arrangement to effectively fix the rate payable on a portion of this debt. At 31 December 2009, after taking into account the effect of interest rate swaps, approximately 59 per cent. of the Group's borrowings are at a fixed rate of interest (2008: 73 per cent.; 2007: 80 per cent.). The Group is also exposed to interest rates on banking deposits held in the ordinary course of business. A Treasury Committee monitors the Group's interest rate cash flow risks and returns.

Interest rate risk sensitivity analysis

Interest rate risk sensitivity analysis on the combined and consolidated income statement has been performed on the basis of a 50bps rise in interest rates at the beginning of the year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is only immaterial impact on the Group's equity.

<i>31 December 2007</i>	<i>Increase/decrease in basis points</i>	<i>Effect on profit before tax</i>
	<i>Bps</i>	<i>£m</i>
LIBOR	50	0.2
<i>31 December 2008</i>	<i>Increase/decrease in basis points</i>	<i>Effect on profit before tax</i>
	<i>Bps</i>	<i>£m</i>
LIBOR	50	0.5
<i>31 December 2009</i>	<i>Increase/decrease in basis points</i>	<i>Effect on profit before tax</i>
	<i>Bps</i>	<i>£m</i>
LIBOR	50	1.1

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into in order to provide a hedge against such movements.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. Fee receivables arise principally within the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant. See Note 16 for trade and other receivables that are past due but are not considered to be impaired.

The Group's exposure to credit risk at 31 December is shown below:

	<i>31 December 2007</i>	<i>31 December 2008</i>	<i>31 December 2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Derivative financial instruments	–	–	–
Trade and other receivables (excluding prepayments and deferred acquisition and commission costs)	49.9	39.3	55.0
Cash and cash equivalents	176.3	216.4	223.4
	<u>226.2</u>	<u>255.7</u>	<u>278.4</u>

With regard to credit risk related to financial instruments and cash deposits, the Group's policy is to place deposits only with financial institutions, which satisfy minimum ratings and other criteria set by the Treasury Committee. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Treasury Committee monitors the Group's counterparty exposures. The Group's maximum exposure to credit risk for the components of the balance sheet at 31 December 2009, 2008 and 2007 is the carrying amounts as illustrated in Notes 16 and 18.

The table below contains an analysis of current and overdue financial assets:

At 31 December 2007

	<i>Not past due</i>	<i>0-3 months past due</i>	<i>3-6 months past due</i>	<i>6-12 months past due</i>	<i>Greater than 12 months past due</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Financial Assets						
Derivative financial instruments	–	–	–	–	–	–
Trade and other receivables	41.7	7.3	0.9	–	–	49.9
Cash and cash equivalents	176.3	–	–	–	–	176.3
Total	218.0	7.3	0.9	-	-	226.2

At 31 December 2008

	<i>Not past due</i>	<i>0-3 months past due</i>	<i>3-6 months past due</i>	<i>6-12 months past due</i>	<i>Greater than 12 months past due</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Financial Assets						
Derivative financial instruments	–	–	–	–	–	–
Trade and other receivables	32.1	6.5	0.7	-	-	39.3
Cash and cash equivalents	216.4	–	–	–	–	216.4
Total	248.5	6.5	0.7	-	-	255.7

At 31 December 2009

	<i>Not past due</i>	<i>0-3 months past due</i>	<i>3-6 months past due</i>	<i>6-12 months past due</i>	<i>Greater than 12 months past due</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Financial Assets						
Derivative financial instruments	–	–	–	–	–	–
Trade and other receivables	47.1	6.5	1.4	-	-	55.0
Cash and cash equivalents	223.4	–	–	–	–	223.4
Total	270.5	6.5	1.4	-	-	278.4

The table below contains an analysis of financial assets as rated by Fitch Ratings.

At 31 December 2007

	AAA £m	AA £m	A £m	BBB £m	Not rated £m	Total £m
Financial assets						
Derivative financial instruments	–	–	–	–	–	–
Trade and other receivables	–	–	–	–	49.9	49.9
Cash and cash equivalents	–	171.3	5.0	–	–	176.3
Total	–	171.3	5.0	–	49.9	226.2

At 31 December 2008

	AAA £m	AA £m	A £m	BBB £m	Not rated £m	Total £m
Financial assets						
Derivative financial instruments	–	–	–	–	–	–
Trade and other receivables	–	–	–	–	39.3	39.3
Cash and cash equivalents	–	182.9	33.5	–	–	216.4
Total	–	182.9	33.5	–	39.3	255.7

At 31 December 2009

	AAA £m	AA £m	A £m	BBB £m	Not rated £m	Total £m
Financial assets						
Derivative financial instruments	–	–	–	–	–	–
Trade and other receivables	–	–	–	–	55.0	55.0
Cash and cash equivalents	–	211.7	11.7	–	–	223.4
Total	–	211.7	11.7	–	55.0	278.4

Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, Preferred Finance Securities and preference shares. The Group's liquidity is managed on a daily basis by the finance function, to ensure that the Group always has sufficient cash and/or highly liquid assets available to meet its liabilities.

The table below summaries the maturity profile of the Group's financial liabilities at 31 December 2009 based on contractual undiscounted payments:

At 31 December 2007

	Within 1 year or repayable on demand £m	1-5 years £m	> 5 years £m	Total £m
Loans and borrowings*	30.8	117.1	4,891.3	5,039.2
Liabilities at fair value through profit or loss	23.5	–	–	23.5
Trade and other payables	151.9	7.7	–	159.6
Derivative financial instruments	6.4	–	–	6.4
Total	212.6	124.8	4,891.3	5,228.7

At 31 December 2008

	<i>Within 1 year or repayable on demand</i>	<i>1-5 years</i>	<i>> 5 years</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Loans and borrowings*	36.8	65.8	4,830.8	4,933.4
Liabilities at fair value through profit or loss	2.9	–	–	2.9
Trade and other payables	136.7	2.4	–	139.1
Derivative financial instruments	14.7	–	–	14.7
Total	<u>191.1</u>	<u>68.2</u>	<u>4,830.8</u>	<u>5,090.1</u>

At 31 December 2009

	<i>Within 1 year or repayable on demand</i>	<i>1-5 years</i>	<i>> 5 years</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Loans and borrowings*	17.5	38.1	4,813.3	4,868.9
Liabilities at fair value through profit or loss	–	–	–	–
Trade and other payables	143.6	0.6	–	144.2
Derivative financial instruments	8.7	–	–	8.7
Total	<u>169.8</u>	<u>38.7</u>	<u>4,813.3</u>	<u>5,021.8</u>

* includes bank loans and Preferred Finance Securities

Tier 2 Preference Shares

The Group has issued 24,000,000 Tier 2 Preference Shares of £1 each on 19 June 2007. The Tier 2 Preference Shares carry the right to a fixed preferential dividend at a rate of 10 per cent. of the issue price per share (£1) accruing daily from the date of issue and payable annually on 31 March. Compound dividend entitlements will be payable on the missed Tier 2 dividends each year until payment has been made. Tier 2 Preference Shares do not have a fixed redemption date and may be redeemed at the Company option at par at any time after the fifth anniversary of issue. The holders of the Tier 2 Preference Shares do not have the right to an early redemption but have a right of return of capital and unpaid dividends on a winding-up. As the Tier 2 Preference Shares have no fixed redemption date, the contractual undiscounted amounts payable on Tier 2 Preference Shares has not been included in the table above. See Note 9 for accrual of annual dividends on Tier 2 Preference Shares.

Capital management

The Group's objective is to manage its capital and funding structure in order to maintain appropriate resources and maximise shareholder value.

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interest-bearing loans and borrowings	595,880	599,112	627,711
Trade and other payables	204,443	180,955	183,633
Less cash and short-term deposits	176,277	216,404	223,351
Net debt	<u>624,046</u>	<u>563,663</u>	<u>587,993</u>
Equity	32,250	32,250	32,250
Retained earnings	15,513	8,333	14,159
Total capital	<u>47,763</u>	<u>40,583</u>	<u>46,409</u>

Regulatory capital requirements

The Group considers its share capital and retained earnings to constitute its total capital. These are shown in Notes 22 and 24. Some of the group companies are regulated and are required to maintain liquid capital

resources to comply with the regulatory capital requirements of the Financial Services Authority and other global financial regulators. The Group maintains sufficient liquid funds to meet its short term commitments and regulatory capital requirements.

In addition to the capital held to meet the regulatory capital requirements, the Group maintains sufficient cash resources to meet its liabilities as and when they fall due, taking into account cash forecasts. Cash is held in deposit accounts. The Group performs regular cash flow forecasts, modelling both normal and stressed conditions. Liquidity risk is mitigated by the long-term nature of the Group's principal borrowings and the high levels of cash balances in the business. Under the Facility Agreement, JAMG has access to a revolving facility of £10 million which is unutilised.

Although there are no financial covenants, non-compliance with the covenants in the Facility Agreement creates liquidity risk, as non-compliance could result in early repayment of borrowings or additional interest charges. The Group closely manages compliance with the covenants in the Facility Agreement to reduce this risk.

28. BUSINESS COMBINATIONS

On 19 June 2007, the Company's wholly owned subsidiary, JAMG, acquired 100 per cent. of the issued share capital of Comasman Limited (formerly Commerz Asset Management (UK) plc) for £740 million (plus transaction costs), on which date the Group commenced business. The cost of the acquisition was funded partly by £500 million of bank borrowings comprising a £75 million bridge loan and £425 million of senior debt with an eight year maximum term. The Group repaid the £75 million bridge loan and £50 million of senior debt in 2007. The Group raised £55 million from the issue of two classes of preference share. The Group also issued £207 million of Preferred Finance Securities. Goodwill arising on consolidation of the new group, which has been restated under IFRS, amounted to £341 million.

The assets and liabilities of Comasman Ltd at the date of acquisition and subsequent fair value adjustments thereto by the Group were as follows:

	<i>At date of acquisition</i>	<i>Fair value adjustments</i>	<i>Fair value</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Property plant and equipment	3,732	–	3,732
Intangible assets (Note 12)	5,384	274,876	280,260
Available for sale investments	13,204	–	13,204
Trade and other receivables	132,015	–	132,015
Stock of units	1,518	–	1,518
Investments	52,018	–	52,018
Deferred tax asset	11,278	–	11,278
Cash and cash equivalents	190,680	–	190,680
Trade and other payables	(179,615)	–	(179,615)
Provisions	(1,432)	–	(1,432)
Liabilities at fair value through profit or loss	(2,282)	–	(2,282)
Deferred tax liability – intangible assets (Note 17)	–	(83,026)	(83,026)
Current income tax liability	(2,530)	–	(2,530)
	<u>223,970</u>	<u>191,850</u>	<u>415,820</u>
Goodwill (Note 12)			<u>341,246</u>
Consideration			<u>757,066</u>
Represented by:			
Cash consideration			740,000
Deal costs			17,066
			<u>757,066</u>

The intangible assets represent the fair value of investment management contracts and the trade name acquired which are being amortised over a period of 7 and 10 years, respectively.

29. RELATED PARTIES

The Group manages, through its subsidiaries, a number of investment trusts, unit trusts and overseas funds. The subsidiary companies receive management fees from these entities for managing the assets, and in some instances receive performance fees. The precise fee arrangements for the different entities are disclosed within the financial statements of each entity or within other information which is publicly available.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

The Group manages a number of collective investment vehicles and, by virtue of the investment management agreements in place between the Group and these vehicles, they may be considered to be related parties. The Group acts as manager for 34 (2008: 33; 2007: 31) authorised unit trusts. Each unit trust is jointly administered with the trustees, The Royal Bank of Scotland plc. The aggregate total value of transactions for the period was £2,796,614,000 (2008: £1,925,291,000; 2007: £950,001,000) for unit trust creations and £978,050,000 (2008: £939,137,000; 2007: £462,987,000) for unit trust liquidations. The actual aggregate amount due to the trustees at the end of the accounting period in respect of transactions awaiting settlement was £34,532,000 (2008: £21,155,000; 2007: £20,035,000).

The amount received in respect of gross management and registration charges was £200,780,000 (2008: £202,945,000; 2007: £122,055,000). At the end of the period, there was £4,733,000 (2008: £nil; 2007: £nil) outstanding for annual management fees and £801,000 (2008: £nil; 2007: £nil) in respect of registration fees.

The Group has a total net investment in collective investment vehicles of £49.7 million (2008: £27.8 million; 2007: £66.6 million) and received distributions of £0.1 million (2008: £0.1 million; 2007: £0.2 million) and investment management and performance fees of £190.4 million (2008: £212.8 million; 2007: £247.1 million).

The majority of the directors of the investment trusts are independent of the Group.

Included within financial investments in Note 15 are seed capital investments in funds managed by the Group.

The Group also considers transactions with its senior management as related party transactions. Senior management are considered to be Directors of the Group who manage the main operating activities of the Group. The emoluments of Directors are shown in Note 11. Except for those that have been disclosed, there are no other transactions, arrangements or agreements made for persons who were Directors of the Group during the period.

In 2009 the employee benefit trust made B Share awards of 60,000 shares to three directors. In 2008, the employee benefit trust made a B Share award of 10,000 shares to one director under the terms of the employee share plan. In 2007, seven directors and six employees deemed to be key management (as defined under IAS 24) subscribed for £109,550 of A Shares, £1,698,750 of B Shares, £2,355,467 of Tier 1 Preference Shares, £1,823,586 of Tier 2 Preference Shares and £15,728,455 of Preferred Finance Securities, as part of the MBO.

30. POST BALANCE SHEET EVENTS

- (a) On 1 June 2010, the Company was re-registered as a public limited company and changed its name to Jupiter Fund Management plc.
- (b) Immediately prior to Admission, the A Shares and the B Shares, Tier 1 and Tier 2 Preference Shares will be subdivided and converted into, and redesignated as Ordinary Shares.
- (c) On 16 April 2010 the repurchase provisions on 693,655 B Shares were removed.

31. CASHFLOW FROM OPERATING ACTIVITIES

	2007	2008	2009
	£'000	£'000	£'000
Cash flows from operating activities			
Profit/(loss) on ordinary activities before taxation	55,281	(15,879)	7,175
Adjustments for:			
Depreciation	1,810	1,914	1,388
Amortisation	22,609	39,711	39,877
Net amortisation of initial charges and initial commissions	2,428	(3,490)	(3,782)
(Profit)/ loss on disposal of property, plant and equipment	(37)	(67)	(17)
Share-based payments	–	116	306
Losses/(gains) on derivative financial instruments	6,436	7,517	(6,451)
Losses/(gains) on total return swap	–	(4,502)	8,274
Fair value losses/(gains) on financial assets at			
Fair value through profit or loss	(3,971)	14,124	(10,698)
Finance income	(11,408)	(8,476)	(1,172)
Finance expense	34,609	57,143	52,865
Foreign exchange losses/(gains)	(86)	(168)	(92)
Increase/(decrease) in provisions	(1)	1,276	(2,249)
Changes in working capital:			
Trade and other receivables	53,072	9,160	(21,475)
Trade and other payables	6,877	(46,016)	17,256
Financial assets at fair value through profit or loss	(5,473)	34,410	(20,513)
Investment in associates	(413)	772	356
Liabilities at fair value through profit or loss	15,590	(17,166)	(3,214)
Cash generated from operations	177,323	70,379	57,834

32. FIRST TIME ADOPTION

This is the first year that the Group has presented its historical financial information under IFRS. The accounting policies set out in Note 2 have been applied in preparing the combined and consolidated financial statements for the year ended 31 December 2009, the comparative information presented in the combined and consolidated financial statements for the years ended 31 December 2007 and 31 December 2008 and in the preparation of an opening balance sheet under IFRS at 9 March 2007, the transition date. See Note 2(c) for details.

In preparing the Group's opening financial position at 9 March 2007, the combined and consolidated income statement for the period from 9 March to 31 December 2007 and year ended 31 December 2008 and the balance sheet at 31 December 2007 and 2008, the Group has adjusted amounts reported in its financial statements prepared under its previous basis of accounting, UK GAAP. An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following narrative and tables below.

The requirements for the first time adoption of IFRS are set out in IFRS 1 "First Time Adoption of International Financial Reporting Standards." In general, IFRS 1 requires that accounting policies be adopted that are compliant with IFRS and that these policies be applied retrospectively to all periods presented. In preparing its historical financial information for the 3 years ended 31 December 2009, the Group has taken advantage of the following exemptions under IFRS 1 "First time adoption of International Financial Reporting Standards":

- business combinations that occurred prior to the date of transition have not been restated in accordance with IFRS 3 "Business combinations"; and
- the designation on initial recognition as financial assets or financial liabilities at fair value through profit or loss or as available-for-sale has been applied prospectively from the date of transition to IFRS.

The Group has not applied retrospectively the following aspects of IFRS relating to:

- derecognition of financial assets and financial liabilities; and
- estimates.

Adjustments arising on transition to IFRS are as follows:

(i) **IFRS 3 “Business Combinations”**

IFRS 3 requires that goodwill arising on the acquisition is not amortised from the date of transition to IFRS but is subject to an impairment review annually or when there are indications that the carrying value may not be recoverable. Under UK GAAP, goodwill had previously been amortised over a period of twenty years. There is no impact on the opening 1 January 2007 reserves. The impact on the 2007 and 2008 combined and consolidated income statement in respect of the Group is £14.1m and £26.4m, being the reversal of the amortisation charged to the income statement in 2007 and 2008.

IFRS 3 requires that all the acquiree’s intangible assets at the acquisition date should be recognised separately in the consolidated financial statements if they meet the definition of an intangible asset in IAS 38 and if their fair value can be measured reliably. Under IAS 38, there is a rebuttable presumption that the intangible asset’s fair value can be measured reliably if it has a finite useful life. UK GAAP is not as stringent as IFRS with regard to identifying intangibles and does not rule out the possibility of many intangible assets being subsumed within goodwill. Under IFRS 3, the cost of intangible assets acquired in a business combination is measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) **IAS 38 “Intangible Assets”**

Under UK GAAP, externally acquired and internally generated computer software was treated as a tangible fixed asset. IAS 38 “Intangible Assets” requires these amounts to be classified as intangible assets.

(iii) **IAS 21 “Cumulative foreign exchange differences”**

Under UK GAAP, cumulative translation reserves had been included as part of Retained Earnings. IAS 21 “The Impact of Changes in Foreign Exchange Rates” requires these amounts to be presented as a separate component of equity and that they be taken into account in the gain or loss on disposal of an overseas operation.

(iv) **IAS 39 “Financial instruments: Recognition and Measurement” and IAS 28: “Associates”**

Under UK GAAP the Group’s investments were stated at the lower of cost or market value. Under IAS 39, financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, or derivatives not so designated, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Under IAS 39, investments must be held at fair value, with the recognition of the movement therein either going to the combined and consolidated income statement or direct to equity through other comprehensive income.

The Group has designated all investments as held at fair value through profit or loss except for the unquoted investment in Cofunds Holdings Limited, which is classified as available-for-sale, requiring any unrealised gains and losses on these investments to be taken directly to equity through other comprehensive income. On sale, any gain previously recognised directly through equity will be reversed out, and the full movement over the holding period recognised through the combined and consolidated income statement. Any impairment of the investment will also be accounted for through the combined and consolidated income statement.

Under IAS 39 “Financial Instruments: Recognition and Measurement” derivative financial instruments are carried at fair value on the consolidated balance sheet. Changes in fair values are charged or credited to the combined and consolidated income statement, unless they qualify as effective hedges. Under UK GAAP, the fair values of the Group’s swap instruments had not been recognised in the combined and consolidated income statement and the consolidated balance sheet. Under IFRS, interest rate swaps used to manage interest rate risk, have been included in ‘derivative financial instrument’ under current liabilities. There is no impact on the opening reserves at 1 January 2007. The impact on net assets at 31 December 2007 and 31 December 2008 is to recognise a liability of £4.7 million and £10.1 million (net of deferred income tax of £1.8 million and £3.9 million) and a loss of £4.7 million and £5.4 million for the period from 9 March 2007 to 31 December 2007 and for the year ended 31 December 2008, respectively.

Under the provisions of IAS 28, the Group has adopted the exemption for investment and venture capital companies to account for all investments where the Group has significant influence (presumed for all investments where the Group has 20-50 per cent. shareholding interest in the funds) under the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’. These are designated as fair value through profit or loss, with changes in fair value being recognised in the combined and consolidated income statement during the 3 years ended 31 December 2009. Under UK GAAP, investment in associates was stated at the lower of cost or market value.

The restatement of Group’s investment in associates and financial assets at fair value through profit or loss from lower of cost and market value to market value at bid price increases the opening balance sheet reserves at 1 January 2007 by £6.2 million. The impact on the combined and consolidated income statement for the period from 9 March 2007 to 31 December 2007 is a loss of £5.1 million and for the year ended 31 December 2008 is a loss of £0.8 million which are charged to the combined and consolidated income statement.

(v) **IAS 18: Revenue recognition**

Under UK GAAP the Group, recognised initial commission on the sale of funds and related commission payable to distributors as received/incurred. This was designed to match costs and fees.

In accordance with IAS 18 (Revenue) it is now necessary to recognise the initial commission as part of the total income derived from the investment management contract. This requires the deferral of the initial commission receipt and amortisation over the estimated period the investor stays in the fund. Similarly, in accordance with IAS 18, the incremental costs directly attributable to securing an investment management contract are recognised as an asset and amortised over the same period. We have assessed the appropriate amortisation period as 6 years. This change gives rise to a reduction in consolidated shareholders’ equity of £17.8 million, £20.1 million and £17.6 million at 1 January 2007, 31 December 2007 and 31 December 2008, respectively and a charge to the combined and consolidated income statement of £2.3 million (net of deferred income tax of £0.1 million) for the period from 9 March 2007 to 31 December 2007 and a credit to the combined and consolidated income statement of £2.5 million (net of deferred income tax of £1 million) for the year ended 31 December 2008.

IAS 18 (Revenue) and IAS 1 (Presentation of Financial Statements) also require all commission income and expenses to be shown gross in the combined and consolidated income statement, whereas current industry practice has been to net these off. Net commission and fees payable under IFRS for the period from 9 March 2007 to 31 December 2007 and year ended 31 December 2008 will be shown as £44.9 million and £36.3 million, respectively.

(vi) **IAS 12 “Income Taxes”**

Under UK GAAP, certain deferred tax assets and liabilities had previously been presented on a net basis. Under IAS 12 “Income Taxes”, deferred tax assets and liabilities are required to be presented separately unless they will be realised in the same future period and it is intended that they be settled on a net basis.

Under UK GAAP, deferred tax assets were classified as current assets. Under IFRS they are classified as non-current assets.

Deferred tax assets and liabilities are recognised on an undiscounted basis under IAS 12, whereas FRS 19 permitted discounting, although the Group did not discount under UK GAAP. Certain changes to deferred tax assets and liabilities have also arisen as a result of the other adjustments described above.

The net effect of the above adjustments has resulted in an increase of £67.9 million and £53.5 million in the deferred tax liabilities carried under IAS 12 in the Group's consolidated balance sheet at 31 December 2007 and 31 December 2008, respectively.

(vii) **Cash flow adjustments**

The transition to IFRS has no effect upon the cash flows generated by the Group. The IFRS Cash Flow statement is presented in a different format to that required by UK GAAP, with cash flows allocated between operating, investing and financing activities.

Under IFRS, cash equivalents include short-term highly liquid investments with a maturity of 90 days or less from the date of acquisition. Under UK GAAP, such assets were reported in other financial assets and the corresponding cash flows in management of liquid resources. Cash flows in relation to taxation are included within operating cash flows. Under UK GAAP, taxation outflows were shown as a separate category on the cash flow statement.

(viii) **Non-adjusting IFRS**

IFRS 2 "Share-based payments"

IFRS 2 requires the Group to recognise a charge to the combined and consolidated income statement for the fair value of outstanding share options granted to employees after 1 January 2007, using a valuation model. The charge is spread over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting.

In addition the combined and consolidated income statement will record the impact of any other share awards made to employees under any existing or new schemes, at the fair value of those awards. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share and options awarded/granted and the consideration paid by employees to acquire the share and options awarded/granted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and the number of shares awarded that are expected to vest. It recognises the impact of revision of original estimates, if any, in the combined and consolidated income statement and a corresponding adjustment to shareholder's equity.

This amendment has no impact on the opening balance sheet reserves at 1 January 2007 or combined and consolidated income statement for the years ended 31 December 2007 and 31 December 2008, as the Group has adopted FRS 20 for its UK GAAP year end accounts, which is consistent with IFRS 2.

IAS 10 "Events after the balance sheet date"

The Group will recognise dividends declared after the balance sheet date in the reporting period in which they are declared, as they represent non-adjusting events after the balance sheet date under IFRS.

The change does not have any impact on the financial position, as no dividends were declared after the balance sheet date in either 2007 or 2008.

32.1 *Reconciliations of consolidated equity*

At 9 March 2007

The Company was incorporated on 9 March 2007 and did not have any assets or liabilities at 9 March 2007. Accordingly, no reconciliation of financial position at 9 March 2007 has been presented.

