



ST. JAMES'S PLACE plc

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PRESS RELEASE

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ST. JAMES'S PLACE WEALTH MANAGEMENT INTERIM MANAGEMENT STATEMENT FOR NINE MONTHS TO 30 SEPTEMBER 2008

TOTAL NEW BUSINESS UP 2%

St. James's Place plc ("SJP"), the wealth management group, today issues its interim management statement for the nine months ended 30 September 2008.

Highlights for the nine months are:

- Total new business (on an APE basis) of £322.6 million up 2%
- Pension new business up 20%
- Total new single investments of £2.4 billion
- Funds under Management of £16.5 billion, with underlying retention maintained at 95%

Mike Wilson, Chairman, commented:

"We are very pleased that our business continues to demonstrate resilience in the face of extremely tough market and economic conditions.

"New business remains ahead of the same period last year, which was itself up 28% on the prior year. The retention of funds under management continues to be strong.

"The strength and growth in the St. James's Place Partnership, together with the increasing need for quality advice, gives us the confidence to reiterate our longer term growth target for new business of 15 – 20% per annum."

The details of the announcement are attached.

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Commentary

During the third quarter of 2008 we have seen the credit crisis continuing and spreading out into the wider economy, deteriorating economic indicators and growing concerns of a global economic downturn. These conditions have resulted in volatile stock markets, with major indices experiencing significant falls from the half year position.

Given these challenging factors, we are very pleased that in the quarter we have maintained both new business at the same level as last year and strong retention of existing business. The resulting net inflow of funds under management again demonstrates the resilience of the St. James's Place Partnership and the strength of the St. James's Place proposition.

Review of new business

Pension investments increased strongly across both regular and single investments, with total business up 30% in the quarter and 20% for the year to date. We continue to see strong demand from clients to invest for their long term future and to utilise the tax advantages of pension savings.

Investment business during the quarter - at £460 million - was 20% lower than the corresponding period last year and is 9% lower for the year to date, reflecting the challenging economic environment. Within these figures, unit trust and ISA business were up 3% during the quarter.

Finally protection business, which represents less than 5% of total business, was 2% lower for the quarter, reflecting the slow down in the housing market.

Funds under management

Global stock markets have continued to fall since the half year. The FTSE All Share, for example, dropped by a further 13% in the quarter, resulting in a fall of 24% for the year to date and a 25% fall over the last 12 months. By contrast, funds under management at 30 September – at £16.5 billion – were down 9% from 31 December 2007 and 6% from 30 September 2007.

The table below provides an analysis of the movement in funds under management for the nine months to the end of September.

	Unaudited 9 Months to 30 September 2008 £'bn
Opening funds under management	18.2
New money invested	2.3
Net investment return	(3.0)
	<hr/> 17.5
Regular income withdrawals & maturities	(0.3)
Surrenders & part surrenders	(0.7)
Closing funds under management	<hr/> 16.5 <hr/>
Annualised surrender rate as a % of average funds under management	5.2%

The fall in stock markets has resulted in a further negative investment variance in the third quarter. The net asset value per share at 30 September 2008, on a European Embedded Value basis, was around 230 pence.

Capital

There have been no material changes to solvency capital during the third quarter. The investment policy for non unit-linked assets remains on a prudent basis, with no exposure to equity investments; non linked liabilities are matched by government backed gilts and bonds, and surplus assets are invested in AAA rated money market funds. This policy continues to immunise the capital base from stock market falls and both widening spreads and credit defaults on corporate bonds.

Outlook

These are challenging economic and stock market conditions for a wealth management business. Nonetheless the strength and growth in the St. James's Place Partnership, together with the increasing need for quality advice, gives us the confidence to reiterate our longer term growth target for new business of 15 – 20% per annum.

**ST. JAMES'S PLACE WEALTH MANAGEMENT
NEW BUSINESS FIGURES
FOR THE NINE MONTHS
TO 30 SEPTEMBER 2008**

NEW BUSINESS

NEW PREMIUMS	Unaudited 3 Months to 30 September 2008			Unaudited 9 Months to 30 September 2008		
	2008 £'m	2007 £'m	Change %	2008 £'m	2007 £'m	Change %
New Regular Premiums						
Pensions	22.8	15.5	47%	68.0	52.2	30%
Protection	4.7	4.8	(2%)	14.1	14.6	(3%)
	27.5	20.3	35%	82.1	66.8	23%
New Single Premiums						
Investment	318.6	438.5	(27%)	1,050.2	1,219.7	(14%)
Pensions	282.1	238.6	18%	803.3	718.4	12%
	600.7	677.1	(11%)	1,853.5	1,938.1	(4%)
Unit Trust Sales (including PEPs and ISAs)	143.1	139.3	3%	551.4	547.8	1%

NEW BUSINESS (RP + 1/10th SP)	Unaudited 3 Months to 30 September 2008			Unaudited 9 Months to 30 September 2008		
	2008 £'m	2007 £'m	Change %	2008 £'m	2007 £'m	Change %
Investment	46.2	57.8	(20%)	160.2	176.8	(9%)
Pensions	51.0	39.3	30%	148.3	124.0	20%
Protection	4.7	4.8	(2%)	14.1	14.6	(3%)
Total	<u>101.9</u>	<u>101.9</u>	<u>0%</u>	<u>322.6</u>	<u>315.4</u>	<u>2%</u>

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NEW BUSINESS FIGURES
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TO 30 SEPTEMBER 2008**

Notes

1. New business is calculated in accordance with the standard industry measure of adding together new regular premiums and one-tenth of single premiums and unit trust sales ("APE").
2. Sales of manufactured business on an APE basis for the nine months were 84% of the total reported (2007: 87%).

Sales of non-manufactured pensions including stakeholder by St. James's Place Partnership have been included in the reported figures under Pensions. These amount to £24.1 million regular premiums (2007: £15.0 million) and £25.9 million single premiums (2007: £22.2 million) for the nine months to 30 September 2008. This equates to £26.7 million new business premiums (2007: £17.2 million).

Sales of annuities by St. James's Place Partnership have been included in the reported figures under Pensions. These amount to £70.9 million single premiums for the nine months to 30 September 2008 (2007: £61.3 million) and equate to £7.1 million new business premiums (2007: £6.1 million).

Sales of non-manufactured SIPP single premium business by St. James's Place Partnership amounting to £1.0 million have been included in the reported figures under Pensions for the nine months to 30 September 2008 (2007: £3.9 million). This equates to £0.1 million new business premiums (2007: £0.4 million).

Sales of protection business by St. James's Place Partnership through a panel of providers have been included in the reported figures under New Regular Premiums Protection. These amount to £8.7 million of new regular premiums (2007: £8.6 million) for the nine months to 30 September 2008. This equates to £8.7 million new business premiums (2007: £8.6 million).

Sales of non-manufactured single premium investment business by St. James's Place Partnership amounting to £85.2 million have been included in the reported figures under Investments for the nine months to 30 September 2008 (2007: £74.2 million). This equates to £8.5 million new business premiums (2007: £7.4 million).