	<i>31 December 2007 and 1 January 2008 £'000</i>	<i>31 December 2008 £'000</i>
Consolidated shareholders' equity as reported under UK GAAP	45,487	48,540
IFRS adjustments		
Business Combinations	12,644	11,160
Financial Instruments	2,926	(4,018)
Employee Benefits	7,356	2,740
Revenue Recognition	(20,121)	(17,607)
Income Tax	(529)	(232)
	<hr/>	<hr/>
Consolidated total equity as reported under IFRS	47,763	40,583
	<hr/>	<hr/>

32.2 Reconciliation of consolidated financial position

At 9 March 2007

The Company was incorporated on 9 March 2007 and did not have any assets or liabilities at 9 March 2007. Accordingly, no reconciliation of financial position at 9 March 2007 has been presented.

At 31 December 2007

	UK GAAP £'000	IAS 1 Presentation of financial statements £'000	IAS 3 Business Combinations £'000	IAS 39 Financial Instruments £'000	IAS 39 Financial instruments (interest rate SWAP) £'000	IAS 39 Financial instruments (debt issue costs) £'000	IAS 19 Employee Benefits £'000	IAS 18 Revenue Recognition £'000	IAS 12 Income Tax £'000	Total IFRS Adjustments £'000	Restated under IFRS £'000
Non-Current Assets											
Property, plant and equipment	7,048	(3,657)	–	–	–	–	–	–	(3,657)	3,391	
Intangible assets	512,988	3,657	84,312	–	–	–	–	–	87,969	600,957	
Available for sale investments	62,642	–	–	(49,438)	–	–	–	–	(49,438)	13,204	
Deferred income tax assets	11,336	70	–	–	1,827	–	(2,861)	–	6,861	18,197	
Trade and other receivables	–	12,462	–	–	–	–	–	–	12,462	12,462	
Total non-current assets	594,014	12,532	84,312	(49,438)	1,827	–	(2,861)	–	54,197	648,211	
Current Assets											
Investments in associates	11,002	–	–	25	–	–	–	–	25	11,027	
Financial assets at fair value through profit or loss	4,813	–	–	52,688	–	–	–	–	52,688	57,501	
Current income tax assets	–	–	–	–	–	–	–	–	–	–	
Trade and other receivables	48,759	(2,534)	–	–	–	–	–	–	14,379	63,138	
Cash and cash equivalents	176,277	–	–	–	–	–	–	–	–	176,277	
Total current assets	240,851	(2,534)	–	52,713	–	–	–	–	67,092	307,943	
Total Assets	834,865	9,998	84,312	3,275	1,827	–	(2,861)	–	121,289	956,154	
Equity Capital and Reserves											
Called up share capital	(32,250)	–	–	–	–	–	–	–	–	–	(32,250)
Foreign currency translation reserve	(2,176)	–	–	(50)	–	–	–	–	(50)	(2,226)	
Retained earnings	(11,061)	–	(12,644)	(1,097)	4,697	(6,476)	(7,356)	529	(2,226)	(13,287)	
Total Equity Attributable to Equity Holders of the Parent	(45,487)	–	(12,644)	(1,147)	4,697	(6,476)	(7,356)	529	2,276	47,763	

	UK GAAP £'000	IAS 1 Presentation of financial statements £'000	IAS 3 Business Combinations £'000	IAS 39 Financial Instruments £'000	IAS 39 Financial instruments (interest rate SWAP) £'000	IAS 39 Financial instruments (debt issue costs) £'000	IAS 19 Employee Benefits £'000	IAS 18 Revenue Recognition £'000	IAS 12 Income Tax £'000	Total IFRS Adjustments £'000	Restated under IFRS £'000
Non-Current Liabilities											
Loans and Borrowings	(612,532)	7,658	-	-	-	8,994	-	-	16,652	(595,880)	
Trade and other payables	-	(7,658)	-	-	-	-	-	-	(39,870)	(39,870)	
Deferred income tax liabilities	-	(70)	(71,668)	-	-	(2,518)	-	(529)	(74,785)	(74,785)	
Provisions	(1,176)	-	-	-	-	-	-	-	-	(1,176)	
Total non-current liabilities	(613,708)	(70)	(71,668)	-	-	6,476	-	(529)	(98,003)	(711,711)	
Current Liabilities											
Loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Liabilities at fair value through the Profit or Loss	(21,588)	-	-	(1,919)	-	-	-	-	(1,919)	(23,507)	
Trade and other payables	(151,918)	(9,928)	-	(209)	(88)	-	10,217	-	(12,655)	(164,573)	
Current income tax liabilities	(2,164)	-	-	-	-	-	-	-	-	(2,164)	
Derivative financial instruments	-	-	-	-	(6,436)	-	-	-	(6,436)	(6,436)	
Total current liabilities	(175,670)	(9,928)	-	(2,128)	(6,524)	-	10,217	-	(21,010)	(196,680)	
Total Liabilities	(789,378)	(9,998)	(71,668)	(2,128)	(6,524)	6,476	10,217	(529)	(119,013)	(908,391)	
Total Equity and Liabilities	(834,865)	(9,998)	(84,312)	(3,275)	(1,827)	-	2,861	-	(121,289)	(956,154)	

At 31 December 2008

	UK GAAP £'000	IAS 1 Presentation of financial statements £'000	IAS 3 Business Combinations £'000	IAS 39 Financial Instruments £'000	IAS 39 Financial instruments (interest rate SWAP) £'000	IAS 39 Financial instruments (debt issue costs) £'000	IAS 19 Employee Benefits £'000	IAS 18 Revenue Recognition £'000	IAS 12 Income Tax £'000	Total IFRS Adjustments £'000	Restated under IFRS £'000
Non-Current Assets											
Property, plant and equipment	6,394	(3,732)	-	-	-	-	-	-	(3,732)	2,662	
Intangible assets	486,487	3,732	71,983	-	-	-	-	-	75,715	562,202	
Available for sale investments	23,740	-	-	(10,536)	-	-	-	-	(10,536)	13,204	
Deferred income tax assets	15,175	232	-	-	3,932	-	(1,065)	(232)	9,714	24,889	
Trade and other receivables	-	-	-	-	-	-	-	-	12,476	12,476	
Total non-current assets	531,796	232	71,983	(10,536)	3,932	-	(1,065)	(232)	83,637	615,433	
Current Assets											
Investments in associates	16,295	-	-	151	-	-	-	-	-	151	16,446
Financial assets at fair value through profit or loss	2,425	-	-	11,229	-	-	-	-	11,229	13,654	
Current income tax assets	-	-	-	-	-	-	-	-	-	-	
Trade and other receivables	47,300	-	-	-	-	-	-	-	-	52,507	
Cash and cash equivalents	216,404	-	-	-	-	-	-	-	-	216,404	
Total current assets	282,424	-	-	11,380	-	-	-	-	16,587	299,011	
Total Assets	814,220	232	71,983	844	3,932	-	(1,065)	(232)	100,224	914,444	
Equity Capital and Reserves											
Called up share capital	(32,250)	-	-	-	-	-	-	-	-	-	(32,250)
Other reserve	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange reserve	(10,094)	-	-	(163)	-	-	-	-	(164)	(10,258)	
Profit and loss account	(6,196)	-	(11,160)	(314)	10,110	(5,615)	(2,740)	232	8,121	1,925	
Invested capital	-	-	-	-	-	-	-	-	-	-	-
Total Equity Attributable To Equity Holders Of The Parent	(48,540)	-	(11,160)	(477)	10,110	(5,615)	(2,740)	232	7,957	(40,583)	
Non-Current Liabilities											
Loans and borrowings	(606,911)	12,035	-	-	-	7,799	-	-	-	19,834	(587,077)
Trade and other payables	(2,439)	-	-	-	-	-	(29,321)	-	(29,321)	(31,760)	
Deferred income tax liabilities	-	(232)	(60,823)	-	-	(2,184)	-	-	(63,239)	(63,239)	
Provisions	(2,590)	-	-	-	-	-	-	-	-	(2,590)	
Total non-current liabilities	(611,740)	11,803	(60,823)	-	-	5,615	(29,321)	-	(72,726)	(684,466)	

	UK GAAP £'000	IAS 1 Presentation of financial statements £'000	IAS 3 Business Combinations £'000	IAS 39 Financial Instruments £'000	IAS 39 Financial instruments (interest rate SWAP) £'000	IAS 39 Financial instruments (debt issue costs) £'000	IAS 19 Employee Benefits £'000	IAS 18 Revenue Recognition £'000	IAS 12 Income Tax £'000	Total IFRS Adjustments £'000	Restated under IFRS £'000
Current Liabilities											
Loans and Borrowings	–	(12,035)	–	–	–	–	–	–	–	(12,035)	(12,035)
Liabilities at fair value through the Profit or Loss	(2,770)	–	–	(177)	–	–	–	–	–	(177)	(2,947)
Trade and other payables	(151,170)	10,644	–	(210)	552	–	3,805	(12,816)	–	1,975	(149,195)
Current income tax liabilities	–	(10,473)	–	–	–	–	–	–	–	(10,473)	(10,473)
Derivative financial instruments	–	(171)	–	20	(14,594)	–	–	–	–	(14,745)	(14,745)
Total current liabilities	(153,940)	(12,035)	–	(367)	(14,042)	–	3,805	(12,816)	–	(35,455)	(189,395)
Total Liabilities	(765,680)	(232)	(60,823)	(367)	(14,042)	5,615	3,805	(42,137)	–	(108,181)	(873,861)
Total Equity and Liabilities	(814,220)	(232)	(71,983)	(844)	(3,932)	–	1,065	(24,530)	232	(100,224)	(914,444)

32.3 Reconciliation of combined and consolidated profit

	<i>9 March 2007 to 31 December 2007 £'000</i>	<i>Year ended 31 December 2008 £'000</i>
Total comprehensive income as reported under UK GAAP	13,851	2,666
IFRS adjustments	–	–
Business combination	7,290	(1,370)
Financial Instruments	(9,820)	(6,195)
Share based payments	6,476	(861)
Employee benefits (deferred bonuses)	(1,884)	(4,616)
Revenue Recognition	(1,330)	2,513
Income Tax	930	297
Total comprehensive income as reported under IFRS	<u>15,513</u>	<u>(7,566)</u>

Period from 9 March 2007 to 31 December 2007

	UK GAAP £'000	IAS 1 Presentation of financial statements £'000	IAS 3 Business Combinations £'000	IAS 39 Financial Instruments (interest rate SWAP) £'000	IAS 39 Financial instruments (debt issue costs) £'000	IAS 39 Financial instruments (staff loan) £'000	IAS 2 Share based payments £'000	IAS 19 Employee Benefits (deferred bonuses) £'000	IAS 18 Revenue Recognition (initial charges) £'000	IAS 12 Income Tax £'000	Total IFRS Adjustments £'000	Restated under IFRS £'000
Revenue	132,340	45,846	-	-	-	-	-	(1,995)	-	-	43,851	176,191
Commissions and fees payable	-	(45,846)	-	-	-	-	-	894	-	-	(44,952)	(44,952)
Net revenue	132,340	-	-	-	-	-	-	(1,101)	-	-	(1,101)	131,239
Administration expenses	(79,349)	22,572	(8,654)	(209)	-	-	(2,984)	-	-	-	10,725	(68,624)
Operating earnings	52,991	22,572	(8,654)	(209)	-	-	(2,984)	(1,101)	-	-	9,624	(62,615)
Other operating income	2,688	37	(1,684)	-	-	-	-	-	-	-	(1,647)	1,041
Other gains/(losses)	(2,711)	-	6,219	(4,914)	-	-	-	-	-	-	1,305	(1,406)
Amortisation of intangibles	-	(22,609)	-	-	-	-	-	-	-	-	(22,609)	(22,609)
Operating profit	52,968	-	(4,119)	(5,123)	-	-	(2,984)	(1,101)	-	-	(13,327)	39,641
Finance income	4,645	-	-	-	-	-	-	-	-	-	-	4,645
Finance expense	(43,450)	-	-	(6,524)	8,994	-	-	-	-	-	2,470	(40,980)
Profit/(loss) on ordinary activities before taxation	14,163	-	(4,119)	(6,524)	8,994	-	(2,984)	(1,101)	-	-	(10,857)	(3,306)
Income tax (expense)/credit	(2,488)	-	11,359	1,827	(2,518)	-	1,100	(229)	930	-	12,469	9,981
Profit/(loss) for the financial period attributable to equity holders of the parent	11,675	-	7,240	(4,697)	6,476	-	(1,884)	(1,330)	930	-	1,612	13,287
Exchange movements on translation of subsidiary undertakings	2,176	-	50	-	-	-	-	-	-	-	50	2,226
Total comprehensive income for the period attributable to equity holders of the parent	13,851	-	7,290	(4,697)	6,476	-	(1,884)	(1,330)	930	-	1,662	15,513

Year ended 31 December 2008

	UK GAAP £'000	IAS 1 Presentation of financial statements £'000	IAS 3 Business Combinations £'000	IAS 39 Financial instruments (interest rate SWAP) £'000	IAS 39 Financial instruments (debt issue costs) £'000	IAS 39 Financial instruments (staff loan) £'000	IAS 2 Share based payments £'000	IAS 19 Employee Benefits (deferred bonuses) £'000	IAS 18 Revenue Recognition (initial charges) £'000	IAS 12 Income Tax £'000	Total IFRS Adjustments £'000	Restated under IFRS £'000
Revenue	197,148	37,090	-	-	-	-	-	2,721	-	-	39,811	236,959
Commissions and fees payable	-	(37,090)	-	-	-	-	-	769	-	-	(36,321)	(36,321)
Net revenue	197,148	-	-	-	-	-	-	3,490	-	-	3,490	200,638
Administrative expenses	(132,774)	39,642	(12,329)	-	-	-	(6,411)	-	-	-	20,902	(111,872)
Operating earnings	64,374	39,642	(12,329)	-	-	-	(6,411)	3,490	-	-	24,392	88,766
Other operating income	805	67	-	-	-	-	-	-	-	-	67	872
Other gains/(losses)	(8,840)	1	-	-	-	-	-	-	-	-	(782)	(9,622)
Amortisation of intangibles	-	(39,711)	-	-	-	-	-	-	-	-	(39,711)	(39,711)
Operating profit	56,339	(1)	(12,329)	(783)	(783)	(783)	(6,411)	3,490	(977)	-	(16,034)	40,305
Finance income	8,476	-	-	-	-	-	-	-	-	-	-	8,476
Finance expense	(55,948)	-	-	(7,517)	(1,195)	-	-	-	-	-	(8,712)	(64,660)
Profit/(loss) on ordinary activities before taxation	8,867	(1)	(12,329)	(7,517)	(1,195)	(783)	(6,411)	3,490	(977)	-	(24,746)	(15,879)
Income tax (expense)/credit	(14,119)	-	10,846	2,105	334	-	1,795	(977)	297	297	14,400	281
Profit/(loss) for the financial period attributable to equity holders of the parent	(5,252)	(1)	(1,483)	(5,412)	(861)	(783)	(4,616)	2,513	(10,346)	297	(10,346)	(15,598)
Exchange movements on translation of subsidiary undertakings	7,918	-	114	-	-	-	-	-	-	-	114	8,032
Total comprehensive income for the period attributable to equity holders of the parent	2,666	(1)	(1,369)	(5,412)	(861)	(783)	(4,616)	2,513	(10,232)	297	(10,232)	(7,566)

PART 5

PRO FORMA FINANCIAL INFORMATION

(A) ACCOUNTANT'S REPORT



PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

The Directors
Jupiter Fund Management plc
1 Grosvenor Place
London SW1X 7JJ

J.P. Morgan Securities Ltd. (the "Sponsor")
125 London Wall
London EC2Y 5AJ

2 June 2010

Dear Sirs,

Jupiter Fund Management plc (the "Company")

We report on the pro forma net assets statement (the "**Pro forma financial information**") set out in Part 5 of the Company's prospectus dated 2 June 2010 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the Global Offer might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing its combined and consolidated financial information for the period ended 31 December 2009. This report is required by item 20.2 of Annex I to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma financial information in accordance with item 20.2 of Annex I to the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

(B) PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Statement of Net Assets

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact of the Global Offer on the net assets of the Group. It has been compiled using the Group's consolidated balance sheet at 31 December 2009, adjusted to illustrate the pro forma effect of the Global Offer and other consequential items as if they had occurred on 31 December 2009. The unaudited pro forma net assets statement has been compiled on the basis set out below and in accordance with the accounting policies applied in preparing the historical financial information of the Group included in Section B of Part 4 of this document.

Because of its nature the pro forma information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The pro forma information has been prepared for illustrative purposes only on the basis set out in the notes below and in accordance with the requirements of items 1 to 6 of Annex II of the PD Regulation.

	<i>At</i> <i>31 December</i> <i>2009</i> <i>(Note 1)</i> <i>£'000</i>	<i>Adjustments</i>			<i>Pro Forma</i> <i>Total</i> <i>£'000</i>
		<i>(Note 2)</i> <i>£'000</i>	<i>(Note3)</i> <i>£'000</i>	<i>(Note 4)</i> <i>£'000</i>	
NON-CURRENT ASSETS					
Property, plant and equipment	1,556	–	–	–	1,556
Intangible assets	522,921	–	–	–	522,921
Available for sale investments	13,204	–	–	–	13,204
Deferred income tax assets	12,973	–	–	–	12,973
Trade and other receivables	14,401	–	–	–	14,401
Total non-current assets	565,055	–	–	–	565,055
CURRENT ASSETS					
Investment in associates	27,649	–	–	–	27,649
Financial assets at fair value through profit or loss	23,286	–	–	–	23,286
Current income tax assets	10,241	–	–	–	10,241
Trade and other receivables	71,327	–	–	–	71,327
Cash and cash equivalents	223,351	–	–	(50,000)	173,351
Total current assets	355,854	–	–	(50,000)	305,854
TOTAL ASSETS	920,909	–	–	(50,000)	870,909
NON-CURRENT LIABILITIES					
Loans and borrowings	627,711	(197,467)	(76,610)	(53,718)	299,916
Trade and other payables	27,370	(6,763)	–	–	20,607
Deferred income tax liabilities	54,417	–	–	–	54,417
Total non-current liabilities	709,498	(204,230)	(76,610)	(53,718)	374,940
CURRENT LIABILITIES					
Trade and other payables	156,263	–	(6,503)	–	149,760
Derivative financial instruments	8,739	–	–	–	8,739
Total current liabilities	165,002	–	(6,503)	–	158,499
TOTAL LIABILITIES	874,500	(204,230)	(83,113)	(53,718)	533,439
NET ASSETS	46,409	204,230	83,113	3,718	337,470

Notes:

- The financial information has been extracted without material adjustment from the historical financial information of the Group as set out in Section B of Part 4 “Financial Information”.
- The net proceeds of the Global Offer receivable by the Company are calculated on the basis that gross proceeds of the subscription for new Ordinary Shares are £220 million as described in Paragraph 14 of Part 1: “Information on the Group” and that the expenses of the Global Offer are £16 million. The Group intends to use the net proceeds to redeem the majority of the outstanding Preferred Finance Securities and repay £30 million of bank debt. At 31 December 2009, both the Preferred Finance Securities and bank loan were included within non-current loans and borrowings.

	<i>£'000</i>	<i>£'000</i>
Gross proceeds	220,276	
Less: estimated expenses	<u>(16,046)</u>	
Net proceeds		204,230

Use of proceeds:

Redemption of bank debt (at 31 December 2009):	(30,000)	
Redemption of 10% Preferred Finance Securities (including accrued interest of £1.0 million)	<u>(174,230)</u>	
		<u>(204,230)</u>
		<u>–</u>

- In accordance with Paragraph 3.6 of Part 8: “Additional Information” and Paragraph 14 of Part 1 “Information on the Group”, this adjustment reflects the conversion into Ordinary Shares of Preferred Finance Securities, Tier 2 Preference Shares (and associated interest) and B Shares immediately prior to Admission.

	<i>£'000</i>
Preferred Finance Securities	49,000
Tier 2 Preference Shares	24,000
B Shares	<u>3,610</u>
Sub-total	76,610
Interest on Tier 2 Preference Shares	<u>6,503</u>
Total	<u>83,113</u>

At 31 December 2009, the Preferred Finance Securities, Tier 2 Preference Shares and the B Shares were all included within non-current loans and borrowings, whilst the interest on the Tier 2 Preference Shares was included in Trade and other payables.

- In order to satisfy the conditions relating to the occurrence of the Qualifying IPO Date within the Facility Agreement, £50.0 million of bank debt will be prepaid out of existing cash resources as set out in paragraph 18.3 of Part 8: “Additional Information”. The associated costs of amending the terms of the Facility Agreement were £3.7 million which are included within estimated expenses in Note 2 and capitalised and netted off against non-current loans and borrowings.
- On Admission, all Preferred Finance Securities will have been repaid or converted into Ordinary shares. In January and March 2010, £1.7 million and £25.4 million respectively of the Preferred Finance Securities balance at 31 December 2009 was repaid. The table below illustrates the Group’s gross loans and borrowings balance reflecting these repayments and grossing up for capitalised debt issue costs of £10.1 million, comprising £6.4 million original issue costs which were capitalised at 31 December 2009 and a further £3.7 million as set out in Note 4.

	<i>£'000</i>
Loans and borrowings (per pro forma total)	299,916
PFS repayment in March 2010	(25,395)
PFS redeemed in January 2010	(1,667)
Capitalised debt issue costs	<u>10,110</u>
Gross loans and borrowings	<u>282,964</u>

Had Admission occurred on 31 March 2010, net debt, based on the Group’s cash and cash equivalents at that date, gross loans and borrowings set out above and the repayment of the bank debt (see Note 4), is set out below:

	<i>£'000</i>
Gross loans and borrowings	282,964
Cash and cash equivalents (at 31 March 2010, extracted from paragraph 6 of Part 3 “Operating and Financial Review”)	(196,155)
Bank debt repayment (see Note 4)	<u>50,000</u>
	<u>136,809</u>

- No adjustment has been made to reflect the trading results of the Group since 31 December 2009.
- This pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies 2006 Act.

PART 6

REGULATORY OVERVIEW

1. REGULATORY OVERVIEW

The primary regulatory frameworks to which Jupiter is subject are in the UK and Bermuda. JAM and JUTM are the members of the Group authorised and regulated in the UK by the FSA. JAMB is regulated by the Bermuda Monetary Authority (the **BMA**).

Neither JAM nor JUTM has exercised single market passporting rights to establish a branch or provide financial services on a cross border basis in EEA member states. Some members of the Group are regulated by regulatory authorities in Jersey and Luxembourg. In addition, a number of Jupiter's funds are registered for sale in certain jurisdictions, for instance in Finland and Sweden.

2. REGULATORY FRAMEWORK IN THE UNITED KINGDOM

The regulatory framework in the UK is likely to be subject to change in the near future as a response to the global banking crisis. The FSA published a paper entitled "A Regulatory Response to the Global Banking Crisis" (the **Turner Review**) on 18 March 2009. The Turner Review assessed the various factors which contributed to the severe financial problems suffered by banks and other financial institutions at the end of 2008 and considered a wide range of proposals to counter these factors and reform global financial regulation. In addition, the Walker Report was published on 26 November 2009 after having been commissioned by the Government to review corporate governance in UK banks and other financial institutions. The proposals in the Turner Review and the Walker Report are likely to lead to changes in a wide range of regulatory areas including the amount and composition of regulatory capital held by certain firms, risk governance, levels of staff remuneration, the composition of boards and the evaluation of their performance. These developments suggest that there will be a shift in the future from the previous principles-based regulatory regime to a more rules-based regime. The proposals in both the Turner Review and the Walker Report focus particularly on banks, but it is possible that the changes contained in or resulting from these proposals could be extended to other financial institutions, including investment managers.

2.1 *Authorisation by the FSA*

In the UK, the provision of financial services is governed by certain requirements under FSMA together with secondary legislation and other rules made under it, for example, the FSA Rules. Under section 19 of FSMA, it is an offence for any person to carry on "regulated activities" by way of business in the United Kingdom unless that person is an authorised person or exempt. The "regulated activities" are set out in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended).

JAM currently has permissions from the FSA to carry on a range of regulated activities, including dealing in investments as principal or agent; managing investments; arranging (bringing about) deals in investments and making arrangements with a view to transactions in investments; arranging deals in investments; advising on investments (except on pension transfers and pension opt outs); and safeguarding and administration of assets. JAM's FSA permissions are subject to a range of FSA limitations, including a restriction on JAM's activities connected with corporate finance business and a restriction on JAM's investment management activities. JAM is also subject to a general requirement that it must not promote investment trust savings schemes to retail clients through a tied sales force. It is able to undertake activities within the scope of its permission (other than dealing as principal) with all three types of clients under the FSA Rules, namely retail clients (limited to investments), professional clients and eligible counterparties. The full scope of JAM's FSA permissions can be found on the FSA website (<http://www.fsa.gov.uk/register/home.do>).

JUTM is a management company within the meaning of Council Directive 86/611/EEC (as amended from time to time) on Undertakings for Collective Investment in Transferable Securities or a UCITS

firm. It is therefore subject to a general requirement that it is only permitted to carry on the activities specified in the FSA's Collective Investment Schemes Sourcebook Rules 6.9.9R (1) to (3) or any successor provision. JUTM has permission to carry on the regulated activity of establishing, operating or winding up regulated and unregulated collective investment schemes. It also has permission, with certain limitations, among other things, to deal in investments as principal or agent; manage investments; arrange deals in investments and advise on investments. The full scope of JUTM's FSA permissions can be found on the FSA website (<http://www.fsa.gov.uk/register/home.do>).

To obtain and maintain authorised status under the FSA's supervisory regime, a firm must meet, and continue to meet, certain "threshold conditions" which are set out in FSMA. These threshold conditions include the requirement that an authorised firm must have adequate financial resources, that it must not have "close links" of a nature that would impede the FSA's supervision of the firm and that it is "fit and proper" and otherwise suitable to be authorised.

2.2 *Approved persons*

The approval of the FSA is required for the performance of certain "controlled functions". Persons performing a "controlled function" in relation to an FSA authorised firm include persons acting in the capacity of chief executive or director of an authorised firm, persons with oversight of money laundering reporting and compliance and certain persons acting as senior managers or carrying out customer facing functions. In accordance with recent changes to the FSA's approved persons regime, employees of an unregulated parent undertaking or holding company of an authorised firm may also be seen as performing a "controlled function" for which registration as an approved person is required if the decisions of those persons are regularly taken into account by the governing body of the authorised firm.

The FSA is taking a tougher stance in relation to the approval and supervision of senior personnel performing significant influence functions within an authorised firm. The FSA has begun to undertake close vetting of appointments to roles of significant influence within an authorised firm and expects to interview candidates applying for such roles. The FSA had earlier announced its approach in a letter sent to firms in October 2009. Firms are expected to have in place robust recruitment, referencing and due diligence processes in order to assess whether a candidate is fit and proper to carry out the role within the firm. Under the Financial Services Act 2010 (the **Financial Services Act**) (see paragraph 2.9 below), the FSA has the power to impose a financial penalty on an individual who has at any time performed knowingly or where he could reasonably be expected to have known that such performance was a senior management or customer-facing function for an authorised firm without prior approval.

2.3 *Restrictions on changes of control*

An FSA authorised firm is subject to restrictions regarding persons who may act as a "controller" of it and there are procedural requirements which apply to the process by which a person acquires or increases control over an authorised firm. The Financial Services and Markets Act 2000 (Controllers) Regulations 2009) give effect to the Acquisitions Directive (2007/44/EEC) in the UK by making various changes to Part XII of FSMA. A "controller" for the purposes of FSMA and the FSA Rules is a person who alone, or with those with whom he is acting in concert, holds 10 per cent. or more of the shares or voting rights in, or is able to exercise significant influence in relation to, a regulated firm or its parent undertaking.

A person who decides to acquire or increase control over a UK-authorised firm must give advance written notice to the FSA, which will then decide whether to approve the acquisition, either conditionally or unconditionally, or to object to it. There is also a general duty to give prior notification to the FSA of any proposal to cease to have control over a regulated firm or to reduce an existing level of control from specified thresholds. Therefore, under FSMA a person who proposes to become a controller of a UK-authorised firm, such as an investment manager, or an existing controller who proposes to increase their interest to 20 per cent. or more, 30 per cent. or more or 50 per cent. or more (as the case may be) must first notify and obtain the approval of the FSA. The FSA has up to 60 working days from the date of submission of such a notification to approve any such acquisition. The

FSA is permitted to serve a notice of objection to the acquisition of or increase in control. If it does serve such a notice, it is required to specify in the notice its reasons for the objections.

A person who ceases to be a 10 per cent. controller or who reduces an existing interest below the 50 per cent., 30 per cent. or 20 per cent. level (as the case may be) is required only to provide written notice to the FSA.

Breach of the notification and approval requirements imposed by FSMA on controllers is a criminal offence.

2.4 *The FSA Rules*

An FSA authorised firm must comply with the principles and rules set out in the FSA Rules.

The FSA's Principles for Business (the **Principles**) are high-level principles which are a general statement of the fundamental obligations of FSA authorised firms. The Principles require an authorised firm to: (1) conduct its business with integrity; (2) conduct its business with due skill, care and diligence; (3) take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems; (4) maintain adequate financial resources; (5) observe proper standards of market conduct; (6) pay due regard to the interests of customers and treat them fairly; (7) pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading; (8) manage conflicts of interest fairly, both between itself and its customers and between a customer and another client; (9) take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment; (10) arrange adequate protection for clients' assets when it is responsible for them; and (11) deal with its regulators in an open and co-operative way, and disclose to the FSA appropriately anything relating to the firm of which the FSA would reasonably expect notice. The FSA may take disciplinary action against any firm which breaches one or more of the Principles, irrespective of whether it has also breached a specific FSA Rule. The FSA's disciplinary and enforcement powers include public censure; the imposition of fines; the variation, suspension or termination of the firm's authorisation; or the removal of approved status from individuals.

2.5 *Regulatory capital*

Regulatory capital requirements form an integral part of the FSA's prudential supervision of UK authorised firms. The FSA has detailed rules relating to the maintenance of minimum levels of regulatory capital for authorised firms which amplify the general principle under which a firm must maintain adequate financial resources in order to be able to meet its liabilities as they fall due. The adequacy of a firm's financial resources is assessed in relation to the particular risks to which the firm may be exposed given its business activities. The FSA also expects firms to take a proactive approach to monitoring and managing risks.

Regulatory capital requirements exist on two levels. The first is a solo requirement aimed at individual authorised entities (with the relevant firm being required to submit periodic returns to demonstrate compliance with the relevant requirement). The second is a consolidated (or group) requirement and relates to a part of or the entire group of which an authorised firm or firms form part. Generally, for investment firms, the FSA exercises consolidated supervision up to the level of the highest EEA entity in the group, although it has the discretion to extend this to non-EEA entities in certain circumstances. The draft AIFM Directive (discussed in further detail in paragraph 3.2 below), in its current form, will introduce stricter regulatory capital requirements for EU entities providing investment management services for alternative investment funds.

The FSA currently does not exercise consolidated supervision at the level of the Company. In keeping with many asset managers, the FSA-regulated firms within the Group benefit from an investment firm consolidated supervision waiver from the FSA, effective from 19 June 2007 until 18 June 2012, which disapplies the requirement to calculate capital requirements on a consolidated basis. The waiver was granted to the Group on the basis that it fulfilled certain criteria with regard to its activities and capital resources. The FSA confirmed on 22 January 2010 that the consolidated supervision waiver would not

be affected by the Global Offer. If the Group were otherwise to cease to fulfil the criteria necessary for it to be eligible for the waiver, the FSA could revoke the waiver, which would result in the Group having to calculate its capital resources on a consolidated basis (and therefore deduct goodwill from its capital resources) (See “Risk Factors – Jupiter’s consolidated supervision waiver from the FSA may be varied adversely, revoked or not renewed” on page 16 of this document and Part 4: “Operating and Financial Review”.) However, the Directors believe that they will continue to be able to satisfy the necessary criteria.

On 5 October 2009 the FSA published its new liquidity rules which significantly broaden the scope of the existing liquidity regime and are designed to enhance regulated firms’ liquidity risk management practices. The new rules can be seen in part as a response to issues highlighted by the financial crisis. Whilst the quantitative aspects of the new liquidity requirements will not apply to Jupiter, the qualitative aspects, including new systems and controls requirements, do apply and these came into force on 1 December 2009.

2.6 *Consumer complaints and compensation*

The FSA Rules require that firms must have appropriate complaints handling procedures. A compensation scheme, the Financial Services Compensation Scheme, has been set up as an independent body under FSMA. The scheme provides for limited compensation to be paid to certain categories of customers (broadly private individuals) where the authorised firm is unable or unlikely to be able to meet claims against it.

A Financial Ombudsman Service has also been set up under FSMA. This operates independently of the FSA and allows certain categories of customer to escalate complaints about a firm (for example, in relation to mis-selling or the provision of a poor service or product by the firm) to the Ombudsman.

2.7 *Money laundering*

The UK Money Laundering Regulations 2007 require, broadly speaking, any person who carries on financial services business in the UK to observe certain administrative procedures and checks designed to prevent money laundering. Failure to maintain the necessary procedures is a criminal offence. The Proceeds of Crime Act 2002 also contains a number of offences in relation to money laundering.

2.8 *Retail distribution*

In June 2006, the FSA launched the Retail Distribution Review to look at how investments are distributed to retail customers in the UK. Consultation papers were published in June and December 2009 and new rules will be implemented on 31 December 2012. These may have a material impact on the way in which investment managers distribute their products and the way products are priced. In particular, the proposals are designed to (i) set new standards regarding how investment firms determine and operate their charges and to remove commission-based remuneration; (ii) require greater clarity on how firms describe their services to customers and, in particular, distinguish between “independent” and “restricted” advice; and (iii) increase professional standards of advisers.

2.9 *The Financial Services Act 2010*

The Financial Services Act 2010 came into force on 8 April 2010. The Financial Services Act is intended to introduce more effective regulation and supervision of firms authorised under FSMA, to ensure that a greater emphasis is placed on monitoring and managing system-wide risks and to strengthen consumer protection in relation to financial services. For example, the Financial Services Act increases the powers of the FSA to suspend an authorised person’s permission to carry on regulated activities and permits the FSA both to impose a financial penalty on authorised firms and withdraw their authorisation for various breaches of their regulatory obligations. The Financial Services Act also grants the Treasury powers to make regulations in relation to the preparation, approval and disclosure of reports disclosing remuneration paid to officers and employees of an authorised firm and to others with a prescribed connection to the authorised person and obliges the

FSA to make rules requiring certain authorised persons to have a remuneration policy which is consistent with the effective management of risks and the Implementation Standards for Principles for Sound Compensation Practices, issued by the Financial Stability Board on 25 September 2009.

3. REGULATORY FRAMEWORK IN THE EUROPEAN UNION

3.1 *Markets in Financial Instruments Directive*

Under MiFID, regulated firms are subject to extensive rules concerning their organisation, conflicts of interest, the provision of adequate information on investment services and “best execution” obligations. The “best execution” rule requires regulated firms to take all reasonable steps to obtain the best possible result for their clients taking not only price into consideration but also other factors such as cost, speed and likelihood of execution and settlement. Regulated firms will (with some exceptions) also be required to carry out a suitability assessment when providing investment advice or portfolio management, and must determine the appropriateness of non-advised services. The EU Commission has stated that it would carry out a review of the impact of MiFID on the European financial services market at the end of 2009, the results of which are awaited.

3.2 *Alternative Investment Fund Managers Directive*

The current draft of the Alternative Investment Fund Managers Directive (the **AIFMD**) was published on 25 November 2009 and will apply to any person who manages one or more alternative investment funds (**AIFs**), whether the AIF is domiciled inside or outside the EU. An AIF will include any kind of collective investment undertaking, (i) which raises capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors, and (ii) which does not require authorisation pursuant to the recast UCITS Directive. A number of funds that Jupiter manages will be likely to fall within the definition of an AIF.

According to AIFMD, investment firms already authorised under MiFID, such as JAM, will not be required to obtain authorisation in order to provide investment services in respect of AIFs. However, authorised AIF managers will be subject to strict regulatory capital and liquidity requirements and will have to comply with new conduct of business rules governing, among other things, conflict, risk, portfolio administration, remuneration and liquidity management.

The AIFMD is only one part of a legislative process comprising many stages and it is possible that the AIFMD will be extensively amended before its provisions are finalised. It seems unlikely that it will be implemented in the national laws of each Member State before 2012.

3.3 *Recast UCITs Directive*

The recast UCITS Directive, published on 17 November 2009, is expected to simplify the regulatory environment applicable to UCITS, by reducing administrative barriers for cross-border marketing of funds, and to provide increased investor protection by ensuring that retail investors obtain more appropriate information about their investments. The recast UCITS Directive is to be implemented by Member States by 1 July 2011. The main changes arising from the recast UCITS Directive will include:

- (a) provision for a management company passport, which will allow management companies authorised in one Member State to manage funds structured as UCITS domiciled and authorised in another Member State;
- (b) simplification of the cross-border registration notification process;
- (c) provision for facilitating fund mergers on a domestic and a cross-border basis and allowing for the use of master-feeder UCITS arrangements; and
- (d) the replacement of the ‘Simplified Prospectus’ with a ‘Key Investor Information’ document designed to improve the quality and usefulness of product disclosures, allowing investors to understand better the nature and risks of investment in a UCITS.

4. REGULATORY FRAMEWORK IN BERMUDA

JAMB is incorporated in Bermuda as an exempted company with limited liability and is regulated by the BMA.

4.1 *The Investment Business Act 2003*

JAMB is licensed to conduct investment business under the Investment Business Act 2003 (the **IBA**).

The IBA came into operation on 30 January 2004 to effect a new financial services regime in Bermuda. The IBA is administered by the BMA. Any person carrying on investment business in or from Bermuda must hold a licence issued by the BMA, unless they qualify for exemption from this requirement.

The holder of a licence is referred to in the IBA as an “investment provider”. Once a licence is granted, it will remain in force until revoked or surrendered. It is possible for the limitations on a licence to be varied and for a licence to be restricted or revoked. The IBA establishes a right to appeal a decision of the BMA to vary, restrict or revoke a licence to an appeals tribunal appointed by the Minister of Finance.

Each investment provider is required to maintain adequate records and systems of control. They are also required to maintain accounts in respect of all investment business transactions and balances and to maintain separate accounts for client assets. The BMA requires investment providers to maintain levels of liquidity determined by the BMA.

The IBA provides the BMA with powers to object to a proposed 10 per cent. or majority “shareholder controller” (as defined by the IBA). The objection may be on the basis that the person is not ‘fit and proper’ or for other reasons. Such objections by the BMA are subject to an appeals process, and are enforceable by directives from the BMA and court orders requiring the sale of shares. The BMA may also object to existing “controllers” (as defined by the IBA) of any description (including shareholder controllers, managing directors and chief executives) on the grounds that such controller is no longer ‘fit and proper’.

As well as the BMA’s powers to censure investment providers for non-compliance, many of the requirements of the IBA create offences for non-compliance, conviction of which could result in criminal penalties of heavy fines and/or imprisonment.

4.2 *The Investment Funds Act 2006*

JAMB is approved by the BMA as the investment manager of certain investment funds that are incorporated in Bermuda. As such, it is subject to regulation as a service provider under the Investment Funds Act 2006 (the **BIFA**). JAMB is also licensed as a fund administrator under the BIFA.

The purpose of the BIFA is to establish standards and criteria applicable to the establishment and operation of investment funds in Bermuda with a view to protecting the interests of investors. The BIFA requires all investment funds to which the BIFA applies to be authorised unless they are exempted or excluded from authorisation. In order for a fund to be authorised, it must appoint an investment manager, an auditor and an administrator. These service providers must be approved by the BMA.

The BMA’s supervision of fund administration businesses involves regular meetings with the senior management of licensed firms, together with scrutiny of financial and statistical information in connection with the institution’s business activities and periodic compliance visits to the institution’s premises.

4.3 *The Exchange Control Act 1972*

Issues and transfers of shares of Bermuda exempted companies, such as JAMB, are subject to regulation under the Exchange Control Act 1972 (and its related regulations) (the **ECA**). Subject to

certain exceptions, such issues and transfers require the prior permission of the BMA if they are to or from non-residents of Bermuda for exchange control purposes. In connection with the granting of such permission, the BMA will generally require identifying documentation for any direct or indirect beneficial owner of 5 per cent. or more of the voting shares of an exempted company.

4.4 ***Restrictions on changes of control***

As noted above, both the IBA and the BIFA impose certain restrictions on changes of control of a company, such as JAMB, that is licensed to conduct investment business or fund administration, respectively. In addition, under the ECA, a change of control of an exempted company that involves the issue or transfer of shares to or from non-residents of Bermuda for exchange control purposes will generally require the prior permission of the BMA.

4.5 ***Money laundering***

As a licensed fund administrator, JAMB is subject to Bermuda anti-money laundering laws. These include The Proceeds of Crime Act 1997, as amended, The Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008, the Proceeds of Crime Regulations (Supervision and Enforcement) Act 2008 and Guidance Notes issued by Bermuda's National Anti-Money Laundering Committee.

PART 7

TAX CONSIDERATIONS

1. UNITED KINGDOM TAXATION

The comments below are of a general nature and are based on UK tax law and published HMRC practice at the date of this document, both of which are subject to change, possibly with retrospective effect. The comments cover certain UK tax consequences of holding Ordinary Shares for absolute beneficial owners. They do not necessarily apply where income is deemed for tax purposes to be the income of persons other than persons who are the absolute beneficial owners of Ordinary Shares. In addition, these comments do not apply to the following:

- investors who do not hold their Ordinary Shares as capital assets;
- special classes of investors such as dealers, financial institutions, collective investment schemes, tax-exempt organisations, persons connected with the Company and persons who hold their Ordinary Shares by virtue of their office or employment;
- investors who are not beneficially entitled to the Ordinary Shares and to the dividends on those Ordinary Shares;
- individual investors who are resident but not domiciled in the United Kingdom; or
- investors who do not acquire their Ordinary Shares as initial investors in the Global Offer.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor. Accordingly, prospective investors should satisfy themselves as to the overall tax consequences, including the consequences under UK tax law and HMRC practice, of the acquisition, ownership and disposition of Ordinary Shares in their own particular circumstances, by consulting their own tax advisers.

1.1 *Taxation of dividends*

No UK taxation will be withheld at source from dividend payments made by the Company to its shareholders.

Individual shareholders resident in the United Kingdom for UK tax purposes will be entitled to a tax credit in respect of a dividend paid by the Company at the rate of one-ninth of the cash dividend received (equal to 10 per cent. of the aggregate of the cash dividend and the associated tax credit). Such shareholders will be liable to income tax on the aggregate of the dividend and the associated tax credit at:

- in the case of taxpayers subject to income tax at a rate or rates not exceeding the basic rate, the dividend ordinary rate (currently 10 per cent.);
- in the case of higher rate taxpayers, the dividend upper rate (currently 32.5 per cent.); or
- in the case of taxpayers subject to the 50 per cent. additional rate of tax, the dividend additional rate (currently 42.5 per cent.),

subject in each case to an offset of the tax credit against their total income tax liability. Therefore, individual shareholders who, after taking into account dividend income, are liable to UK income tax at a rate or rates not exceeding the basic rate will, in effect, have no further liability to income tax as a result of the dividend. Individual shareholders who are required to pay tax at the dividend upper rate will in effect have to pay tax equal to 25 per cent. of the cash dividend received. Individual shareholders who are required to pay tax at the additional rate of 50 per cent., on income in excess of £150,000 will in effect have to pay tax equal to approximately 36.1 per cent. of the cash dividend received. Individual shareholders resident in the United Kingdom who are not liable to income tax in respect of the gross dividend generally will not be able to claim to have the amount of dividend tax credits paid to them.

UK resident corporate shareholders should note that legislation was enacted in 2009 that has made significant changes to the corporation tax treatment of dividends. This legislation removes the previous exemption from corporation tax that generally applied to dividends paid by one UK resident company to another and replaces it with more limited classes of exemption. Although it is likely that most dividends paid on the Ordinary Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax (subject to special rules for such shareholders that are small companies), the exemptions are not comprehensive and are also subject to anti-avoidance rules. Shareholders within the charge to corporation tax should consult their own professional advisers.

Shareholders who are not resident in the United Kingdom for UK tax purposes and who do not carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment in the United Kingdom in connection with which their Ordinary Shares are held will normally not be subject to UK income tax or corporation tax in respect of any dividends received, and will generally not be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid on their Ordinary Shares subject to the existence and terms of any double taxation convention between the United Kingdom and the country in which the shareholder is resident.

Shareholders who are resident for tax purposes in a jurisdiction outside the United Kingdom may be subject to foreign taxation on dividend income under the local law of the relevant jurisdiction. Such shareholders should obtain their own advice concerning tax liabilities on dividends received from the Company.

1.2 *Taxation of gains arising on sale or other disposal*

A disposal of Ordinary Shares by a shareholder resident or, in the case of an individual, ordinarily resident for UK tax purposes in the United Kingdom may, depending on the shareholder's circumstances, and subject to any available exemptions, allowances or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. Special rules apply to disposals by individuals at a time when they are temporarily not resident or ordinarily resident in the United Kingdom.

A disposal of Ordinary Shares by non-UK resident shareholders may also give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains if they carry on a trade, profession or vocation in the United Kingdom through a branch or agency or, in the case of a company, if it carries on a trade through a permanent establishment in the United Kingdom and they have used, held or acquired Ordinary Shares for the purposes of such trade, profession or vocation or such branch, agency or permanent establishment (as the case may be), subject to their particular circumstances and any available exemptions, allowances or reliefs.

1.3 *Stamp duty and stamp duty reserve tax (SDRT)*

The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and (except insofar as expressly referred to below) do not relate to persons such as market makers, brokers, dealers, intermediaries, persons connected with depository receipt arrangements or clearance services or persons who enter into sale and repurchase transactions in respect of the Ordinary Shares, to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares direct to persons acquiring those shares pursuant to the Global Offer.

UK stamp duty or SDRT will be payable on a transfer of, or agreement to transfer, Ordinary Shares. This is normally at a rate of 0.5 per cent. of the consideration, rounded up in the case of stamp duty to the nearest £5.

The liability to pay stamp duty is generally satisfied by the purchaser or transferee, while SDRT is generally a liability of the purchaser or transferee.

The Selling Shareholders have severally agreed to pay (in the proportions set out in the Underwriting Agreement) by way of reimbursement to the Managers or as otherwise set out in the Underwriting Agreement, any stamp duty or SDRT arising on the initial sale of Sale Shares or Additional Shares by them (including in the case of the Selling Shareholders any Additional Shares sold pursuant to the Over-allotment Option) at no more than the rate of 0.5 per cent. of the Offer Price.

Shareholders should seek their own professional advice as to any stamp duty, SDRT or other tax consequences of the conversion of the Ordinary Shares from uncertificated to certificated form, and *vice versa*.

2. UNITED STATES FEDERAL INCOME TAXATION

The following is a discussion of certain US federal income tax considerations relating to the purchase, ownership and disposition of the Ordinary Shares by US Holders (as defined below) that purchase Ordinary Shares pursuant to the Global Offer and hold the Ordinary Shares as capital assets. This discussion is based on the US Internal Revenue Code of 1986, as amended (the **Code**), US Treasury regulations promulgated thereunder, administrative and judicial interpretations thereof and the income tax treaty between the United States and the United Kingdom, as amended (the **Tax Treaty**), all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the US federal income tax considerations that may be relevant to specific US Holders in light of their particular circumstances or to US Holders subject to special treatment under US federal income tax law (such as banks, insurance companies, dealers in securities or other persons that generally mark their securities to market for US federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, persons who hold the Ordinary Shares as part of a straddle, hedge, conversion or other integrated transaction, persons that have a “functional currency” other than the US dollar, persons that own (or are deemed to own) 10 per cent. or more (by vote or value) of the Company’s stock or persons that receive the Ordinary Shares as compensation or pursuant to the conversion or exchange of another instrument). This discussion does not address any US state or local or non-US tax considerations or any US federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term **US Holder** means a beneficial owner of the Ordinary Shares that is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax regardless of its source or (iv) a trust (a) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (b) that has in effect a valid election under applicable US Treasury regulations to be treated as a United States person.

If an entity treated as a partnership for US federal income tax purposes invests in the Ordinary Shares, the US federal income tax considerations relating to such investment will depend in part on the status and activities of the partnership and the partner. Any such entity should consult its own tax adviser regarding the US federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of the Ordinary Shares.

PERSONS CONSIDERING AN INVESTMENT IN THE ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE ORDINARY SHARES, INCLUDING THE APPLICABILITY OF US FEDERAL, STATE AND LOCAL TAX LAWS AND NON-US TAX LAWS.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER US FEDERAL TAX LAW; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS

OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

2.1 Distributions

As discussed below, additional considerations apply to the extent the Company qualifies as a PFIC. A US Holder that receives a distribution with respect to an Ordinary Share generally will be required to include the amount of such distribution in gross income as a dividend (without reduction for any non-US tax withheld from such distribution) to the extent of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes). To the extent the amount of such distribution exceeds such current and accumulated earnings and profits, it will be treated first as a non-taxable return of capital to the extent of such US Holder's adjusted tax basis in such Ordinary Share and thereafter will be treated as gain from the sale or exchange of such Ordinary Share. The Company has not maintained and does not plan to maintain calculations of earnings and profits for US federal income tax purposes. As a result, a US Holder generally will need to include the entire amount of any such distribution in income as a dividend.

The US dollar value of any distribution on the Ordinary Shares made in pounds sterling generally should be calculated by reference to the exchange rate between the US dollar and pounds sterling in effect on the date of receipt of such distribution by the US Holder, regardless of whether the pounds sterling so received are in fact converted into US dollars. If the pounds sterling so received are converted into US dollars on the date of receipt, such US Holder generally should not recognise foreign currency gain or loss on such conversion. If the pounds sterling so received are not converted into US dollars on the date of receipt, such US Holder generally will have a basis in such pounds sterling equal to the US dollar value of such pounds sterling on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such pounds sterling by such US Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States for US foreign tax credit purposes.

Distributions on the Ordinary Shares that are treated as dividends generally will constitute income from sources outside the United States and generally will be categorised for US foreign tax credit purposes as "passive category income" or, in the case of some US Holders, as "general category income". Such dividends will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from US corporations.

Distributions treated as dividends that are received by certain non-corporate US Holders (including individuals) through taxable years beginning on or before 31 December 2010 from "qualified foreign corporations" generally qualify for a 15 per cent. reduced maximum tax rate so long as certain holding period and other requirements are met. Dividends paid on the Ordinary Shares should qualify for the reduced rate if the Company is treated as a qualified foreign corporation. A non-US corporation (other than a corporation that is, in the taxable year during which the distributions are made or the preceding taxable year, a passive foreign investment company) generally will be considered to be a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States that the US Secretary of the Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program. The Tax Treaty as currently in effect meets these requirements. The Directors believe that the Company is currently eligible for the benefits of the Tax Treaty, but no assurance can be given that it will be so eligible at all times. Moreover, the US Internal Revenue Service (the **IRS**) may disagree with the Directors' conclusion. Therefore, no assurance can be given that the Company will be treated as a qualified foreign corporation for these purposes and that such reduced rate will apply to dividends paid on the Ordinary Shares held by a US Holder. If a US Holder claims the 15 per cent. reduced maximum tax rate described above, special rules generally apply for purposes of determining such US Holder's investment income (which may limit deductions for investment interest) and foreign income (which may affect the amount of US foreign tax credit) and to certain extraordinary dividends. Each US Holder that is a non-corporate taxpayer should consult its own tax adviser regarding the possible applicability of the reduced tax rate and the related restrictions and special rules.

2.2 *Sale, Exchange or Other Disposition of the Ordinary Shares*

Subject to the discussion in the paragraph below under “Passive Foreign Investment Company Considerations,” a US Holder generally will recognise capital gain or loss for US federal income tax purposes upon the sale, exchange or other disposition of an Ordinary Share in an amount equal to the difference, if any, between the amount realised on the sale, exchange or other disposition and such US Holder’s adjusted tax basis in such Ordinary Share. Such capital gain or loss generally will be long-term capital gain (taxable at a reduced rate for non-corporate US Holders) or loss if, on the date of sale, exchange or other disposition, the Ordinary Share was held by such US Holder for more than one year. Regardless of a non-corporate US Holder’s actual holding period for an Ordinary Share, a capital loss may be a long-term capital loss to the extent such US Holder receives dividends qualifying for the reduced tax rate (as described above) prior to the sale, exchange or other disposition of such Ordinary Share in excess of 10 per cent. of such US Holder’s adjusted tax basis in such Ordinary Share. The deductibility of capital losses is subject to limitations. Such gain or loss generally will be sourced within the United States for US foreign tax credit purposes.

A US Holder that receives pounds sterling from the sale, exchange or other disposition of the Ordinary Shares generally will realise an amount equal to the US dollar value of such pounds sterling on the settlement date of such sale, exchange or other disposition if (i) such US Holder is a cash basis or electing accrual basis taxpayer and the Ordinary Shares are treated as being “traded on an established securities market” or (ii) such settlement date is also the date of such sale, exchange or other disposition. If the pounds sterling so received are converted into US dollars on the settlement date, such US Holder generally should not recognise foreign currency gain or loss on such conversion. If the pounds sterling so received are not converted into US dollars on the settlement date, such US Holder generally will have a basis in such pounds sterling equal to the US dollar value of such pounds sterling on the settlement date. Any gain or loss on a subsequent conversion or other disposition of such pounds sterling by such US Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States for US foreign tax credit purposes. Each US Holder should consult its own tax adviser regarding the US federal income tax consequences of receiving pounds sterling from the sale, exchange or other disposition of the Ordinary Shares in cases not described in the first sentence of this paragraph.

2.3 *Passive Foreign Investment Company Considerations*

The Directors believe that the Company was not in 2009, and the Directors do not currently expect the Company to become, a PFIC for US federal income tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent on a number of factors, some of which are beyond the Company’s control, including the value of its assets (including goodwill) and the amount and type of its income, there can be no assurance that it will not become a PFIC in any taxable year or that the IRS will agree with the Directors’ conclusion regarding its PFIC status. If the Company is a PFIC for any taxable year, US Holders could suffer adverse consequences as discussed below.

In general, a corporation organized outside the United States will be treated as a PFIC for any taxable year in which either (i) at least 75 per cent. of its gross income is “passive income” or (ii) on average at least 50 per cent. of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and gains from commodities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether a non-US corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25 per cent. interest (by value) is taken into account.

If the Company is a PFIC in any year during which a US Holder owns the Ordinary Shares, such US Holder could be liable for additional taxes and interest charges on certain distributions by the Company or on a sale, exchange or other disposition of the Ordinary Shares at a gain, whether or not the Company continues to be a PFIC. The tax will be determined by allocating such distributions or gain ratably to each day of such US Holder’s holding period. The amount allocated to the current

taxable year and any holding period of such US Holder prior to the first taxable year for which the Company is a PFIC will be taxed as ordinary income (rather than capital gain) earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates applicable to ordinary income for each such taxable year, and an interest charge will also be imposed on the amount of taxes so derived for each such taxable year. In addition, if the Company is a PFIC, a person who acquires the Ordinary Shares from a deceased US Holder generally will be denied the step-up of the tax basis for US federal income tax purposes to fair market value at the date of such deceased US Holder's death, which would otherwise generally be available with respect to a decedent dying in any year other than 2010. Instead, such person will have a tax basis equal to the lower of such fair market value or such deceased US Holder's tax basis.

The tax consequences that would apply if the Company were a PFIC would be different from those described above if a "mark-to-market" election is available and a US Holder validly makes such an election as of the beginning of such US Holder's holding period. If such election is made, (i) such US Holder generally would be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, the Ordinary Shares at the end of each taxable year the Company is a PFIC as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis of such Ordinary Shares and (ii) any gain from a sale, exchange or other disposition of the Ordinary Shares in a taxable year the Company is a PFIC would be treated as ordinary income, and any loss would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. A mark-to-market election is available to a US Holder only if the Ordinary Shares are considered "marketable stock". Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable US Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. A non-US securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in US Treasury regulations.

The tax consequences that would apply if the Company were a PFIC would also be different from those described above if a US Holder is eligible for and makes a valid "qualified electing fund" (QEF) election within the required time. If a QEF election were made, such US Holder generally would be required to include in income on a current basis its *pro rata* share of the Company's ordinary income and net capital gains in each taxable year the Company was a PFIC. In order for a US Holder to be able to make a QEF election, the Company would be required to provide such US Holder with certain information. As the Company does not expect to provide US Holders with the required information, prospective investors should assume that a QEF election will not be available.

If the Company is a PFIC for any taxable year during which a US Holder owns the Ordinary Shares, such US Holder (i) may also suffer adverse tax consequences under the PFIC rules described above with respect to any other PFIC in which the Company has a direct or indirect equity interest and (ii) generally will be required to file annually a statement with its US federal income tax returns.

Prospective investors should consult their own tax advisers regarding the US federal income tax consequences of an investment in a PFIC.

2.4 ***Information Reporting and Backup Withholding***

Under certain circumstances, information reporting and/or backup withholding may apply to US Holders with respect to payments made on or proceeds from the sale, exchange or other disposition of the Ordinary Shares, unless an applicable exemption is satisfied.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a US Holder's US federal income tax liability if the required information is furnished by the US Holder to the IRS within the required time.

2.5 *Reportable Transactions*

A US Holder that participates in any “reportable transaction” (as defined in US Treasury regulations) must attach to its US federal income tax return a disclosure statement on IRS Form 8886. US Holders should consult their own tax advisers as to the possible obligation to file IRS Form 8886 under their individual circumstances with respect to the sale, exchange or other disposition of non-US currency received as a dividend on the New Shares or as proceeds from the sale, exchange or other disposition of the rights or New Shares.

2.6 *Disclosure Requirements for Specified Foreign Financial Assets*

Under recent legislation, individual US Holders (and certain US entities specified in IRS guidance) who, during any taxable year, hold any interest in any “specified foreign financial asset” generally will be required to file with their US federal income tax returns a statement setting forth certain information if the aggregate value of all such assets exceeds \$50,000. “Specified foreign financial asset” generally includes any financial account maintained with a non-US financial institution and may also include the Ordinary Shares if they are not held in an account maintained with a US financial institution. Substantial penalties may be imposed for a failure to comply. US Holders should consult their own tax advisers as to the possible application to them of this new filing requirement.

3. CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Prospective purchasers of Ordinary Shares in Canada should consult their own tax advisers regarding the Canadian Federal income tax considerations relevant to the purchase of Ordinary Shares having regard to their particular circumstances.

PART 8

ADDITIONAL INFORMATION

1. PERSONS RESPONSIBLE

The Directors (whose names appear on page 23 of this document) and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. INCORPORATION AND ACTIVITY

- 2.1 The Company was incorporated in England and Wales on 9 March 2007 with registered number 6150195 under the 1985 Act as a private limited company named Jupiter Investment Management Holdings Limited. On 1 June 2010, the Company was re-registered as a public limited company and changed its name to Jupiter Fund Management plc.
- 2.2 The principal legislation under which the Company operates is the 2006 Act and the regulations made thereunder.
- 2.3 The registered office, head office and the principal place of business in the United Kingdom of the Company is at 1 Grosvenor Place, London SW1X 7JJ (Tel. No. +44 (0)207 412 0703).
- 2.4 PricewaterhouseCoopers LLP is the auditor of the Group and has been the only auditor of the Company since its incorporation.

3. SHARE CAPITAL AND THE SHARE CAPITAL REORGANISATION

- 3.1 The authorised, issued and fully paid share capital of the Company at 31 December 2009 (the date of the most recent balance sheet of the Company included in Part 4: "Financial Information") is as follows:

<i>Class</i>	<i>Nominal value</i>	<i>Number of shares issued</i>	<i>Aggregate nominal value</i>
A Shares	£1.00 each	1,250,000	£1,250,000
B Shares	£1.00 each	3,750,000	£3,750,000
Tier 1 Preference Shares	£1.00 each	31,000,000	£31,000,000
Tier 2 Preference Shares	£1.00 each	24,000,000	£24,000,000

- 3.2 The issued and fully paid share capital of the Company will be as follows:

3.2.1 Immediately prior to Admission:^{1,2}

<i>Class</i>	<i>Nominal value</i>	<i>Number of shares issued</i>	<i>Aggregate nominal value</i>
Ordinary Shares	2p	290,775,273	£5,815,505
Deferred Shares	2p	2,709,224,727	£54,184,495

3.2.2 Immediately following Admission will be as follows:^{1,2}

<i>Class</i>	<i>Nominal value</i>	<i>Number of shares issued</i>	<i>Aggregate nominal value</i>
Ordinary Shares	2p	440,373,051	£8,807,461
Deferred Shares	2p	2,709,224,727	£54,184,495

- 1 Assuming completion of the Share Capital Reorganisation on the basis described in paragraph 3.6 of this Part 8: “Additional Information – Share Capital and the Share Capital Reorganisation” on 21 June 2010 and an Offer Price at the mid-point of the Price Range, i.e. 180p.
- 2 Assuming the Company raises gross proceeds from the Global Offer of £220 million and an Offer Price at the mid-point of the Price Range, i.e. 180p.

3.3 On 9 March 2007, the date of the Company’s incorporation, the Company’s share capital was:

<i>Authorised share capital</i>	<i>Number</i>	<i>Value (to nearest £)</i>
Ordinary shares	100	100
<i>Issued share capital</i>	<i>Number</i>	<i>Value (to nearest £)</i>
Ordinary shares	1	1

3.4 Since 9 March 2007, the only changes in the authorised and issued share capital of the Company were on 19 June 2007 when the Company’s issued and unissued ordinary shares of £1.00 each were redesignated as A Shares and the authorised capital was increased from £100 to £60,000,000 by the creation of:

- (i) 1,249,900 A Shares;
- (ii) 3,750,000 B Shares;
- (iii) 31,000,000 Tier 1 Preference Shares; and
- (iv) 24,000,000 Tier 2 Preference Shares.

All of the newly created shares were allotted on 19 June 2007.

3.5 The Company’s share capital will, pursuant to the resolutions referred to in sub-paragraphs 3.6.1 to 3.6.3 below, be reorganised immediately prior to Admission (the **Share Capital Reorganisation**). The effect of the Share Capital Reorganisation will be to sub-divide and convert each A Share and B Share into 50 Ordinary Shares, and (on the assumption that the Offer Price is set at the mid-point of the Price Range and Admission takes place on 21 June 2010) each Tier 1 Preference Share and each Tier 2 Preference Share into 0.7414 Ordinary Shares.

3.6 To give effect to the Share Capital Reorganisation, the Company resolved, by written resolutions passed on 25 May 2010, such resolutions to take effect immediately prior to Admission and, in the case of the resolutions described in paragraphs 3.6.1 to 3.6.3 and 3.6.7 below, to expire unless Admission shall have taken place by 8.00 a.m. on 30 June 2010:

3.6.1 to sub-divide each of the A Shares and B Shares into 50 shares of 2p each and to convert each such sub-divided share into, and re-designate it as, an Ordinary Share;

3.6.2 to sub-divide each Tier 1 Preference Share into 50 shares of 2p each and to convert into and re-designate as Ordinary Shares such number of the sub-divided shares as shall (valuing each such share at the Offer Price but ignoring and rounding down to the nearest whole number fractions of Ordinary Shares arising from such conversion and re-designation) have an aggregate value equal to approximately £41.3 million (being the aggregate entitlement of the Tier 1 Preference Shares assuming Admission occurs on 21 June 2010), and to convert the remaining sub-divided shares into Deferred Shares (which the Company will in due course repurchase for a nominal amount);

3.6.3 to sub-divide each Tier 2 Preference Share into 50 shares of 2p each and to convert into and re-designate as Ordinary Shares such number of the sub-divided shares as shall (valuing each such share at the Offer Price but ignoring and rounding down to the nearest whole number fractions of Ordinary Shares arising from such conversion and re-designation) have an aggregate value equal to approximately £31.9 million (being the aggregate entitlement of the Tier 2 Preference Shares assuming Admission occurs on 21 June 2010), and to convert the remaining sub-divided

shares into Deferred Shares (which the Company will in due course repurchase for a nominal amount);

3.6.4 that the Board be generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot, and to grant rights to subscribe for, or to convert any security into, shares in the Company:

- (a) up to an aggregate nominal amount of £8,800,000 in connection with the Global Offer;
- (b) up to an aggregate nominal amount of £2,000,000 in connection with the acquisition by the Company of Preferred Finance Securities;
- (c) up to a further aggregate nominal amount of £5,575,333 or, if less, one-third of the Company's issued ordinary share capital immediately following Admission; and
- (d) comprising equity securities (within the meaning of section 560 of the 2006 Act) up to a further aggregate nominal amount of £11,150,666 (such amount to be reduced by any allotments or grants made under sub-paragraph (c)) or, if less, two-thirds of the Company's issued ordinary share capital immediately following Admission in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts).

The authorities conferred on the Board under the resolution described in this paragraph 3.6.4 shall expire on 30 June 2010 provided that if Admission shall have become effective the authorities described in sub-paragraphs 3.6.4(c) and (d) shall not expire on that date but shall expire at the conclusion of the first annual general meeting of the Company after the passing of the resolution, save that in each case the Company may before the relevant expiry make offers or agreements which would, or might, require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Board may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;

3.6.5 that, subject to the passing of the resolution described in paragraph 3.6.4, the Board be empowered pursuant to section 570 and section 573 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority referred to in paragraph 3.6.4 above, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that, in the case of the authorities granted under sub-paragraphs 3.6.4(c) and (d), such power:

- (a) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under sub-paragraph 3.6.4(d) above, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

- (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts);

- (b) in the case of the authority granted under sub-paragraph 3.6.4(c) above, shall be limited to the allotment (otherwise than under paragraph (a) of this sub-paragraph 3.6.5) of equity securities up to an aggregate nominal amount of £836,300 or, if less, 5 per cent. of the Company's issued ordinary share capital immediately following Admission; and
- (c) shall apply in relation to a sale of shares which is an allotment of equity securities by virtue of section 560 (2) of the 2006 Act,

and shall expire at the conclusion of the first annual general meeting of the Company after the passing of the resolution, except that, in each case, the Company may before such expiry make offers or agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after such expiry and the Board may allot equity securities (and sell treasury shares) in pursuance of such offer or agreement as if the power conferred hereby had not expired.

3.6.6 that, conditionally on the resolutions described in paragraphs 3.6.1 to 3.6.3 inclusive becoming effective, the Company be generally and unconditionally authorised, pursuant to and in accordance with section 701 of the 2006 Act, to make market purchases (within the meaning of section 693(4) of the 2006 Act) of Ordinary Shares on such terms and in such manner as the Board shall from time to time determine, provided that:

- (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is £1,672,600 or, if less, such number of Ordinary Shares as represents 10 per cent. of the Company's issued ordinary share capital immediately following Admission;
- (b) the minimum price which may be paid for an Ordinary Share is its nominal value, exclusive of all expenses;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is not more than the higher of an amount equal to 105 per cent. of the average of the middle market quotations of an Ordinary Share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which that Ordinary Share is contracted to be purchased and an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the London Stock Exchange at the time the purchase is carried out;
- (d) the authority hereby conferred shall expire at the conclusion of the first annual general meeting of the Company following the passing of the resolution, unless previously revoked, varied or renewed by the Company in a general meeting; and
- (e) the Company may at any time prior to the expiry of such authority make a contract or contracts to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts;

- 3.6.7 to adopt new Articles of Association setting out the rights and restrictions attaching to the Ordinary Shares, in substitution for and to the exclusion of all the existing Articles of Association of the Company; and
- 3.6.8 conditionally on the issue of the New Shares and the payment up in full thereof, the whole of the amount standing to the credit of the Company's share premium account following the issue and payment up in full of such shares, but after the charging of expenses, be cancelled.
- 3.7 The Company will be subject to the continuing obligations of the Listing Rules published by the FSA with regard to the issue of securities for cash and the provisions of section 561 of the 2006 Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied as referred to in paragraph 3.6.5 above.
- 3.8 The par (or nominal) value of the Ordinary Shares is 2p. The Ordinary Shares are denominated in pounds sterling. The Ordinary Shares have been created under the 2006 Act. The Ordinary Shares are in registered form and, from Admission, will be capable of being held in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where Ordinary Shares are held in certificated form, share certificates will be sent to the registered members by first class post. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited.

4. ARTICLES OF ASSOCIATION

4.1 *Articles of Association*

The Articles, which were adopted by a written resolution of the Company passed on 25 May 2010 and will take effect immediately prior to Admission (provided that Admission shall have taken place by 8.00 a.m. on 30 June 2010), include provisions to the following effect:

4.1.1 *Objects/Purposes*

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

The Articles do not provide for any purposes for which the Company was established.

4.1.2 *Voting rights*

Subject to the provisions of the Companies Acts, to any special terms as to voting on which any shares may have been issued or may from time to time be held and any suspension or abrogation of voting rights pursuant to the Articles, at a general meeting of the Company every member who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the register of members.

Unless the Board otherwise determines, no member is entitled to vote at a general meeting or at a separate meeting of the shareholders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of any share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to section 793 of the 2006 Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days from the service of such notice.

4.1.3 *Dividends*

Subject to the provisions of the Companies Acts and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Companies Acts, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall (if the Board so resolves) be forfeited and shall cease to remain owing by, and shall become the property of, the Company.

The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of Ordinary Shares (excluding any member holding Ordinary Shares as treasury shares) the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in nominal value of their class (excluding any shares of that class held as treasury shares) and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice under section 793 of the 2006 Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore, such a holder shall not be entitled to elect to receive shares instead of a dividend.

4.1.4 *Transfer of shares*

Subject to any applicable restrictions in the Articles, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf

of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of members.

The Board may, in its absolute discretion, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of shares;
- (c) it is in favour of a single transferee or not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (e) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time to time determine, accompanied (except in the case of (a) a transfer by a recognised person (as defined in the Articles) where a certificate has not been issued, (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Regulations and the relevant clearing systems.

Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice under section 793 of the 2006 Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or is in consequence of a *bona fide* sale to an unconnected party.

If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any share.

4.1.5 *Variation of rights*

Subject to the provisions of the Companies Acts, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares may be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class.

The quorum at any such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

Subject to the terms of issue of or rights attached to any shares, the rights for the time being attached to any shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the Companies Acts and the Articles.

4.1.6 *General meetings*

The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.

A general meeting shall be convened by such notice as may be required by law from time to time. The Company resolved by written resolution passed on 25 May 2010 that, with effect from Admission, a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

The notice shall include such statements as are required by the Companies Acts and shall in any event specify whether the meeting is convened as an annual general meeting or any other general meeting, the day, time and place of the meeting and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution, the notice shall specify the text of the resolution and the intention to propose the resolution as a special resolution. The notice shall specify that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member. The notice must also be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.

The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Acts or the Articles to be made available at the meeting.

A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting. The chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.

No business shall be transacted at any general meeting unless a quorum is present. Subject to the Articles, two persons (either members, duly authorised representatives or proxies) entitled to vote on the business to be transacted at the meeting shall be a quorum. The chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by

the chairman, at least five members having the right to vote on the resolution, a member or members representing not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution or member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right.

The Board may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, from time to time make such arrangements as the Board shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements in place thereof. The entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board. In the case of any meeting to which such arrangements apply the Board may, when specifying the place of the meeting:

- (a) direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside (being the principal place); and
- (b) make arrangements for simultaneous attendance and participation at satellite meeting places or by way of any other electronic means by members otherwise entitled to attend the general meeting or who wish to attend at satellite meeting places or other places at which persons are participating by electronic means, provided that persons attending at the principal place and at satellite meeting places or other places shall be able to see, hear and be seen and heard by, persons attending at the principal place and at such other places, by any means.

Such arrangements for simultaneous attendance at such other places may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places, provided that they shall operate so that any excluded members or proxies are able to attend at one of the satellite meeting places or other places at which persons are participating by electronic means. Any such meeting shall be treated as taking place at and being held at the principal place.

The Board may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

4.1.7 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Companies Acts, to create and issue debentures and other loan stock and other securities, in each case whether secured or unsecured and whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board shall restrict the borrowings of the Company and shall exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiary undertakings (if any) such that the aggregate principal amount outstanding in respect of moneys borrowed by the Group does not at any time, without previous sanction of an ordinary resolution of the Company, exceed three times the amount paid up (or credited as paid up) on the allotted or issued share capital (including any amount standing to the credit of the share premium account) of the Company (excluding any shares held as treasury shares) after making such appropriate adjustments as set out in the Articles.

4.1.8 *Issue of shares*

Subject to the provisions of the Companies Acts and to any rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the directors may determine.

Subject to the provisions of the Companies Acts and to any relevant authority of the Company required by the Companies Acts, the Board may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, to such persons (including the directors themselves), at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount to its nominal value.

4.1.9 *Directors' fees*

The non-executive directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the Board or any committee authorised by the Board, may from time to time determine (not exceeding in aggregate £1,000,000 per annum or such other sum as the Company in general meeting by ordinary resolution shall from time to time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a director pursuant to any other provision of the Articles or otherwise and shall accrue from day to day.

The salary or remuneration of any director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board or any committee authorised by the Board and may be in addition to or in lieu of any fee payable to him for his services as director.

The directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors.

4.1.10 *Pensions and gratuities for directors*

The Board, or any committee authorised by the Board, may exercise all the powers of the Company to provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons, among others, who are or were directors of the Company or any company in the Group and their relatives or dependants.

4.1.11 *Directors' interests*

The Board may authorise any matter proposed to it in accordance with these Articles which would otherwise involve a breach by a director of his duty to avoid conflicts of interest under the Companies Acts, being a matter which relates to a situation in which a director has or can have an interest which conflicts, or possibly may conflict, with the interests of the Company or the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it (excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting in which the matter was considered is met without counting the director in question or any other interested director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

- 4.1.12 Subject to having, where required, obtained authorisation of the conflict from the Board, a director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a director of the Company and in respect of which he has a duty of confidentiality to another person and will not be in breach of the general duties he owes to the Company under the Companies Acts because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- 4.1.13 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Acts, a director, notwithstanding his office:
- (a) may be a party to or otherwise be interested in any transaction arrangement or proposal with the Company or in which the Company is otherwise interested;
 - (b) may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
 - (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and
 - (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- 4.1.14 A director need not declare an interest in the case of a transaction or arrangement with the Company if the other directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Board or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.
- 4.1.15 The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a director may vote on and be counted in the quorum in relation to any of these matters.
- 4.1.16 *Restrictions on directors' voting*
- A director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any arrangement, transaction or arrangement which is to his knowledge a material interest and, if he purports to do so, his vote will not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
- (a) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;

- (b) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (c) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (d) the giving of any other indemnity where all other directors are also being offered indemnities on substantially the same terms;
- (e) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (f) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the 2006 Act) in one per cent. or more of the issued equity share capital of any class of such body corporate nor to his knowledge hold one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
- (g) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (h) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons who include directors;
- (i) any proposal concerning the funding of expenditure by one or more directors on defending proceedings against him or them, or doing anything to enable such director or directors to avoid incurring such expenditure; or
- (j) any transaction or arrangement in respect of which his interest, or the interest of directors generally has been authorised by ordinary resolution.

A director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

4.1.17 *Number of directors*

Unless and until otherwise determined by an ordinary resolution of the Company, the number of directors shall be not more than 20 or less than two.

4.1.18 *Directors' appointment and retirement*

Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a director holds office only until the next annual general meeting and shall not be taken into account in determining the number of directors who are to retire by rotation.

At each annual general meeting of the Company, any directors appointed by the Board since the last annual general meeting shall retire. In addition, one-third of the remaining directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding

one-third, shall retire from office by rotation. If there are fewer than three such directors, one director shall retire from office.

At each annual general meeting, any director who was last elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the number of directors so retiring is less than the minimum number of directors who are required to retire by rotation, additional directors up to that number shall retire (namely, those directors who are subject to rotation but who wish to retire and not offer themselves for re-election and those directors who have been directors longest since their appointment or last re-appointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot).

Any director (other than the Chairman and any director holding executive office) who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many directors should retire by rotation at the annual general meeting.

4.1.19 *Untraced shareholders*

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

4.1.20 *Non-United Kingdom shareholders*

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the ordinary shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent or, subject to and in accordance with the Companies Acts, an address to which notices may be sent in electronic form.

4.1.21 *CREST*

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles contain other provisions in respect of transactions with the shares in the Company in uncertificated form and generally provide for the modifications of certain provisions of the Articles so that they can be applied to transactions with shares in the Company in uncertificated form.

4.1.22 *Indemnity of officers*

Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which he might otherwise be entitled, every past or present director (including an alternate director) or officer of the Company or a director or officer of an associated company (except the Auditors or the auditors of an associated company) may, at the discretion of the Board, be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, as a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act). In addition, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person, indemnifying him against any liability or expenditure incurred by him for acts or omissions as a director or officer of the Company (or an associated company).

4.1.23 *Lien and forfeiture*

The Company shall have a first and paramount lien on every share which is not fully paid for all amounts payable to the Company (whether presently or not) in respect of that share to the extent and in the circumstances permitted by the Companies Acts. The Board may sell any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that, if the notice is not complied with, the share may be sold.

The Board may from time to time make calls on members in respect of any money unpaid on their shares, subject to the terms of allotment of the shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made are liable to be forfeited.

4.1.24 *Electronic communication*

The Company may send or supply notices, documents or information to its members by making them available on a website, where the Company requests the agreement of a person to receive specified notices, documents or information by means of a website and the Company does not receive a response within a period of 28 days (or such shorter period as may be required by statute) from the date the Company's request was sent, such person shall be deemed to have agreed to receive such notices, documents or information by the means specified in the request.

4.1.25 *Conversion provisions*

The Articles do not contain any provisions relating to conversion of the Ordinary Shares.

4.1.26 *Information rights*

Pursuant to the 2006 Act, a member of the Company who holds shares on behalf of another person may nominate that person to enjoy "information rights". "Information rights" means the right to receive a copy of all communications that the Company sends to its members generally or to any class of its members that includes the person making the nomination, and the rights of members to receive a single copy of the Company's last annual accounts, the last directors' report and the auditor's report on those accounts, and a hard copy version of a document or information from the Company provided to a member in another form. The Articles allow the Board to prescribe the form and manner of any notification to be given to persons who enjoy information rights.

5. **DIRECTORS, SENIOR MANAGERS AND THE COMPANY SECRETARY OF JUPITER**

5.1 The business address of each of the Directors, each of the Senior Managers and the Company Secretary is 1 Grosvenor Place, London SW1X 7JJ. Their names and functions within the Company are as follows:

Directors

<i>Name</i>	<i>Function</i>
Jamie Dundas	Non-executive Chairman
Edward Bonham Carter	Group Chief Executive
John Chatfeild-Roberts	Chief Investment Officer
Philip Johnson	Chief Financial Officer
Liz Airey	Non-executive Senior Independent Director
Matteo Dante Perruccio	Independent non-executive Director

<i>Name</i>	<i>Function</i>
Lorraine Trainer	Independent non-executive Director
Richard I. Morris, Jr.	Non-executive Director nominated by TA Associates
Michael Wilson	Non-executive Director nominated by TA Associates

Senior Managers

<i>Name</i>	<i>Function</i>
Chris Crawford	Sales and Marketing Director
Adrian Creedy	Company Secretary and Chief Operating Officer
Anthony Nutt	Fund manager

- 5.2 In addition to their directorships of the Company (in the case of the Directors), the Directors and the Senior Managers hold or have held the following directorships, (other than those of subsidiaries of the Company) and are or were members of the following partnerships, within the past five years:

Directors

<i>Name</i>	<i>Current directorships/ Partnerships</i>	<i>Previous directorships/ Partnerships</i>
Jamie Dundas	D III LLP Macmillan Cancer Support Oxiana Property LLP Standard Chartered PLC	Cancerbackup Drax Group plc J Sainsbury plc The Property Investment Market Limited (dissolved) The Property Investment Market Operations Limited (dissolved) XchangeCO Limited (dissolved)
Edward Bonham Carter	Jupiter Split Trust plc (in liquidation) Orlando Limited	Investment Management Association JST Securities Limited (dissolved)
John Chatfeild-Roberts	Summerfields School Trust Limited Jupiter Primadonna Growth Trust PLC	None
Philip Johnson	None	Infracapital GP Limited Infracapital Nominees Limited Infracapital SLP Limited M&G Founders 1 Limited M&G Group Limited M&G IMPPP 1 Limited M&G Investment Management Limited M&G Limited PPM Capital (Holdings) Limited Stableview Limited The First British Fixed Trust Company Limited
Liz Airey	Tate & Lyle plc Dunedin Enterprise Investment Trust PLC JP Morgan European Fledgeling Investment Trust plc Unilever UK Pension Fund Trustees Limited	AMEC PLC AMEC Executive Pensions Trustee Limited AMEC Staff Pensions Trustee Limited Dunedin Enterprise Limited (dissolved) Harrison Lovegrove & Co. (Australia) Limited Harrison Lovegrove & Co. Limited HLC (US) Limited Standard Chartered Corporate Finance (Canada) Limited Standard Chartered Corporate Finance (Eurasia) Limited Zetex plc

<i>Name</i>	<i>Current directorships/ Partnerships</i>	<i>Previous directorships/ Partnerships</i>
Matteo Dante Perruccio	Hermes BPK Coinvestment Trustees Limited Hermes BPK Partners LLP Hermes BPK Inc	Olympia Capital Management Limited
Lorraine Trainer	Aegis Group plc	
Richard I. Morris, Jr.	Shelley Court Management (Chelsea) Limited Arrowstreet GP Inc.	Boston Private Financial Holdings Inc.
Michael Wilson	Cardtronics, Inc. II Numeric Holdings, LLC	Advisory Research Holdings, Inc. Chartered Marketing Services, Inc. EYP Mission Critical Facilities, Inc. K2 Advisors Holdings, LLC United Pet Group, Inc.

Senior Managers

Chris Crawford	None	First State Investment Management (UK) Limited First State Investment Services (UK) Limited First State Investments International Limited First State Investments (UK Holdings) Limited First State Investments (UK) Limited
Adrian Creedy	None	None
Anthony Nutt	None	None

5.3 Save as disclosed in paragraph 5.4 below, within the period of five years preceding the date of this document none of the Directors or Senior Managers:

5.3.1 has any convictions in relation to fraudulent offences;

5.3.2 has been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

5.3.3 has been the subject of any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

5.4 Edward Bonham Carter was a director of Jupiter Split Trust plc (in liquidation), an investment trust managed by Jupiter which was put into members' voluntary liquidation in 2004 having reached the end of its fixed life. All the creditors have been paid in full. JST Securities Limited, a subsidiary of Jupiter Split Trust plc, was dissolved as part of the liquidation. Jamie Dundas was a director of Xchangeeco Limited, which, with its subsidiary, The Property Investment Market Operations Limited, went into members' voluntary liquidation in early 2008 after approximately 18 months of trading and both of which were dissolved in February 2010. All the creditors were paid in full. The other subsidiary of Xchangeeco Limited, The Property Market Investment Limited, was dissolved on 28 July 2009 having not traded since its incorporation.

- 5.5 Jamie Dundas, the Chairman of the Company, is a non-executive director of Standard Chartered PLC. Jupiter has an agreement with Standard Chartered PLC, under which it may provide investment management services to certain clients of Standard Chartered on normal commercial terms. Although this may constitute a potential conflict of interest, the Directors do not consider that any actual conflict arises or is expected to arise and the arrangements have been disclosed to, and authorised by, the Board and the board of directors of Standard Chartered PLC. The Board also considers that these arrangements are not likely to affect or appear to affect the independent character and judgement of the Chairman of the Company.

Save as aforesaid, none of the Directors or Senior Managers has any potential conflicts of interest between their duties to the Company and their private interests or other duties.

6. DIRECTORS', SENIOR MANAGERS' AND MAJOR SHAREHOLDERS' INTERESTS IN JUPITER

- 6.1 The table below sets out the interests of the Directors and Senior Managers (all of which are beneficial or are interests of a person connected with the indicated Director and Senior Manager) in the share capital of the Company at 1 June 2010 (the latest practicable date before publication of this document) and immediately following Admission:

Directors	<i>1 June 2010</i>		<i>Immediately following Admission^{1,2}</i>	
	<i>Number of Ordinary Shares held^{1,3}</i>	<i>% of issued share capital</i>	<i>Number of Ordinary Shares held³</i>	<i>% of issued share capital</i>
Jamie Dundas	1,250,000	0.43	1,250,000	0.28
Edward Bonham Carter	18,019,842	6.20	14,715,512	3.34
John Chatfeild-Roberts	9,189,359	3.16	8,222,912	1.87
Philip Johnson	2,000,000	0.69	1,804,447	0.41
Liz Airey	Nil	n/a	Nil	n/a
Matteo Dante Perruccio	250,000	0.09	250,000	0.06
Lorraine Trainer	Nil	n/a	Nil	n/a
Richard I. Morris, Jr.	455,394	0.16	622,060	0.14
Michael Wilson	Nil	n/a	Nil	n/a

In addition, John Chatfeild-Roberts has options over 1,562,500 Ordinary Shares which, subject to satisfaction of performance conditions, become exercisable between 21 June 2011 and 21 June 2014 at nil cost.

Senior Managers	<i>1 June 2010</i>		<i>Immediately following Admission^{1,2}</i>	
	<i>Number of Ordinary Shares held^{1,3}</i>	<i>% of issued share capital</i>	<i>Number of Ordinary Shares held³</i>	<i>% of issued share capital</i>
Adrian Creedy	6,085,769	2.09	4,975,443	1.13
Chris Crawford	1,542,805	0.53	1,280,369	0.29
Anthony Nutt	26,377,221	9.07	21,563,468	4.90

1 The number of Ordinary Shares held at 1 June 2010 assumes that (a) the Share Capital Reorganisation has become effective, (b) the Offer Price is set at the mid-point of the Price Range, and (c) Admission occurs on 21 June 2010 and, in the case of the number of Ordinary Shares held immediately following Admission also assumes (a) the Company raises gross proceeds of £220 million and (b) the Over-allotment Option is not exercised.

2 Assuming each Director and Senior Manager sells the maximum percentage of his Ordinary Shares which he has committed to sell or indicated he may sell.

3 Includes Restricted Shares subject to the conditions described in paragraph 9.1 below.

- 6.2 So far as the Company is aware, at 1 June 2010 (the latest practicable date before publication of this document), save as set out below, no persons (excluding Directors and Senior Managers) were directly or indirectly interested in three per cent. or more of the Company's issued share capital or will be so interested immediately following Admission:

<i>Name</i>	<i>1 June 2010</i>		<i>Immediately following Admission^{1,2}</i>	
	<i>Number of Ordinary Shares¹</i>	<i>% of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>% of issued share capital</i>
TA Funds	71,518,377	24.6	76,268,379	17.32
Anthony Nutt	26,377,221	9.07	21,563,468	4.90
Edward Bonham Carter	18,019,842	6.20	14,715,512	3.34
Philip Gibbs	18,536,819	6.37	15,088,354	3.43
Alex Darwall	10,890,757	3.75	10,890,757	2.47
John Chatfeild-Roberts	9,189,359	3.16	8,222,912	1.87
Ian McVeigh	8,850,499	3.04	7,025,190	1.60

1 The number of Ordinary Shares held at 1 June 2010 assumes that (a) the Share Capital Reorganisation has become effective, (b) the Offer Price is set at the mid-point of the Price Range, and (c) Admission occurs on 21 June 2010 and, in the case of the number of Ordinary Shares held immediately following Admission also assumes (a) the Company raises gross proceeds of £220 million and (b) the Over-allotment Option is not exercised.

2 Assuming each individual sells the maximum percentage of his Ordinary Shares which he has committed to, or indicated he may, sell.

6.3 None of the shareholders referred to in paragraph 6.2 above has different voting rights from any other holder of Ordinary Shares in respect of any Ordinary Shares held by them.

6.4 The Company is not aware of any person who, immediately following Admission, directly or indirectly, jointly or severally, will own or could exercise control over the Company.

7. DIRECTORS' SERVICE AGREEMENTS, LETTERS OF APPOINTMENT AND REMUNERATION

7.1 Service agreements

The Company has entered into service agreements on 1 June 2010 with the following executive Directors, the principal terms of which are summarised below:

<i>Name</i>	<i>Title</i>	<i>Date of commencement of continuous employment</i>
Edward Bonham Carter	Group Chief Executive	1 July 1994
John Chatfeild-Roberts	Chief Investment Officer	10 March 2001
Philip Johnson	Chief Financial Officer	1 October 2009

The other terms of the service agreements are the same in all material respects and provide that:

- the agreements will continue unless and until terminated by not less than 6 months' written notice by either party. The Company may at any time exercise its discretion to pay the Director in lieu of the notice period;
- the Director may be paid a discretionary bonus for each financial year of the Company;
- the Director's salary will be reviewed annually;
- the Director is entitled to 30 days' holiday in addition to bank and public holidays. In addition, if a Director works one working day between 27 December and 31 December in any given year, then the Director is entitled to take two working days between 27 December and 31 December of such year as additional paid holiday;
- the Director may, at the Company's discretion, be paid full basic salary for 13 weeks' absence through sickness or injury in any period of 12 months provided he has been employed by the Company for at least 12 months;

- (f) the Director may join the Group pension plan, life assurance scheme, private medical insurance scheme and income protection scheme, subject to the rules of such schemes and the Company's right to withdraw, amend or terminate participation in the schemes at any time;
- (g) the Director's normal working hours shall be from 9.30 a.m. to 5.30 p.m. Monday to Friday and such additional hours (without further remuneration) as are necessary for the proper performance of his duties;
- (h) the service agreements include clauses on confidentiality and restrictive covenants. The Director is restricted from competing with the Company in Great Britain for 12 months after termination of his employment and from taking orders from or soliciting customers or particular staff for 12 months after termination of the Director's employment; and
- (i) the service agreement is terminable immediately without notice or pay in lieu of notice if (in summary) the Director:
 - (i) commits an act of gross misconduct;
 - (ii) commits by act or omission any serious breach or repeated or continued material breach of the Director's obligations under his service agreement;
 - (iii) been guilty of conduct by act or omission (whether in the course of his duties or otherwise) tending to bring him or the Company or any Group company into disrepute in the reasonable opinion of the Board or which causes the Company or any Group company substantial economic harm;
 - (iv) is convicted of any criminal offence under any statutory enactment or regulation other than an offence under any road traffic legislation in the UK or elsewhere for which a fine or non-custodial penalty is imposed;
 - (v) resigns (of his own choice as a director of the Company, not being at the request of the Company or the Board);
 - (vi) is disqualified from being a director by reason of any order made under the Company Directors Disqualification Act 1986 or any other enactment;
 - (vii) ceases to be eligible to work in the UK in accordance with sections 15 to 25 of the Immigration, Asylum and Nationality Act 2006;
 - (viii) is guilty of a breach of the rules and regulations of the UK Listing Authority (including the Model Code), the London Stock Exchange, the FSA or any other regulatory authorities relevant to the Company or any Group company or of any code of practice issued by the Company as amended from time to time;
 - (ix) becomes prevented by an applicable law or regulation from performing any material part of his duties;
 - (x) has been expelled, suspended or subject to any serious disciplinary action by a relevant professional body or failed or ceased to meet the requirements of any regulatory body or statutory authority as a result of which the Director is no longer able to perform all or any of the duties under his service agreement;
 - (xi) has failed to perform his duties under his service agreement to a satisfactory standard, after having received a written warning from the Company relating to the same; or
 - (xii) becomes bankrupt or has an interim order made against him under the Insolvency Act 1986 or compounds with his creditors generally.

Save as set out above, there are no specific provisions in the service agreements providing for benefits on termination of employment.

7.2 *Non-executive Director appointments*

The Company has entered into the following letters of appointment with the following non-executive Directors, the principal terms of which are summarised below:

<i>Name</i>	<i>Title</i>	<i>Date of commencement of directorship</i>	<i>Annual fee</i>
Jamie Dundas	Independent non-executive Chairman	28 January 2008	£150,000
Liz Airey	Independent non-executive Director	17 May 2010	£70,000
Matteo Dante Perruccio	Independent non-executive Director	9 September 2008	£55,000
Lorraine Trainer	Independent non-executive Director	17 May 2010	£55,000
Richard I. Morris, Jr.	Non-executive Director	19 June 2007	£45,000
Michael Wilson	Non-executive Director	19 June 2007	Nil

The terms of the letters of appointment are the same in all material respects and provide that:

- the appointments are for a fixed term of three years from the respective commencement dates unless terminated by either party on three months' written notice (save as in respect of Richard I. Morris, Jr. and Michael Wilson, whose appointments are for an indefinite period unless terminated by each of these Directors on three months' written notice to the Company, or by the Company on three months' written notice to the Director which may be given at any time if: (1) in respect of Richard I. Morris, Jr, the percentage of the Ordinary Shares of the Company in issue from time to time which are owned by TA Associates (together with its Associates) on an aggregated basis drops to less than 15 per cent.; and (2) in respect of Michael Wilson, the percentage of the Ordinary Shares of the Company in issue from time to time which are owned by TA Associates (together with its Associates) on an aggregated basis drops to less than 10 per cent.);
- the Company will reimburse all reasonable and properly documented expenses incurred in the performance of the Directors' duties; and
- the Company will obtain and maintain appropriate directors' and officers' liability insurance for their benefit.

Save as set out above, it is not intended that there will be any specific provisions in the letters of appointment providing for benefits on termination of the appointment.

7.3 *Summary of remuneration*

The aggregate remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to each of the Directors by the Group for the financial year ended 31 December 2009 was as follows:

<i>Directors</i>	<i>Salary/fee</i>	<i>Bonus</i>	<i>Benefits</i>	<i>Pension</i>	<i>Unit Awards¹</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Jamie Dundas	50,000	n/a	n/a	n/a	n/a	50,000
Edward Bonham Carter	250,000	528,750 ⁴	24,404 ³	33,245 ²	866,578	1,702,977
John Chatfeild-Roberts	249,452	1,057,500 ⁴	23,450 ³	37,212	416,667	1,784,280
Philip Johnson ⁵	39,247	185,000 ⁶	0	5,887	0	230,134
Liz Airey	n/a	n/a	n/a	n/a	n/a	n/a
Matteo Dante Perruccio	35,000	n/a	n/a	n/a	n/a	35,000
Lorraine Trainer	n/a	n/a	n/a	n/a	n/a	n/a
Richard I. Morris, Jr.	0	0	0	0	0	0
Michael Wilson	0	0	0	0	0	0
Total	623,699	1,771,250	47,854	76,344	1,283,245	3,802,391

- 1 These awards are deferred awards granted prior to Admission. The terms of these deferred awards are described in paragraph 9.3 of this Part 8.
- 2 Pension contributions for Edward Bonham Carter are paid directly to him rather than into a pension scheme.
- 3 Included in the benefits for Edward Bonham Carter and John Chatfeild-Roberts are payments of £22,000 each in compensation for closure of the company car scheme.
- 4 In addition to their bonus, Edward Bonham Carter and John Chatfeild-Roberts received £221,250 and £422,500 in deferred bonus awards respectively in 2009 which will vest over the next two years. Since these awards have not yet vested, the amounts have not been included in the table.
- 5 Philip Johnson was appointed a director of the Company on 21 October 2009.
- 6 The bonus paid to Philip Johnson includes a recruitment bonus of £135,000 paid to him on joining the Company.

The aggregate remuneration of the Senior Managers, including all benefits payable by the Company or any of its subsidiary undertakings, for the financial year ended 31 December 2009, amounted to £3,440,423.

8. PENSIONS AND POST-RETIREMENT BENEFITS

8.1 *UK Defined Contribution Pension*

In the UK, the Group operates a defined contribution (money purchase) pension scheme, the Jupiter Pension Scheme. The scheme is established under trust and is a registered pension scheme for the purposes of the Finance Act. The scheme is not contracted-out of the State Second Pension Scheme.

Employer contributions to the scheme are at the rate of 15 per cent. of basic salary for all employees after 6 months' service. Scheme members are not required to make contributions to the scheme.

On retirement the member receives the accumulated value of his individual retirement fund which will be provided as a pension for life secured by annuity purchase. In the event of the death of the member, his dependents will receive an annual pension of 33½ per cent. of the member's earnings at the date of his death. The provision of this benefit is fully insured.

Some senior executive employees have external defined contribution pension arrangements (such as SIPPS) and in such circumstances the 15 per cent. employer contribution is paid directly to those arrangements instead of the contribution due to the scheme.

8.2 *Bermudan pension plan*

JAMB maintains a pension plan for the Bermudian employees, which is administered in Bermuda by Bermuda Life Insurance Company Limited. The plan is subject to the provisions of Bermuda's National Pension Scheme (Occupational Pensions) Act 1998 and associated regulations. JAMB contributes between 10 per cent. and 15 per cent. of each employee's pensionable earnings (these include salary and any bonus or profit sharing income in excess of 10 per cent. of basic salary, subject to a maximum of \$200,000 per year per employee) to the plan or, in the case of one employee, to a separate external pension plan.

9. PRE-ADMISSION SHARE INCENTIVE ARRANGEMENTS

9.1 *Restricted Shares*

On Admission, the executive Directors and other employees of the Group (the **Executives**) will beneficially hold, in aggregate, approximately 35 per cent. of the Ordinary Shares in issue¹. Of these shares, some 133,834,120 Ordinary Shares (the **Restricted Shares**) will be subject to the arrangements described below, which have been agreed between the Company and the Executives. The remaining Ordinary Shares to which the Executives are beneficially entitled which are not Restricted Shares are not subject to these arrangements but are the subject of a one year lock-up as described in paragraph 12 of Part 2: "The Global Offer – Lock-up arrangements".

¹ Assuming that (a) the Share Capital Reorganisation has become effective, (b) the Offer Price is set at the mid-point of the Price Range, (c) the Company raises gross proceeds of £220 million, (d) Admission occurs on 21 June 2010, (e) the Over-allotment Option is not exercised and (f) each individual sells the maximum percentage of his Ordinary Shares which he has committed to sell or indicated he may sell.

Vesting

Provided the Executive has remained in employment with the Group, each holding of Restricted Shares will vest (i.e. cease to be subject to the compulsory transfer provisions and sale restrictions described below) as to one-third of the Ordinary Shares comprised in the holding on the first, second and third anniversaries of Admission.

Cessation of employment and compulsory transfer

If an Executive ceases to be employed by the Group prior to the applicable vesting date, the Remuneration Committee may (at any time up to one year after the Executive's employment ceases) require that his unvested Restricted Shares are transferred to the EBT.

- (a) If, prior to the applicable vesting date, an Executive ceases employment as a "good leaver", which may include cessation as a result of his physical or mental deterioration (as judged by the Remuneration Committee), his death, redundancy (in the case of certain Executives), his employing company ceasing to be a subsidiary of the Group or any other justifiable reason permitted by the Remuneration Committee, the price payable by the trustee of the EBT to such Executive will be the higher of the price paid by the Executive for his Restricted Shares and the market value of such shares at the time of transfer.
- (b) If an Executive ceases employment other than as a "good leaver", the price payable by the trustee of the EBT to such Executive will be the lower of the price paid by the Executive for his Restricted Shares and the market value of such shares at the time of transfer.

If an Executive ceases to be employed by the Group and is deemed by the Remuneration Committee to have breached certain non-solicitation, non-compete or anti-disparagement covenants prior to or within the 12 months following Admission, the Company may, at any time during the one year following the breach of the relevant covenant, also require that a certain proportion of Ordinary Shares held by the Executive which have vested pursuant to the Company's pre-Admission share incentive arrangements be transferred to the trustee of the EBT. The price payable by the trustee will be the lower of the price paid by the Executive for such Ordinary Shares and the market value of such Ordinary Shares at the time of transfer.

Sale restrictions

In addition to the one year lock-up described in paragraph 12 of Part 2: "The Global Offer – Lock-up arrangements", each Executive has agreed not to sell his Restricted Shares prior to vesting unless permitted in prescribed circumstances by the Remuneration Committee. The effect of this restriction is that each Executive can generally only sell Restricted Shares after each tranche of Restricted Shares (each tranche being one-third of the relevant holding as described above) vests.

Change of control and winding-up

In the event that the Court sanctions an amalgamation or reconstruction of the Company or there is a change of control of the Company arising from a general offer for all the share capital of the Company or there is a winding-up of the Company, the assets (including cash or shares) received in consideration or replacement of Restricted Shares shall continue to be subject to the vesting and sale restrictions set out above, unless the Remuneration Committee determines that it would be appropriate and fair for the Restricted Shares to vest in full or in part.

Voting and Dividend Rights

The Executive may exercise voting rights in respect of his Restricted Shares and such shares will rank *pari passu* with all other Ordinary Shares in respect of dividends and any other distributions and rights.

The table below sets out the details of the Restricted Shares held immediately following Admission¹:

	<i>Restricted Shares vesting 1 year after Admission</i>		<i>Restricted Shares vesting 2 years after Admission</i>		<i>Restricted Shares vesting 3 years after Admission</i>	
	<i>% of issued ordinary share capital</i>		<i>% of issued ordinary share capital</i>		<i>% of issued ordinary share capital</i>	
	<i>No.</i>	<i>capital</i>	<i>No.</i>	<i>capital</i>	<i>No.</i>	<i>capital</i>
Directors ²	7,800,000	1.77	7,800,000	1.77	7,800,000	1.77
Senior Managers	8,400,000	1.91	8,400,000	1.91	8,400,000	1.91
Other senior employees	28,411,373	6.45	28,411,373	6.45	28,411,373	6.45

1 Assuming that (a) the Share Capital Reorganisation has become effective, (b) the Offer Price is set at the mid-point of the Price Range, (c) the Company raises gross proceeds of £220 million, (d) Admission occurs on 21 June 2010, (e) the Over-allotment Option is not exercised and (f) each individual sells the maximum percentage of his Ordinary Shares which he has committed to sell or indicated he may sell.

2 Including the option held by John Chatfeild-Roberts disclosed in paragraph 6.1 above.

9.2 *Options and other conditional interests in Ordinary Shares*

On Admission certain other employees will hold options and conditional interests in approximately 13,530,500 Ordinary Shares pursuant to incentive arrangements operated by Jupiter prior to Admission. No further awards or interests will be granted under these arrangements after Admission. However, awards and interests will remain outstanding or conditional and subject to vesting provisions for periods of up to 4 years following Admission. Awards and interests will vest subject to a range of performance requirements and/or continuing service conditions.

Awards and interests may vest early in the event that the holder is a “good leaver”.

Awards and interests will continue to be subject to vesting conditions following a change of control of Jupiter, unless the Remuneration Committee determines otherwise, and may be adjusted in the event of any variation of capital.

9.3 *Deferred awards*

Certain Directors and other senior employees also hold outstanding awards under the Company’s senior executive bonus deferral arrangements.

The awards are over units in the Jupiter Merlin Balanced Fund but the individuals may elect to have their awards invested in other Jupiter funds or in cash instead.

The awards vest as to one-third of the value of the assets subject to an award on the first anniversary of grant and as to the remaining two-thirds on the second anniversary of grant, provided that an individual has not, on or prior to a relevant vesting date:

- (a) terminated his employment with the Group or given notice of such termination; or
- (b) had his employment with the Group terminated for cause or received notice of termination for cause,

in which case his award shall lapse.

The awards will continue unaffected in the event of a change of control.

All outstanding awards will have vested by March 2012 and no further awards will be granted pursuant to these arrangements following Admission.

10. **POST-ADMISSION SHARE INCENTIVE ARRANGEMENTS**

10.1 *Overview of the New Plans*

Following Admission, the plans detailed below will be used to provide equity and cash-based incentive awards to executive directors and employees of the Group:

- a deferred bonus plan (the **DBP**) – the plan will operate in conjunction with the annual bonus and performance fee arrangements and provides that a proportion of a participant’s annual bonus is deferred into a conditional service related award;
- a long-term incentive plan (the **LTIP**) – a performance and/or service related conditional share award plan; and
- an approved sharesave plan (the **Sharesave Plan**) – a savings-related all employee option plan approved by HMRC

(together, the **New Plans**).

Awards under the DBP and LTIP may take the form of a conditional right to receive equity or cash in the future or restricted equity beneficially owned by the participant from the outset but subject to transfer restrictions and forfeiture provisions which the participant agrees will apply for a specified period.

No payment is required for the grant of awards under the New Plans.

The following features are common to each of the New Plans, unless otherwise specified.

Operation and Administration

The New Plans shall be administered and operated by the Remuneration Committee. The Remuneration Committee will oversee the New Plans having regard to market practice within the Company’s business sector and the need to incentivise and retain the best people whilst aligning their interests with those of the Company’s shareholders. The grant of awards to directors and the exercise of any discretion in respect of directors’ awards shall be determined by the Remuneration Committee.

Settlement and dilution limit

Awards over Ordinary Shares granted under the New Plans may be satisfied by the allotment or the issue of Ordinary Shares from treasury or the transfer of existing Ordinary Shares.

Awards granted under the DBP may be granted over Ordinary Shares or units in one or more of the funds offered by Jupiter.

At any time, the total number of Ordinary Shares which have been issued or remain issuable pursuant to awards granted under the New Plans or awards granted under any other employees’ share scheme (established by the Company on or following Admission) in the preceding 10 years may not exceed 15 per cent. of the Ordinary Shares in issue at that time.

For the purposes of the above limit:

- Ordinary Shares which are the subject of any awards granted prior to Admission shall be excluded;
- Ordinary Shares which are the subject of lapsed awards (other than any awards in respect of which Ordinary Shares have been issued into any employee benefit trust or in the name of a nominee) shall be excluded; and
- treasury shares shall be treated as issued (unless guidance published by relevant institutional investor representative bodies recommends otherwise).

Voting and other rights

Participants will agree not to exercise their voting rights with respect to any restricted shares granted to them during the applicable restricted period and prior to the exercise or vesting of all other awards (as appropriate), participants will have no voting rights in respect of the Ordinary Shares subject to all other awards.

Participants will agree not to transfer any restricted equity granted to them during the applicable restricted period and all other awards are non-transferable.

All awards are non-pensionable.

Dividends

The number of Ordinary Shares subject to conditional awards granted under the DBP and LTIP may be increased to reflect any dividends declared by the Company from the date of grant until the Ordinary Shares are delivered. The number of additional Ordinary Shares will reflect the net dividends which would have been received by the participant if he had been the owner of the Ordinary Shares subject to the LTIP Award or Deferred Award to the extent such Ordinary Shares vest and will be determined using the ex-dividend value of the Ordinary Shares.

The Remuneration Committee may require that as a condition of participation in the DBP and LTIP, participants agree to waive dividends relating to Ordinary Shares which are the subject of a restricted equity award or that participants receive the benefit of such dividends only in respect of restricted equity which vests or that dividends be reinvested in Ordinary Shares which shall vest subject to the same terms as the original award to which they relate.

No entitlement to dividends will arise in respect of options granted under the Sharesave Plan until such options are exercised.

Variation of share capital and special dividends

In the event of any variation in the Ordinary Share capital of the Company or any capitalisation of profits or reserves by way of any consolidation, sub-division or reduction of the Ordinary Share capital of the Company and in respect of any discount element in any rights issue or any other variation in the Ordinary Share capital of the Company or on payment of a special dividend, the number of Ordinary Shares subject to an award and the exercise price (if applicable) may be varied in such manner as the Board considers appropriate.

Amendments

The New Plans may be amended in any respect by the Remuneration Committee provided that the prior approval by ordinary resolution of the Company's shareholders in a general meeting is required before an amendment may be made to the material benefit of participants to any provisions relating to:

- (a) the persons who may be invited to participate in or be granted awards under the New Plans;
- (b) the overall limit on the number of Ordinary Shares in respect of which awards may be granted;
- (c) the basis for determining participants' entitlements to, and the material terms of, awards to be provided under the New Plans;
- (d) the adjustment of awards in the event of a variation of capital; and
- (e) the rules relating to amendments to the New Plans.

No amendment may be made to the rules of any of the New Plans if it would adversely affect the rights of participants without the approval of participants holding awards over 75 per cent. of the Ordinary Shares under the awards so affected.

However, minor amendments to the benefit of the administration of the New Plans, or other amendments to take account of changes in legislation, to obtain or maintain favourable tax, exchange control or regulatory treatment or to take account of a corporate transaction, may be made without the need for either of the approvals set out above where such amendments do not alter the basic principles of the relevant Plan.

No amendment to a key feature of the Sharesave Plan shall take effect without the prior approval of HMRC.

In addition, the Remuneration Committee may, without participant or shareholder approval, adopt sub-plans or schedules to the relevant New Plan suitable for operation in any relevant country to take account of tax laws or other legal or regulatory requirements in the relevant country if considered necessary and expedient, provided that the terms of participation in and the terms of awards granted under such sub-plans or schedules shall not be materially more favourable overall than the terms of the New Plans.

Termination

The New Plans shall terminate on the tenth anniversary of Admission or earlier by resolution of the Remuneration Committee.

Employee Benefit Trusts

The Company may operate the New Plans in conjunction with the Jupiter Employee Benefit Trust or any other employee benefit trust which the Company reserves the right to establish for the purposes of operating the Plans or any other equity-based employee incentivisation arrangements operated by the Company.

Any trust which is established following Admission may acquire Ordinary Shares either by market purchase or by subscription and the trustee shall be entitled to hold or distribute Ordinary Shares in respect of awards or grant awards over them pursuant to the New Plans. Any such trust may also invest in one or more Jupiter funds for the purpose of settling and/or granting awards over such investments under the DBP. It is intended that any such trust will be funded by way of loans and other contributions from the Company and may not, at any time, hold more than five per cent. of the issued ordinary share capital of the Company. Any Ordinary Shares issued to an employee benefit trust following Admission will count for the purposes of the limit set out in the paragraph entitled "Settlement and dilution limit" above.

10.2 *Deferred Bonus Plan*

The DBP will operate in conjunction with the annual performance bonus operated by the Company and be used to defer bonus into conditional equity in the form of Ordinary Shares or selected investments in one or more Jupiter funds.

Eligibility

All employees (including executive directors) of the Group who are eligible for a bonus over the minimum threshold determined by the Remuneration Committee will be required to participate in the DBP. The following table sets out the intended compulsory bonus deferral for the financial year of Admission:

Aggregate annual gross bonus awarded under Company's bonus arrangements	Compulsory deferral proportion of gross bonus
Between £100,000 and £150,000	100% of bonus in excess of £100,000
More than £150,000	100% of bonus between £100,000 and £150,000 30% of bonus in excess of £150,000

At its discretion the Remuneration Committee may determine that additional bonus deferral on a voluntary basis may be offered to selected employees or directors.

Awards in respect of deferred bonus

In respect of deferred bonus the participant may:

- (a) be granted a conditional award delivering free equity or nil-cost options; or
- (b) be required to invest such bonus to acquire equity which will be held in the name of a designated nominee on a participant's behalf and be subject to the restrictions and forfeiture provisions described below.

(each a **Deferred Award**).

The Deferred Award will be granted over Ordinary Shares or over selected investments in one or more Jupiter funds if the Remuneration Committee considers that the participant has significant equity interests in Ordinary Shares.

Deferred Awards will be granted during the period of 42 days following the announcement of the Company's results for the period to which the Company's bonus arrangements relate.

The number of Ordinary Shares or other investments subject to a Deferred Award in the form of a conditional award will be determined by reference to the market value of such Ordinary Shares or other investments at the time of grant.

Vesting of Deferred Awards

Deferred Awards shall vest in full on the third anniversary of grant subject to the participant having remained in service with the Group or following such longer period as the Remuneration Committee may determine prior to grant of the Deferred Award.

On vesting:

- (a) an Option will become exercisable; and
- (b) a participant will become absolutely beneficially entitled to the Ordinary Shares subject to his conditional free share award; and
- (c) restricted equity or cash will cease to be subject to all transfer restrictions and the risk of forfeiture.

Options will lapse on the tenth anniversary of grant to the extent unexercised.

Cessation of employment

If the participant's employment with the Group ceases prior to the third anniversary of grant as a result of death, disability, termination without cause or for any other reason specifically permitted at the discretion of the Board, his Deferred Award shall vest in full on a date determined by the Board as soon as practicable following such cessation.

If a participant terminates his employment with the Group prior to the third anniversary of grant, his Deferred Award shall vest in full on the first anniversary of the date of such cessation, provided that the Board has not determined that the participant has joined a competitor of the Group or breached any applicable restrictive covenants, in which case his Deferred Award shall lapse or, in the case of Deferred Awards of restricted equity, be compulsorily transferable to the trustee of the EBT for nil consideration, in each case immediately on such determination.

In all other circumstances if a participant's employment with the Group ceases prior to the third anniversary of grant, his Deferred Award shall lapse or in the case of Deferred Awards of restricted equity, be compulsorily transferable to the trustee of the EBT for nil consideration, in each case on the date of such cessation.

Change of control, reconstruction or winding up

If a change of control of the Company (meaning a party, either alone or in concert with other parties, gaining the power (either by the holding of shares, the possession of voting power or as a result of powers conferred in articles of association or other relevant documents) to secure that the affairs of the Group are conducted in accordance with their wishes) occurs prior to a Deferred Award vesting, such Deferred Award shall continue to vest as normal except that:

- (a) the Remuneration Committee may, in its absolute discretion, determine that conditional share awards (with the agreement of the acquiring company) be automatically exchanged in whole or part for equivalent awards relating to shares in the acquiring company which shall vest in line with the original vesting timetable and subject to continued service with the Group; or
- (b) if following the change of control the Ordinary Shares will no longer be admitted to listing on the Official List, the Remuneration Committee may, in its absolute discretion, determine that the Ordinary Shares subject to all Deferred Awards shall be issued (where relevant) and sold and the resulting cash be retained pending vesting in line with the original vesting timetable, when it will be released to the relevant participant, subject to continued service with the Group.

If a resolution for voluntary winding-up is passed, Deferred Awards shall vest in full on the date of such resolution.

Holders of restricted equity will be entitled to accept any offer made to holders of Ordinary Shares but any consideration which they receive shall be subject to the same terms as the original Deferred Award.

10.3 *Long-Term Incentive Plan*

The LTIP will be used to provide incentives over Ordinary Shares to selected employees (including executive directors).

The LTIP provides for the following types of award:

- (a) options with an exercise price to be determined by the Remuneration Committee (which may be nil or nominal) at the time of grant (**LTIP Options**);
- (b) conditional share awards, being awards delivering free shares granted as conditional awards or nil-cost options (**LTIP Conditional Share Awards**); and
- (c) awards of restricted shares which are beneficially owned by the participant but held on his behalf by a nominee and are, by agreement with the participant, subject to transfer restrictions and forfeiture provisions during a specified period (**LTIP Restricted Shares**),

(together, the **LTIP Awards**).

Eligibility

Employees (including executive directors) of the Group will be eligible, but not entitled, to participate in, and be granted LTIP Awards. Participation will be at the Board's and, in the case of directors, the Remuneration Committee's discretion.

Grant

Eligible employees may be granted LTIP Awards:

- (a) on or immediately following Admission;
- (b) during the period of 42 days following an announcement by the Company of its interim or final results for any period; or
- (c) at any time that the Board determines that exceptional circumstances have arisen.

Vesting of LTIP Awards

LTIP Awards shall be capable of vesting on the third anniversary of the date of grant (or following such longer period as the Remuneration Committee may determine prior to grant) subject to the following conditions:

- (a) the participant having remained in service with the Group; and
- (b) where appropriate, satisfaction of relevant and challenging performance conditions determined by the Remuneration Committee.

On vesting:

- (a) an LTIP Option will become exercisable;
- (b) a participant will become absolutely beneficially entitled to the Ordinary Shares subject to his LTIP Conditional Share Award or to exercise his nil-cost option (as the case may be); and
- (c) LTIP Restricted Shares will cease to be subject to all transfer restrictions and forfeiture provisions.

LTIP Options and nil-cost options will lapse on the tenth anniversary of grant to the extent unexercised.

Performance conditions

The Remuneration Committee will determine the performance conditions relating to LTIP Awards granted to directors and senior managers and which may relate to a combination of corporate and individual requirements.

To the extent that the performance conditions have not been achieved over the relevant performance period, LTIP Awards shall:

- (a) in the case of an LTIP Option or LTIP Condition Share Award, immediately lapse; and
- (b) in the case of LTIP Restricted Shares, be compulsorily transferable to the trustee of the EBT at a price per LTIP Restricted Share equal to the price paid by the participant to acquire such LTIP Restricted Share or nil if he acquired the LTIP Restricted Shares for free,

in each case on the date on which the Remuneration Committee determines that the performance condition has not been met.

Cessation of employment

If the participant's employment with the Group ceases prior to the third anniversary of grant due to his death, his LTIP Award shall vest in full on a date determined by the Board as soon as practicable following such cessation regardless of the performance condition.

If the participant's employment with the Group ceases prior to the third anniversary of grant as a result of disability, termination without cause or for any other reason specifically permitted at the discretion of the Board, his LTIP Award shall be capable of vesting in full in the usual manner on the third anniversary of the date of grant and subject to the achievement of the performance condition.

In all other circumstances, if a participant's employment with the Group ceases prior to the third anniversary of grant, his LTIP Award shall:

- (a) in the case of an LTIP Option or LTIP Condition Share Award, immediately lapse; and
- (b) in the case of LTIP Restricted Shares, be compulsorily transferable to the trustee of the EBT at a price (if any) per LTIP Restricted Share equal to the lower of any price paid by the participant to acquire such LTIP Restricted Share and the market value of an Ordinary Share on the date of cessation,

in each case on the date of such cessation.

Change of control, reconstruction or winding up

If a change of control of the Company (meaning a party, either alone or in concert with other parties, gaining the power (either by the holding of shares, the possession of voting power or as a result of powers conferred in articles of association or other relevant documents) to secure that the affairs of the Group are conducted in accordance with their wishes) occurs prior to an LTIP Award vesting, LTIP Awards shall continue to vest as normal except that:

- (a) the Remuneration Committee may, in its absolute discretion, determine that in the case of an LTIP Award to which one or more performance conditions apply, the extent to which such performance condition(s) have been satisfied shall be determined at the date of the change of control and by reference to the reduced performance period and the number of Ordinary Shares subject to such LTIP Award shall be reduced accordingly; and
- (b) the Remuneration Committee may, in its absolute discretion, determine that LTIP Options and LTIP Conditional Share Awards (with the agreement of the acquiring company) be automatically exchanged in whole or part for equivalent awards relating to shares in the

acquiring company which shall vest in line with the original vesting timetable and subject to continued service with the Group; or

- (c) if following the change of control the Ordinary Shares will no longer be admitted to listing on the Official List, the Remuneration Committee may, in its absolute discretion, determine that the Ordinary Shares subject to all LTIP Awards shall be issued (where relevant) and sold and the resulting cash be retained pending vesting in line with the original vesting timetable, when it will be released to the relevant participant, subject to continued service with the Group.

If a resolution for voluntary winding-up is passed, LTIP Awards shall vest on the date of such resolution, subject to any performance conditions being applied as described above at the absolute discretion of the Remuneration Committee.

Holders of LTIP Restricted Shares will be entitled to accept any offer made to holders of Ordinary Shares but any consideration which they receive shall be subject to the same terms as the original LTIP Restricted Shares.

10.4 *Save-As-You-Earn*

The Sharesave Plan will be used to provide tax beneficial equity incentives on an “all-employee” basis and will be submitted to HMRC for its approval pursuant to Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003.

Eligibility

Participation in the Sharesave Plan must be offered on similar terms to all UK resident employees and full-time executive directors of the Company who have been employed with the Group for such period (not exceeding five years) as may be specified by the Board when making invitations. The Board has discretion to allow participation in the Sharesave Plan by directors and employees who do not satisfy these requirements.

Issue of invitations

The Board may, in its absolute discretion, issue invitations to eligible employees to apply for the grant of options. Invitations may be issued during the period of 42 days following:

- (a) the approval of the Sharesave Plan by HMRC or any amendment to it;
- (b) the announcement of the Company’s interim or final results for any period;
- (c) the announcement of a new prospectus for certified sharesave savings arrangements approved by HMRC; or
- (d) the announcement of amendments to be made to applicable sharesave legislation or the coming into force of such amendments.

Invitations may also be issued following a determination by the Board that exceptional circumstances have arisen which justify the issue of invitations outside the usual invitation periods.

Options may not be granted more than ten years after the adoption of the Sharesave Plan and options may not be granted at any time when dealings in Ordinary Shares are prohibited under the Company’s dealing code and/or the Model Code of the UK Listing Authority.

If the Board receives applications for the grant of options over Ordinary Shares which in aggregate exceed the number of Ordinary Shares which has been made available for the purpose of that issue of invitations, the applications will be scaled down accordingly.

Savings contract

It is a condition of participation in the Sharesave Plan that an eligible employee enters into a savings contract under a “certified contractual savings scheme” (as defined in the relevant legislation) maturing after three, five or seven years.

Shares subject to an option granted under the Sharesave Plan may be acquired only out of the proceeds (included any interest or bonus) due under the related savings contract. The number of Ordinary

Shares subject to an option is that number which, at the exercise price per Ordinary Share under the option, may be acquired out of the expected proceeds of the related savings contract (including any bonus).

The minimum amount which an employee may save under a savings contract is £10 per month and the maximum amount is £250 per month.

Exercise price

An option will entitle the holder to acquire Ordinary Shares at a price determined by the Board, which may not be less than the higher of:

- (e) 80 per cent. of the average closing middle market quotation of an Ordinary Share for the three dealing days immediately preceding the day on which invitations to apply for the grant of options are issued; and
- (f) the nominal value of an Ordinary Share.

Exercise of options

Options may normally only be exercised during the six-month period following the bonus date (being the third, fifth or seventh anniversary of the commencement of the related savings contract).

Cessation of employment

An option will normally lapse if the holder is no longer employed with the Group. However, an option will be exercisable for a limited period in certain specified circumstances, such as the death, injury, disability, redundancy or retirement of the participant or on the sale of the employing subsidiary or business.

Change of control, reconstruction or winding-up

Special provisions allow early exercise of an option in the event of a change of control, reconstruction or winding-up of the Company. Alternatively, options may, by agreement with the acquiring company, be rolled over into equivalent options over shares in the acquiring company.

11. CITY CODE AND COMPULSORY ACQUISITION RULES RELATING TO THE ORDINARY SHARES

11.1 *Mandatory offer*

The Company will be subject to the City Code. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and, depending on the circumstances, its concert parties, the acquirer would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

11.2 *Squeeze-out*

Under the 2006 Act, if a "takeover offer" (as defined in section 974 of the 2006 Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary Shares to which the offer relates (the **Target Shares**) and not less than 90 per cent. of the voting rights attached to the Target Shares, it could, within three months of the last day on which its offer can be accepted, acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Target Shares and then, six weeks later, it would execute a transfer of the outstanding Target Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders

whose Target Shares are acquired compulsorily under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

11.3 *Sell-out*

The 2006 Act also gives minority shareholders the right to be bought out in certain circumstances by an offeror who has made the takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer related, any holder of Ordinary Shares to which the offer related who had not accepted the offer could, by written communication to the offeror, require it to acquire those Ordinary Shares.

The offeror is required to give any shareholder notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his/her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

12. PROPERTY

The material properties owned or leased by the Group are as follows:

<i>Location</i>	<i>Use</i>	<i>Expiry of lease</i>	<i>Current annual rent</i>	<i>Current annual service charge</i>	<i>Size (sq. ft.)</i>
UK					
First Floor, 1 to 3 Grosvenor Place London SW1X 7JJ	Offices	23 June 2016 ¹	£254,150 pa	£80,698.45	7,475
Third Floor, 1 to 3 Grosvenor Place London SW1X 7JJ	Offices	23 June 2016 ¹	£148,050 pa until 24 March 2011 and £157,920 pa thereafter	£48,877.76	3,948
Fourth Floor, 1 to 3 Grosvenor Place, London SW1X 7JJ	Offices	23 June 2016 ¹	£311,079 pa until 24 March 2011 and £351,800 pa thereafter	£95,012.43	8,872
Fifth and Sixth Floors, 1 to 3 Grosvenor Place, London SW1X 7JJ	Offices	23 June 2016 ¹	£622,689 pa until 24 March 2011 and £704,200 pa thereafter	£190,186.90	17,744
Seventh Floor, 1 to 3 Grosvenor Place, London SW1X 7JJ	Offices	23 June 2016 ¹	£312,140 pa until 24 March 2011 and £353,000 pa thereafter	£94,770 ²	8,775
32 Tower View, Kings Hill, West Malling, Kent	Offices	24 December 2016 ³	£599,700.50 pa	£56,231.00	36,671

<i>Location</i>	<i>Use</i>	<i>Expiry of lease</i>	<i>Current annual rent</i>	<i>Current annual service charge</i>	<i>Size (sq. ft.)</i>
Non-UK					
Basement and Third Floors, Cumberland House, 1 Victoria Street Hamilton HM11 Bermuda	Offices and Storage	31 August 2011	\$191,175 pa	\$37,320 (third floor); \$7,245 per annum (basement)	3,110 sq. ft. third floor; 805 sq ft basement

- In respect of these properties, the landlord of the property has a break option exercisable by 9 months' notice expiring on 23 June 2014 and Jupiter has a break option exercisable (subject to preconditions) by 9 months' notice (if the lease is to determine on or before 24 December 2012) or by 6 months' notice (if the lease is to determine on or after 25 December 2012) expiring at any time in the period 24 December 2011 to 23 June 2014. The current leases have been contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954, meaning Jupiter does not have an automatic right of renewal on expiry of the leases. Jupiter has an option to lease any part of the Grosvenor Place building not already occupied by Jupiter prior to the landlord granting a lease to any third party. This option is valid until the earlier of (i) the date on which Jupiter ceases to occupy the building and (ii) 23 June 2016.
- Capped at £94,770 for the years ending 2009, 2010 and 2011 (subject to adjustment in line with RPI).
- Jupiter has a break option to terminate the lease on 25 December 2011 subject to giving a minimum of 12 months' prior notice (with an additional break option exercisable at any time on nine months' notice subject to leasing alternative premises at Kings Hill of the same or greater area and at the same or greater rent). The current lease has been contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954 meaning Jupiter does not have an automatic right of renewal on expiry of the lease.

13. SUBSIDIARIES

13.1 The Company is the holding company of the Group, the principal activities of which are investment management services.

13.2 The following table shows the Company's significant subsidiary undertakings, being those which the Company considers likely to have a significant effect on the assessment of the assets and liabilities, the financial position and/or the profits and losses of the Group and the percentage interest in those companies held by the Company:

<i>Subsidiary undertaking</i>	<i>Jurisdiction of incorporation and registered office</i>	<i>Principal activity</i>	<i>Proportionate holding and voting power</i>
Jupiter Investment Management Group Limited	England & Wales, 1 Grosvenor Place London SW1X 7JJ	Operating subsidiary and Group holding company	100%
Jupiter Asset Management Limited	England & Wales, 1 Grosvenor Place London SW1X 7JJ	Operating subsidiary	100%
Jupiter Asset Management Group Limited	England & Wales, 1 Grosvenor Place London SW1X 7JJ	Operating subsidiary	100%
Jupiter Unit Trust Managers Limited	England & Wales, 1 Grosvenor Place London SW1X 7JJ	Operating subsidiary	100%

<i>Subsidiary undertaking</i>	<i>Jurisdiction of incorporation and registered office</i>	<i>Principal activity</i>	<i>Proportionate holding and voting power</i>
Jupiter Asset Management (Bermuda) Ltd	Bermuda Cumberland House 3rd floor 1 Victoria Street Hamilton HM11 Bermuda	Operating subsidiary	100%
Jupiter Asset Management (Jersey) Ltd	Jersey Liberte House 19-23 La Motte Street St. Helier Jersey JE2 4SY	Operating subsidiary	100%
<i>Subsidiary undertaking</i>	<i>Jurisdiction of incorporation and registered office</i>	<i>Principal activity</i>	<i>Proportionate holding and voting power</i>
Jupiter Asset Management (Asia) Private Limited	Singapore 30 Raffles Place #11-00 Chevron House Singapore 048622	Operating subsidiary	100%

14. UNDERWRITING ARRANGEMENTS, LOCK-UP AND STOCK LENDING ARRANGEMENTS

14.1 Pursuant to an agreement dated 2 June 2010 between and among the Company, the Directors, the Selling Shareholders (including the Nominee and the Trustee), TA Associates, and the Managers (the **Underwriting Agreement**):

14.1.1 the Selling Shareholders have agreed, subject to determination of the Offer Price and to certain other conditions, to sell the Sale Shares at the Offer Price;

14.1.2 the Company has agreed, subject to determination of the Offer Price and to certain other conditions, to issue the New Shares at the Offer Price;

14.1.3 the Managers have severally agreed, subject to determination of the Offer Price and certain other conditions that are typical for an agreement of this nature, including Admission, to use reasonable endeavours to procure subscribers and purchasers for, or failing which to subscribe for or purchase themselves, the Offer Shares at the Offer Price. The Underwriting Agreement will become unconditional on Admission;

14.1.4 the Selling Shareholders have granted the Over-allotment Option to the Stabilising Manager on behalf of the Managers, pursuant to which the Stabilising Manager may, subject to certain conditions, require such Selling Shareholders to sell Additional Shares at the Offer Price, for the purposes, amongst other things, of allowing the Stabilising Manager to meet over-allocations, if any, in connection with the Global Offer and to cover short positions resulting from stabilising transactions. The number of Additional Shares, if any, will be determined not later than 16 July 2010. Settlement of the Over-allotment Option will take place shortly after the exercise of the Over-allotment Option;

14.1.5 the Company has agreed to pay to J.P. Morgan Cazenove (on behalf of itself and the other Managers) a commission of 2 per cent. of the amount equal to the Offer Price multiplied by the number of New Shares for which the Managers have agreed to procure subscribers for, or failing which, to subscribe themselves, pursuant to the terms of the Underwriting Agreement.

Each of the Selling Shareholders has agreed to pay or procure the payment to J.P. Morgan Cazenove (on behalf of itself and the other Managers) of a commission of 2 per cent. of the amount equal to the Offer Price multiplied by the number of Sale Shares sold by it for which the Managers have agreed to procure purchasers or, failing which, to purchase themselves, pursuant to the terms of the Underwriting Agreement. Each of the Selling Shareholders has also agreed to pay or procure the payment to J.P. Morgan Cazenove (on behalf of itself and the other Managers) a commission of 2 per cent. of the amount equal to the Offer Price multiplied by the number of Over-allotment Shares (if any) sold by such Selling Shareholder pursuant to the terms of the Underwriting Agreement;

14.1.6 a further discretionary commission of up to 1.1 per cent. on each of the amounts referred to below may, at the absolute discretion of the Company (including in respect of the commissions payable by each Selling Shareholder), be paid, and to the extent that such discretionary commission is to be paid it shall be payable as follows and on the following amounts:

- (a) by the Company on an amount equal to the Offer Price multiplied by the number of New Shares for which the Managers have agreed to procure subscribers or failing which, to subscribe for themselves pursuant to the Underwriting Agreement;
- (b) by each Selling Shareholder on an amount equal to the Offer Price multiplied by the number of Sale Shares sold by it for which the Managers have agreed to procure purchasers for or, failing which, to purchase themselves, pursuant to the terms of the Underwriting Agreement; and
- (c) by each Selling Shareholder on an amount equal to the Offer Price multiplied by the number of Over-allotment Shares (if any) sold by such Selling Shareholder pursuant to the terms of the Underwriting Agreement;

14.1.7 the obligations of the Selling Shareholders to sell Sale Shares and the Company to issue New Shares and the obligations of the Managers to use reasonable endeavours to procure subscribers and/or purchasers for, or, failing which to subscribe for or purchase themselves, the Offer Shares are subject to certain conditions including, among others: (a) Admission occurring by not later than 8.00 a.m. on 21 June 2010 or such later time and/or date as the Joint Bookrunners may agree with the Company (being not later than 8.00 a.m. (London time) on 30 June 2010); and (b) neither of the Joint Bookrunners, on behalf of the Managers, terminating the Underwriting Agreement in certain specified circumstances that are typical for an agreement of this nature prior to Admission. These circumstances include the occurrence of certain significant changes in the condition (financial or otherwise), prospects or earnings of the Company and the Group and certain changes in financial, political or economic conditions (as more fully set out in the Underwriting Agreement);

14.1.8 the Selling Shareholders have severally agreed to pay (in the portions as set out in the Underwriting Agreement) by way of reimbursement to the Managers or as otherwise set out in the Underwriting Agreement, any stamp duty or SDRT arising on the initial sale of Sale Shares or Additional Shares by them (including in the case of the Selling Shareholders any Additional Shares sold pursuant to the Over-allotment Option) at no more than the rate of 0.5 per cent. of the Offer Price;

14.1.9 the Company has agreed to pay or cause to be paid (together with any related value added tax, stamp duty or SDRT, other than stamp duty or SDRT referred to in paragraph 14.1.8) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst others, the Global Offer, Admission or the other arrangements contemplated by the Underwriting Agreement;

14.1.10 the Company has given certain representations, warranties, undertakings and indemnities to the Managers. The liabilities of the Company under the Underwriting Agreement are not limited as to amount or by time. The Directors have given certain representations, warranties and undertakings to the Managers. The liabilities of the Directors under the Underwriting

Agreement are limited as to time and amount. The Selling Shareholders (including the Nominee and the Trustee) have given certain representations, warranties and undertakings to the Managers. The liabilities of the Selling Shareholders (including the Nominee and the Trustee) under the Underwriting Agreement are limited as to time and amount.

14.2 *Description of lock-up arrangements*

For a description of the lock-up arrangements entered into pursuant to the Underwriting Agreement, see paragraph 12 of Part 2: “The Global Offer – Lock-up arrangements”.

14.3 *Description of stock lending arrangements*

In connection with settlement and stabilisation, the Stabilising Manager intends to enter into a stock lending agreement with TA Associates. Pursuant to this agreement, the Stabilising Manager is able to borrow Ordinary Shares from TA Associates. This agreement will allow the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the stock lending agreement, it will be required to return equivalent securities to the lenders in accordance with the terms of the stock lending agreement.

15. **WORKING CAPITAL**

The Company is of the opinion that, taking into account the bank facilities available, the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of publication of this document.

16. **SIGNIFICANT CHANGE**

There has been no significant change in the financial or trading position of the Group since 31 December 2009, the date to which the financial information in Part 4 has been prepared.

17. **LITIGATION**

Neither the Company nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this document which may have, or have had a significant effect on the financial position or profitability of the Group.

18. **MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by a member of the Group within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by any member of the Group and contain provisions under which any member of the Group has an obligation or entitlement which is, or may be, material to the Group at the date of this document:

18.1 *Underwriting Agreement*

Please refer to paragraph 14.1 for a summary of the Underwriting Agreement.

18.2 *Relationship Agreement*

On 2 June 2010, the Company and TA Associates entered into the Relationship Agreement which will, conditional on Admission, regulate the ongoing relationship between the Group and TA Associates to ensure that the Group is capable of carrying on its business independently of TA Associates and its Associates, and to ensure that transactions and other arrangements between the Group and TA Associates and its Associates are at arm’s length and on normal commercial terms. Under the Relationship Agreement, TA Associates and the Company have agreed, *inter alia*, that:

- (a) TA Associates shall be entitled to nominate for appointment:

- (i) two non-executive directors to the Board whilst it (and/or any of its Associates) owns, on an aggregated basis, 15 per cent. or more of the Ordinary Shares in issue from time to time; and
- (ii) one non-executive director to the Board whilst it (and/or any of its Associates) owns, on an aggregated basis, 10 per cent. or more of the Ordinary Shares in issue from time to time.

In addition, TA Associates shall be entitled to nominate one non-executive director (being a director appointed to the Board pursuant to sub-paragraphs (i) or (ii) above) to each of the Nomination Committee and Remuneration Committee for a period ending on the earlier of (i) TA Associates (and/or any of its Associates) ceasing to own, on an aggregated basis, 10 per cent. or more of the Ordinary Shares in issue from time to time, and (ii) 24 months after the date of Admission.

If TA Associates (together with any of its Associates) owns, on an aggregated basis, less than 10 per cent. of the Ordinary Shares in issue from time to time, it shall no longer be entitled to appoint a non-executive director to the Board.

- (b) TA Associates and the Company shall respectively procure that the Associates of TA Associates and members of the Group shall conduct all agreements, transactions and relationships between TA Associates and its Associates and members of the Group on arm's length terms and on a normal commercial basis. TA Associates shall co-operate with the Company to ensure compliance with the Listing Rules and any other applicable legal or regulatory requirements.
- (c) TA Associates shall not, and shall procure that each of its Associates shall not, make or procure to be made any variation to the constitution of the Company in any way which would affect the Company's ability to conduct its affairs independently or in any way which would undermine the Relationship Agreement. TA Associates and its Associates will also exercise their powers in a way that will not prevent the Company from complying with the UK Corporate Governance Code, save to the extent the Board determines not to comply.
- (d) TA Associates shall not, and shall procure that each of its Associates shall not, seek to influence any director of the Company or the Group. There shall, at all times, be a majority of directors independent of TA Associates and its Associates on the Board and on all committees of the Board. The Company shall operate and make decisions for the benefit of the shareholders as a whole independently of TA Associates and its Associates at all times.
- (e) The representatives of TA Associates and its Associates on the Board are authorised to communicate information received as directors of the Company to TA Associates, but are otherwise bound by an obligation of confidentiality to the Company, in particular in circumstances where they have access to inside information before such information has been disclosed to the market.
- (f) The Relationship Agreement will terminate once the aggregate interest of TA Associates and its Associates in Ordinary Shares falls below 10 per cent.

For the purposes of this paragraph 18.2, **Associate** means (in each case at the relevant time to which any provision of the Relationship Agreement in which the term is used relates): (i) any company or undertaking in which TA Associates has a direct or indirect interest entitling it to receive, or to include or reflect in its accounts, more than 30 per cent. of the annual income or profits of the company or undertaking concerned or in relation to which it (directly or indirectly) is able to remove directors (or their equivalent) or able to cast 30 per cent. or more of the votes on any material matter (a **TA Group Associate**); (ii) any company, partnership, unincorporated association or other entity which is advised, or the assets of which (or some material part thereof) are managed (whether solely or jointly with others), by TA Associates or any TA Group Associate; and (iii) any company, partnership, unincorporated association or other entity in respect of which TA Associates or any TA Group Associate is a general partner or managing member (or equivalent).

18.3 *Facility Agreement*

On 17 March 2007, JAMG together with, among others, HSBC and RBS entered into the Facility Agreement.

The Facility Agreement provides for (i) a £425,000,000 term loan facility (**Facility B**); (ii) a £75,000,000 term loan facility (the **Cash Bridge Facility**); (iii) a multicurrency £10,000,000 revolving credit facility (the **Revolving Facility**); and (iv) a further facility which allows for additional commitments to be borrowed by JAMG by way of increases to Facility B (the **Permitted Incremental Senior Debt**). Such increases may either be made by existing lenders or, if the existing lenders do not wish to increase their commitments, by new lenders. Such additional debt is secured on a *pari passu* basis with the other credit facilities under the Facility Agreement.

Certain provisions of the Facility Agreement only become effective on the date (the **Qualifying IPO Date**) that each of the following conditions is satisfied:

- (a) the initial public offering of the Company occurring (the **Company Flotation**) on or before 31 December 2011; and
- (b) loans under Facility B are prepaid in an amount of £50,000,000.

JAMG will prepay the £50,000,000 referred to in (b) above out of its existing cash resources after Admission. The Qualifying IPO Date is therefore expected to occur on the date of that prepayment.

18.3.1 *Term and purpose*

Under the Facility Agreement, the purpose of Facility B was to fund the acquisition of the shares in Comasman Limited (previously known as Commerz Asset Management (UK) plc) (the **Acquisition**) and related costs. Facility B terminates on the eighth anniversary of the date of completion of the Acquisition (the **Closing Date**), being 19 June 2015. The Cash Bridge Facility was provided for the same purpose as Facility B and terminated on the date falling four months after the Closing Date. This facility has been repaid in full. The Revolving Facility is provided for general corporate and working capital purposes and terminates on the seventh anniversary of the Closing Date, being 19 June 2014 (the **Revolving Facility Termination Date**). Pursuant to the provisions relating to Permitted Incremental Senior Debt, JAMG is permitted to increase the commitments under Facility B, provided that the *pro forma* ratio of total net debt to EBITDA and the *pro forma* ratio of EBITDA to net finance charges (in each case, of the JAMG Group) are met. Any Permitted Incremental Senior Debt is to be used to finance acquisitions that are permitted under the terms of the Facility Agreement and is repayable on the date agreed between JAMG and the providers of such debt provided that this date is not before the repayment date in respect of Facility B or the Revolving Facility.

18.3.2 *Interest rate and fees*

- (a) **Interest**
Interest accrues on all loans under the Facility Agreement at a rate per annum equal to LIBOR or EURIBOR, as applicable, plus any mandatory regulatory cost plus margin.

The margin per annum in respect of each loan under the Facility Agreement is as follows:
 - (i) in relation to loans under Facility B, (1) in the period up to and including the date 10 business days after the Qualifying IPO Date (the **Trigger Date**), 2.125 per cent., (2) after the Trigger Date (if the Trigger Date occurs on or before 31 December 2010), 3.75 per cent. or (3) after the Trigger Date (if the Trigger Date occurs after 31 December 2010), 4 per cent.;
 - (ii) in relation to loans under the Revolving Facility, (1) in the period up to and including the Trigger Date, 2 per cent, (2) after the Trigger Date (if the Trigger Date occurs on or before 31 December 2010), 3.625 per cent. or (3) after the

Trigger Date (if the Trigger Date occurs after 31 December 2010), 3.875 per cent. If, in the period up to and including the Trigger Date, no event of default is continuing under the Facility Agreement and the ratio of total net debt to EBITDA of the JAMG Group is (1) less than (or equal to) 3.50:1 but more than 2:1, the margin is 1.75 per cent., and (2) less than (or equal to) 2:1, the margin is 1.5 per cent.; and

- (iii) in relation to Permitted Incremental Senior Debt, as agreed between JAMG and the providers of Permitted Incremental Senior Debt, provided that this does not exceed 2.75 per cent.

Any amount not paid when falling due and payable under the Facility Agreement will incur default interest at a rate of 1 per cent. above the rate otherwise applicable to it.

- (b) Fees

A commitment fee is payable in respect of each lender's available commitment in relation to the Revolving Facility at a rate of 0.50 per cent. per annum, for the availability period for the Revolving Facility, being the period to and including the business day falling one month prior to the Revolving Facility Termination Date.

18.3.3 *Indemnities and security*

JAMG agrees to indemnify the arrangers and each other secured party against any cost, loss or liability arising out of or as a result of any currency conversion. In addition, JAMG agrees to indemnify each finance party, each affiliate of a finance party and each officer or employee of each finance party or its affiliate against any cost, loss or liability incurred by that finance party or its affiliate in connection with or arising out of the Acquisition or the funding of the Acquisition. JAMG also provides other customary indemnities to the finance parties, in particular to the security agent and the facility agent.

In connection with the Facility Agreement, JAMG entered into a security agreement dated 19 June 2007 with RBS as security agent (the **Security Agreement**) pursuant to which it granted security over, among other things, all its land, shares owned by it (including shares in its subsidiaries), plant and machinery, credit balances, book debts, insurances, rights under certain contracts, intellectual property and goodwill. The Security Agreement also created a floating charge over all JAMG's assets. The Security Agreement secures JAMG's obligations and liabilities under the Facility Agreement and connected documents. The security under the Security Agreement is enforceable after an event of default has occurred under the Facility Agreement and RBS as facility agent or the majority lenders (approximately two-thirds of lenders) has/have exercised any of its/their rights arising as a consequence (including demanding (re)payment of all amounts outstanding under the Facility Agreement and related documents).

18.3.4 *Representations and undertakings*

The Facility Agreement does not require any financial covenants to be satisfied.

JAMG gave customary representations for this type of credit facility agreement in relation to itself and other members of the JAMG Group (some of which are repeated at certain times). These include representations in relation to the status of the members of the JAMG Group, its ability to enter into the Facility Agreement and related documents, the deduction of tax, no defaults existing and compliance with laws (subject, in certain cases, to agreed exceptions).

The Facility Agreement requires JAMG to comply with, and, in certain cases, to procure compliance by other members of the JAMG Group with, certain customary undertakings including both positive and negative undertakings. The positive undertakings include providing certain financial and other information to RBS as facility agent and ensuring that its obligations under the Facility Agreement and related documents rank at least *pari passu* with its other unsecured and unsubordinated claims. The negative undertakings include limitations on mergers, corporate reconstructions, acquisitions, joint ventures, incurring other financial

indebtedness, making loans or providing guarantees, creating other security, disposing of assets, repurchasing or repaying any share capital, issuing shares and engaging in other business not related to its current business (subject, in each case, to agreed exceptions).

JAMG is also restricted from paying dividends and making other shareholder distributions under the terms of the Facility Agreement. This restriction is subject to a number of exceptions, the principal one being that the payment of a dividend or the making of any other shareholder distribution by JAMG is permitted subject to compliance with excess cashflow mandatory prepayment requirements (for further details, see section 18.3.6(c) below). Following compliance with such obligations, the amount of any such dividend or other shareholder distribution is determined by the ratio of total net debt to EBITDA of the JAMG Group at the end of the financial quarter immediately preceding the payment of the dividend, so that if such ratio is:

- (a) less than 3.50:1 but equal to or greater than 2.50:1, then not more than 50 per cent.; or
- (b) less than 2.50:1, then up to 100 per cent.,

of the remaining excess cashflow of the JAMG Group for a financial year (after compliance with the excess cashflow mandatory prepayment requirements) and any remaining excess cashflow from past financial years can be used by JAMG towards paying dividends or making other shareholder distributions.

18.3.5 *Events of default*

There are a number of events of default which, among other things, give RBS, as facility agent, and the majority lenders (approximately two-thirds of lenders) the ability to cancel the credit facilities under the Facility Agreement and demand the (re)payment of all amounts outstanding under the Facility Agreement and related documents. Again these events of default are customary for this type of credit facilities agreement and include non-payment, breach of other obligations, misrepresentation, cross-default, insolvency, litigation, insolvency proceedings and material adverse change (subject, in certain cases, to agreed exceptions).

18.3.6 *Mandatory prepayment*

- (a) Change of control

The Facility Agreement provides that a mandatory prepayment event arises on a change of control.

In the period up to and including the Qualifying IPO Date, a change of control arises if:

- (i) certain executives or entities who invested at the time of the MBO (the **Investors**) cease to control, directly or indirectly, the Company (where “control” means the power (1) to cast, or control the casting of, more than 30 per cent. of the votes in a general meeting of the Company or (2) to appoint or remove the majority of the directors of the Company);
- (ii) any person or persons acting in concert hold(s) directly or indirectly more shares with voting rights in the Company than shares with voting rights held directly or indirectly by the Investors in the Company; or
- (iii) JAMG ceases to be a direct or indirect wholly-owned subsidiary of the Company.

A change of control will not arise as a result of the Global Offer.

After the Qualifying IPO Date, a change of control arises if:

- (i) any person or group of persons acting in concert (except for any Investor or the Investors) gains direct or indirect control of the Company (where “control” means the power (1) to cast, or control the casting of, more than 30 per cent. of the votes in a general meeting of the Company or (2) to appoint or remove the majority of the directors of the Company); or
- (ii) JAMG ceases to be a direct or wholly-owned subsidiary of the Company.

Upon the occurrence of a change of control or the sale of all or substantially all of the assets of the JAMG Group, all amounts under the Facility Agreement could become due and payable. The obligation to prepay on a change of control or sale is not automatic. Each lender has the right to require prepayment of its participation in outstanding loans together with accrued interest and other amounts due to it and to cancel its commitments under the Facility Agreement. Once notice is served on JAMG, its obligation to prepay is immediate.

(b) Listing

A successful application being made for admission of any part of the share capital of JAMG, any subsidiary of JAMG or any holding company of any member of the JAMG Group to the Official List and the admission to trading on the London Stock Exchange or the grant of permission to deal in any part of the share capital of any such company on any other exchange or market (a **Flotation**), may trigger a mandatory prepayment of loans under the Facility Agreement in an amount equal to some or all of the Net Flotation Proceeds (as defined below). The obligation to prepay depends on the ratio of total net debt to EBITDA of the JAMG Group. If the ratio of total net debt to EBITDA of the JAMG Group at the end of the financial quarter immediately preceding the Flotation is higher than 2.5:1, JAMG would be required to make a mandatory prepayment equal to the lower of (i) 75 per cent. of the Net Flotation Proceeds; and (ii) an amount of the Net Flotation Proceeds equal to the amount which would result in the ratio of total net debt to EBITDA of the JAMG Group falling to less than 2.5:1.

Net Flotation Proceeds are any amount receivable by any member of the JAMG Group as a result of a Flotation less certain deductions.

No mandatory prepayment will arise as a result of the Global Offer.

(c) Excess cash flow

The Facility Agreement also provides for an annual cash sweep which operates so that if the ratio of total net debt to EBITDA of the JAMG Group was at the time of JAMG's most recent consolidated annual accounts for a financial year (delivered to RBS as facility agent under the Facility Agreement):

- (i) greater than 3.50:1, then 50 per cent.;
- (ii) equal to or less than 3.50:1 but greater than 2.50:1, then 25 per cent.;
- (iii) equal to or less than 2.50:1, then zero

of excess cashflow of the JAMG Group for that financial year is to be prepaid.

(d) Disposal proceeds and insurance proceeds

Under the Facility Agreement, JAMG is required to prepay utilisations in an amount equal to:

- (i) any disposal proceeds, where the disposal proceeds comprise the net consideration received by any member of the JAMG Group for any sale, lease or other disposal of any asset by that entity. This prepayment obligation is subject to an exception for proceeds arising from (1) disposals made in the ordinary course of trading, (2) certain agreed permitted disposals, (3) disposals where such proceeds are to be re-invested in assets equivalent to those disposed of within an agreed time frame and (4) disposals which, when aggregated with disposal proceeds not referred to in (1) to (3) above received in a financial year, do not exceed £2,500,000 up to and including the Qualifying IPO Date and thereafter, £5,000,000; and
- (ii) any insurance proceeds, where the insurance proceeds are the net proceeds of any insurance claim brought by a member of the JAMG Group. However, any sums recovered under such a claim which are designated to be applied (1) to meet a third party claim, (2) to cover operating losses in respect of which the relevant

insurance claim was made, (3) to replace, reinstate or repair the assets or ameliorate the loss in respect of which the relevant insurance claim was made or (4) in the case of amounts received as a result of a claim in respect of a key man life assurance policy, in finding a replacement or meeting any additional costs, are in each case not required to be prepaid, nor are insurance proceeds which when aggregated with insurance proceeds not referred to in (1) to (4) above received in a financial year, do not exceed £1,000,000.

18.4 *Swap Agreement*

JAMG entered into an interest rate swap agreement with RBS dated 28 August 2007 which is scheduled to terminate on 26 August 2010.

Pursuant to the interest rate swap agreement, JAMG is required to pay to RBS fixed interest on a quarterly basis at a rate of 6.2475 per cent. per annum on a specified notional amount (the **Notional Amount**). In return, RBS is required to pay to JAMG floating interest on a quarterly basis by reference to LIBOR on the same Notional Amount. The Notional Amount was set at £300 million on the date of entry into the Interest Rate Swap Transaction and has since amortised to £212.5 million. The Notional Amount will not amortise further until the scheduled termination of the Interest Rate Swap Transaction.

18.5 *PFS repurchase agreement*

On 2 June 2010, the Company entered into an agreement with Jupiter Acquisitions Sàrl (which is a company controlled by the TA Funds and Alpinvest) (1), Richard I. Morris, Jr. (2) and JFMG (3), pursuant to which the Company has agreed, conditionally on Admission, to purchase in aggregate £49 million of the principal amount of the Preferred Finance Securities in consideration for the issue of such number of Ordinary Shares (credited as fully paid) as shall, at the Offer Price, have a value equal to £49 million. The Company is not acquiring any entitlement to the interest on the Preferred Finance Securities being purchased.

19. RELATED PARTY TRANSACTIONS

Save as set out in Note 29, to the financial information in Part 4: “Financial Information” and in paragraph 18.5 of this Part 8: “Additional Information”, there were no transactions between the Company and its related parties during the period from 9 March 2007 (the date of the Company’s incorporation) to 31 December 2007 and the years ended 31 December 2008 and 2009 and from 1 January 2010 to the date of this document.

20. SELLING SHAREHOLDERS

20.1 In addition to the New Shares being issued by the Company in the Global Offer, it is expected, assuming the Offer Price is set within the Price Range, that up to 58,809,461 Ordinary Shares will be sold by the Selling Shareholders in the Global Offer (representing up to 13 per cent. of the Ordinary Shares in issue after the Global Offer (assuming no exercise of the Over-allotment Option; if the Over-allotment Option is exercised in full, up to a further 12,237,556 Ordinary Shares will be sold)). The Selling Shareholders include (a) the Executive Directors, two of the Senior Managers and seven other senior employees, who together have committed to sell in aggregate up to 24,179,208 Ordinary Shares if the Offer Price falls within or is above the Price Range, (b) potentially up to a further 444 employees who may sell Ordinary Shares up to certain permitted individual limits, which when aggregated represent up to 19,812,253 Ordinary Shares and (c) the TA Funds which have indicated that they may sell up to 25,648,620 Ordinary Shares and Alpinvest which has indicated that it may sell up to 1,406,936 Ordinary Shares. The number of Ordinary Shares that the TA Funds and Alpinvest sell will only be determined once the Offer Price is set and, at that time, the TA Funds and Alpinvest may decide to sell a lower number of Ordinary Shares or not to sell any Ordinary Shares in the Global Offer. From the above amounts, certain Selling Shareholders will provide 12.2 million Additional Shares under the Over-allotment Option. All statistics assume the Offer Price is set at the mid-point of the Price Range. Therefore, the total number of Ordinary Shares that may be sold by Selling Shareholders in the Global Offer is expected to be between approximately 11.9 million and 58.8 million Ordinary Shares.

20.2 The following table sets out the interests immediately prior to and immediately following the Global Offer of those shareholders of the Company who at the date of this document have committed to sell or expressed an interest in selling Ordinary Shares:

Shareholder	No.	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Shares held	Shares held
		Shares held	Shares to	Shares held	Shares to	Shares held	after the	after the
		prior to the	be sold in	Global Offer	be sold if	Global Offer	after the	after the
		Global	the Global	Offer ¹	the Over-	Offer	Global Offer	Global Offer
		Offer ¹	Offer ¹	Offer ^{1,2}	allotment	Option is	exercised	exercised in
		in full ¹	full ^{1,2}		exercised	in full ¹		full ^{1,2}
		No.	No.	No.	% ⁴	No.	No.	% ⁴
Directors								
Edward Bonham								
Carter ⁵	18,019,842	6.20	3,304,330	14,715,512	3.34	4,055,364	13,964,478	3.17
John Chatfeild-								
Roberts ⁵	9,189,359	3.16	966,447	8,222,912	1.87	1,186,109	8,003,250	1.82
Philip Johnson ⁵	2,000,000	0.69	195,553	1,804,447	0.40	240,000	1,760,000	0.40
Senior employees^{5,7}	95,238,743	32.75	15,235,004	80,003,739	18.18	18,697,735	76,541,008	17.38
Other employees⁶	65,142,693	22.40	17,063,131	48,079,562	10.92	19,812,253	45,330,440	10.29
TA Funds	71,518,377	24.60	20,898,618	76,268,379	17.32	25,648,620	71,518,377	16.24
Alpinvest	3,923,068	1.35	1,146,378	4,183,626	0.95	1,406,936	3,923,068	0.89
TOTAL	265,032,082	91.15	58,809,461	233,278,177	52.97	71,047,017	221,040,621	50.19

1 Assuming the Offer Price is set at the mid-point of the Price Range and assuming completion of the Share Capital Reorganisation on the basis described in paragraph 3.6 of this Part 8: "Additional Information – Share capital and the Share Capital Reorganisation".

2 Assuming the Company raises gross proceeds of £220 million.

3 Percentage of issued ordinary share capital prior to Admission, assuming completion of the Share Capital Reorganisation on the basis described in paragraph 3.6 of this Part 8: "Additional Information – Share capital and the Share Capital Reorganisation".

4 Percentage of issued ordinary share capital immediately following Admission.

5 Assuming each such shareholder sells the maximum percentage of his Ordinary Shares which he has committed to sell.

6 Assuming each such shareholder sells the maximum percentage of his Ordinary Shares he is permitted to sell.

7 Includes two of the Senior Managers.

Each of the persons included in the above table except the TA Funds and Alpinvest is a director and/or an employee of the Group and/or has been during the period of three years prior to Admission.

21. CONSENTS

PricewaterhouseCoopers LLP whose address is at Hay's Galleria, 1 Hay's Lane, London SE1 2RD is a member of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of its Accountants' Report and its report on the unaudited pro forma statement of net assets set out in Part 4 and Part 5 of this document respectively in the form and context in which they are respectively included and has authorised the contents of those parts of this document for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the Securities Act. As the Offer Shares have not been and will not be registered under the Securities Act, PricewaterhouseCoopers LLP has not filed a consent under section 7 of the US Securities Act.

22. GENERAL

22.1 The Global Offer is being underwritten in full by the Managers pursuant to the Underwriting Agreement, details of which are set out in paragraph 14 above.

22.2 The total costs, charges and expenses payable by the Company in connection with the Global Offer are estimated to be £16 million (inclusive of VAT).

- 22.3 Market, economic and industry data used throughout this document is derived from various industry and other independent sources. The Company confirms that such data has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 22.4 The Ordinary Shares will be admitted with the ISIN GB00B53P2009.
- 22.5 Unless the context otherwise requires or it is expressly provided to the contrary, the information in this document assumes:
- (a) the Offer Price is 180p, the mid-point of the Price Range;
 - (b) up to 58,809,461 Ordinary Shares are being sold by the Selling Shareholders under the Global Offer and that the Over-Allotment Option is not being exercised;
 - (c) Admission will occur on 21 June 2010;
 - (d) the Preferred Finance Securities will be redeemed on 21 June 2010.

23. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) at the offices of Norton Rose LLP at 3 More London Riverside, London SE1 2AQ from the date of this document up to and including 21 June 2010:

- (a) the Articles of Association of the Company;
- (b) the reports by PricewaterhouseCoopers LLP set out in Parts 4 and 5 of this document;
- (c) the combined and consolidated financial information for the Company for the three years ended 31 December 2009;
- (d) the letter of consent referred to in paragraph 21 above; and
- (e) this document.

Dated: 2 June 2010

PART 9

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

1985 Act	the Companies Act 1985 of England and Wales (as amended, supplemented or replaced from time to time)
2006 Act	the Companies Act 2006 of England and Wales (as amended, supplemented or replaced from time to time)
Additional Shares	the additional Ordinary Shares (representing 10 per cent. of the number of New Shares being placed on behalf of the Company) which are the subject of the Over-allotment Option
Admission	the admission of the Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities, and a reference to Admission becoming effective is to be construed in accordance with the Listing Rules or the "Admission and Disclosure Standards" of the London Stock Exchange (as applicable)
AIFMD	the revised draft Alternative Investment Fund Managers Directive published on 25 November 2009
Alpinvest	Alpinvest Partners CS Investments 2006 C.V.
Articles of Association or Articles	the articles of association of the Company
A Shares	A ordinary shares of £1.00 each in the capital of the Company in issue at the date of this document to be converted into Ordinary Shares immediately prior to Admission
Audit Committee	the audit committee of the Board described in paragraph 11 of Part 1: "Information on the Group"
Auditors	PricewaterhouseCoopers LLP
AUM	assets under management
BIFA	the Investment Funds Act 2006 of Bermuda
BMA	the Bermuda Monetary Authority
Board	the board of directors of the Company
B Shares	B ordinary shares of £1.00 each in the capital of the Company in issue at the date of this document to be converted into Ordinary Shares immediately prior to Admission
City Code	the City Code on Takeovers and Mergers
Code	the US Internal Revenue Code of 1986
Co-Lead Manager	Numis Securities Limited
Companies Acts	the 2006 Act and, where the context requires, every other statute from time to time in force concerning companies and affecting the Company

Company	Jupiter Fund Management plc
Corporations Act	the Corporations Act 2001 (Cth) of Australia
CREST	the system for paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
DBP	the Jupiter Deferred Bonus Plan which will be operated following Admission
Deferred Award	an award granted to a participant in the DBP in respect of deferred bonus either as (a) a conditional right to receive equity or cash in the form of an option with a nil or nominal exercise price or (b) an award of restricted equity or cash, held in the name of a designated nominee on the participant's behalf
Deferred Shares	deferred shares of 2p each in the capital of the Company
DFSA	Dubai Financial Services Authority
DIFC	Dubai International Financial Centre
Directors	the directors of the Company listed on page 23 of this document.
Disclosure and Transparency Rules	the rules relating to the disclosure of information made in accordance with section 73A and 89A to 89G of FSMA
EBITDA	operating earnings before interest, tax, depreciation and amortisation
ECA	Exchange Control Act 1972 of Bermuda
EEA	the European Economic Area
Employee Benefit Trust or EBT	the Jupiter employee benefit trust established pursuant to a trust deed dated 22 April 2004
EU	the European Union
EURIBOR	Euro Interbank Offered Rate
Executive Committee	the committee described in paragraph 9.2 of Part 1: "Information on the Group"
Facility Agreement	the £510 million syndicated term and revolving credit facilities agreement between among others, JAMG, HSBC and RBS as arrangers and lenders and RBS as facility agent, issuing bank and security agent dated 17 March 2007 (as amended and restated on 19 June 2007, 4 June 2007 and 24 March 2010)
FERI	Feri Euro Rating Services AG
FIEL	the Financial Instruments and Exchange Law of Japan
Finance Act	the Finance Act 2004 of England and Wales (as amended, supplemented or replaced from time to time)
Financial Services Act	the Financial Services Act 2010
FSA	the Financial Services Authority of the United Kingdom

FSA Rules	the FSA Handbook of Rules and Guidance made by the FSA under FSMA
FSMA	the Financial Services and Markets Act 2000, (as amended, supplemented or replaced from time to time)
Global Offer	the offer of Offer Shares to institutional and certain other investors described in Part 2: “The Global Offer”
HMRC	Her Majesty’s Revenue & Customs
HSBC	HSBC Bank PLC
HSBC Luxembourg	HSBC Security Services (Luxembourg) S.A.
IBA	the Investment Business Act 2003 of Bermuda
IFDS	International Financial Data Services Limited
IFRS	International Financial Reporting Standards, as endorsed and adopted for use by the EU
IMA	Investment Management Association
Institutional Offer	the offer of Offer Shares to certain institutional investors, including QIBs in the United States, described in paragraph 3 of Part 2: “The Global Offer”
Intermediaries	Hargreaves Lansdown Asset Management Limited and TD Waterhouse Investor Services (Europe) Limited, with each such entity being an Intermediary
Intermediaries Application Form	the application form to be used by the Intermediaries pursuant to the Intermediaries Offer
Intermediaries Offer	the offer of Offer Shares through the Intermediaries described in paragraph 4 of Part 2: “The Global Offer”
IRS	US Internal Revenue Service
ISA	an individual savings account, a financial product available to UK residents enabling them to save and invest without paying tax on the returns
ISIN	International Securities Identification Number
JAM	Jupiter Asset Management Limited
JAMB	Jupiter Asset Management (Bermuda) Limited
JAMG	Jupiter Asset Management Group Limited
JAMG Group	JAMG and its subsidiary undertakings
JFMG	Jupiter Fund Management Group Limited
JIMG	Jupiter Investment Management Group Limited
Joint Bookrunners	J.P. Morgan Cazenove and Merrill Lynch International
Joint Financial Advisers	Lexicon Partners Limited and J.P. Morgan Cazenove

J.P. Morgan Cazenove	J.P. Morgan Securities Ltd. (which conducts its UK investment banking activities as J.P. Morgan Cazenove)
Jupiter or Group	the Company and its subsidiary undertakings
Jupiter Pension Scheme	the Group's defined contribution (money purchase) pension scheme
JUTM	Jupiter Unit Trust Managers Limited
LIBOR	London Interbank Offered Rate
Listing Rules	the rules and regulations made by the FSA under Part VI of FSMA, as amended from time to time
London Stock Exchange or LSE	London Stock Exchange plc
LTIP	the Jupiter long-term incentive plan which will be operated following Admission
LTIP Awards	LTIP Options, LTIP Conditional Share Awards and LTIP Restricted Shares
LTIP Conditional Share Awards	conditional share awards granted under the LTIP, being awards delivering free shares granted as conditional awards or nil-cost options
LTIP Options	options granted under the LTIP with an exercise price to be determined by the Remuneration Committee (which may be nil or nominal) at the time of grant
LTIP Restricted Shares	awards of restricted shares under the LTIP which are beneficially owned by the participant but held on his behalf by a nominee and are, by agreement with the participant, subject to transfer restrictions and forfeiture provisions during a specified period
Managers	J.P. Morgan Securities Ltd., Merrill Lynch International and Numis Securities Limited
MBO	the buy-out of JIMG by its management and private equity funds associated with TA Associates which took place in June 2007
Member States	the member states of the EU
MiFID	the Markets in Financial Instruments Directive (2004/39 EC)
Model Code	the model code published by the UK Listing Authority at Annex 1 of the Listing Rules
New Plans	the DBP, the LTIP and the Sharesave Plan
New Shares	new Ordinary Shares to be issued by the Company pursuant to the Global Offer
Nomination Committee	the nomination committee of the Board described in paragraph 11 of Part 1: "Information on the Group"
Northern Trust	The Northern Trust Company
OBSR	Old Broad Street Research Limited
Offer Price	the price at which Offer Shares are to be issued or sold under the Global Offer, to be set out in the Pricing Statement

Offer Shares	the New Shares and the Sale Shares
Official List	the Official List maintained by the FSA for the purpose of Part VI of FSMA, as amended from time to time
Ordinary Shares	ordinary shares of 2p each in the capital of the Company
Over-allotment Option	the option granted by certain Selling Shareholders pursuant to which the Managers may require such Selling Shareholders to sell some or all of the Additional Shares at the Offer Price
Overseas Regulated Entities	JAMB and Jupiter Asset Managers (Jersey) Ltd
Panel	the Panel on Takeovers and Mergers
PFIC	passive foreign investment company
Preferred Finance Securities	the 10 per cent. unsecured subordinated preferred finance securities 2106 issued by JFMG
Price Range	150p to 210p per Offer Share
Pricing Statement	the statement to be published by the Company detailing the Offer Price and related information
Principles	the “Principles for Business” published by the FSA
Prospectus Directive	Directive 2003/71/EC and any relevant implementing measure in a Relevant Member State
Prospectus Rules	the prospectus rules published by the FSA under Part VI of FSMA, as amended from time to time
QEF	qualified electing fund
Qualified Institutional Buyers or QIBs	has the meaning given to that term in Rule 144A
RBS	The Royal Bank of Scotland plc
RDR	the FSA’s Retail Distribution Review launched in June 2006
Registrar	Capita Registrars Limited
Regulation S	Regulation S under the Securities Act
Regulatory Information Service	a regulatory information service that is approved by the FSA and that is on the list of Regulatory Information Service providers maintained by the FSA
Relationship Agreement	the relationship agreement dated 2 June 2010 between TA Associates and the Company, details of which are set out in paragraph 18.2 of Part 8: “Additional Information”
Relevant Member State	a member state of the EEA which has implemented the Prospectus Directive
Responsible Persons	the Company, the Directors and, to the extent set out in paragraph 21 of Part 8: “Additional Information” only, PricewaterhouseCoopers LLP

Restricted Shares	Ordinary Shares held by or on behalf of certain executive Directors and other senior employees which are subject to the sale restrictions and compulsory transfer provisions described in paragraph 9.1 of Part 8: “Additional Information – Pre-Admission share incentive arrangements”
Remuneration Committee	the remuneration committee of the Board described in paragraph 11 of Part 1: “Information on the Group”
Rule 144A	Rule 144A under the Securities Act
Sale Shares	Ordinary Shares being sold by the Selling Shareholders pursuant to the Global Offer excluding any Additional Shares
SDRT	stamp duty reserve tax
Security Agreement	the security agreement between JAMG and RBS as security agent dated 17 March 2007
SEDOL	Stock Exchange Daily Official List
Securities Act	the United States Securities Act of 1933, as amended
Selling Shareholders	those shareholders who, pursuant to the Underwriting Agreement, agree to sell Sale Shares in the Global Offer, each a Selling Shareholder
Senior Managers	those persons named as Senior Managers in paragraph 5.1 of Part 8: “Additional Information”
Share Capital Reorganisation	the reorganisation of the Company’s share capital described in subparagraphs 3.6.1 to 3.6.3 of Part 8: “Additional Information”
Sharesave Plan	the Jupiter approved sharesave plan which will be operated following Admission
Stabilising Manager	J.P. Morgan Securities Ltd.
TA Associates	TA Associates, Inc.
TA Funds	TA X L.P., TA Atlantic and Pacific V L.P., TA Strategic Partners Fund II L.P., TA Strategic Partner Fund II-A L.P. and TA Investors II L.P.
Tax Treaty	the income tax treaty between the United States and the United Kingdom, as amended, in effect at the date of this document
Tier 1 Preference Shares	non-cumulative non-redeemable preference shares of £1.00 each in the capital of the Company in issue at the date of this document which are to be converted into Ordinary Shares immediately prior to Admission
Tier 2 Preference Shares	10 per cent. cumulative redeemable preference shares of £1.00 each in the capital of the Company in issue at the date of this document which are to be converted into Ordinary Shares immediately prior to Admission
Turner Review	the FSA paper published on 18 March 2009 entitled “A Regulatory Response to the Global Banking Crisis”

UCITS	an Undertaking for Collective Investment in Transferable Securities established under EC Council Directive 85/611/EEC, as amended
UCITS Directive	Directive 2009/65/EC
UK Corporate Governance Code	the principles of good governance and code of best practice appended to the Listing Rules
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the FSA acting in its capacity as the competent authority for the purposes of FSMA
Underwriting Agreement	the underwriting agreement described in paragraph 14.1 of Part 8: “Additional Information”
US GAAP	generally accepted accounting principles in the US
US Holder	a beneficial owner of Ordinary Shares that for US federal income tax purposes falls within one of the categories set out in Part 7: “Tax Considerations – United States Federal income taxation”
US or United States	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

In this document, words denoting any gender include all genders (unless the context otherwise requires).

PART 10

GLOSSARY OF TECHNICAL TERMS

The following terms apply throughout this document, unless the context requires otherwise:

absolute return funds	a fund that seeks to make positive returns by employing investment management techniques that differ from those used by traditional mutual funds, such as using short selling, futures, options, derivatives, arbitrage, leverage and unconventional assets
AIF	alternative investment fund
balanced mandate	a mandate in which a single fund manager is appointed to manage a multi-asset portfolio consisting of the client's assets across a range of asset classes
CIS or collective investment schemes	an investment where a group of investors pool their money into a fund such as a unit trust, which is then invested in a wide spread of stocks and shares and/or fixed interest securities. Investors receive units in the fund and the fund is managed by a fund manager, who aims to achieve maximum returns based on the investment objectives and policy of the fund
emerging market	a financial market of a developing country with high growth expectations
fixed income securities	an investment that provides a return in the form of fixed periodic payments and the eventual return of principal at maturity
fund of funds	a fund comprising a portfolio of investments in underlying unit trusts or open-ended investment companies
fund platform	a service that provides access to a variety of collective investment schemes and potentially other assets, such as exchange traded funds, cash accounts or other securities, from different fund providers
fund supermarket	a particular type of fund platform operated by an independent provider not forming part of a financial services group
hedge funds	a managed portfolio of investments that uses advanced investment strategies, such as leveraged, long, short and derivative positions in both domestic and international markets, with the goal of generating high returns (either in an absolute sense or over a specified market benchmark)
IFA	independent financial adviser
institutional investor	large financial institutions such as pension funds, sovereign wealth funds and insurance companies
investment trusts	an investment vehicle with similar objectives and characteristics to a unit trust but which is structured as a closed-ended company
long-only funds	a fund which does not short securities and only buy a security such as a stock, commodity or currency, with the expectation that the asset will rise in value

long/short funds	a type of fund that uses leverage, derivatives and short positions in an attempt to maximise total returns, regardless of market conditions
long-term	in the context of investment performance, means performance over the five years ended 31 December 2009
manager of managers	a class of financial intermediary that hires professional fund managers to oversee aspects of a client's investment fund
medium-term	in the context of investment performance, means performance over the three years ended 31 December 2009
mutual funds	a unit trust, open-ended investment company or SICAV
net sales	inflows of AUM in a period net of outflows in the same period
open-ended investment company	an alternative structure for a collective investment scheme, similar to a unit trust, but constituted as a company rather than a trust
out-performance	the amount by which a fund's performance exceeds its benchmark or sector median over a given time period
private clients	private individuals, trusts and smaller charities with a high level of investible assets invested with a brokerage or investment management company
quartile ranking	a ranking in percentiles that are multiples of 25. For example, first quartile funds are ranked in the top 25 per cent. of funds in their peer group, while second quartile funds are ranked between 26 per cent. and 50 per cent.
redemptions	outflows of AUM in a period
RFP	requests for proposals
SICAV	Société d'Investissement à Capital Variable, a collective investment vehicle structured as an open-ended investment company
SIPP	self-invested personal pension scheme, a personal pension scheme where the member, and not the pension plan provider or trustees, determines the investment strategy
segregated mandates	mandates, typically from larger institutional investors that have entered into investment management agreements, either directly with the investment management firm or indirectly through vehicles the relevant account has established
specialist mandate	a mandate in which one or more fund managers are appointed to manage client's assets on the basis of a single asset class, region or investment style (as opposed to 'balanced')
split capital investment trust	an investment trust, usually with a limited life of between 5 and 10 years, which can issue more than one class of share, giving the investor the choice of income or capital growth within the same trust
total return	the return on an investment, which includes both capital appreciation and reinvested income
trail commission	a commission paid by investment management firms to financial advisers based on a percentage of the value invested by the relevant financial adviser on behalf of its clients

