

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, please seek advice from your stockbroker, solicitor, accountant, bank manager or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 or, in the case of recipients outside the United Kingdom, from another appropriately qualified independent financial adviser.

If you have sold or otherwise transferred all of your shares in Life Offices Opportunities Trust PLC, you should pass this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of shares in the Company, you should retain this document and the accompanying Form of Proxy and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

LIFE OFFICES OPPORTUNITIES TRUST PLC

Recommended Proposals

For

Voluntary Winding-Up

Notice of an Extraordinary General Meeting of Life Offices Opportunities Trust PLC to be held on 15 October 2008 at 9.00 a.m. at the offices of SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH is set out at the end of this document. To be valid, the Form of Proxy accompanying this document for use at this meeting must be completed and returned, in accordance with the instructions thereon, so as to be received by SVM Asset Management Limited as soon as possible, but in any event not later than 48 hours before the time appointed for the Extraordinary General Meeting.

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EXPECTED TIMETABLE

2008

Latest time and date for receipt of Form of Proxy for use at the Extraordinary General Meeting	9.00 a.m. on 13 October
Close of Register and record date for participation in the liquidation	6.00 p.m. on 14 October
Suspension of Shares from trading on the London Stock Exchange and suspension of listing on the Official List of the UK Listing Authority	7.30 a.m. on 15 October
Extraordinary General Meeting of the Company	9.00 a.m. on 15 October
Commencement of winding-up of the Company	15 October
Cancellation of listing on the Official List of the UKLA	by no later than 8.00 a.m. on 16 October
Estimated date for initial distribution*	week commencing 20 October

* actual date to be determined by the Liquidators

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Articles of Association” or “Articles”	the articles of association of the Company
“Company”	Life Offices Opportunities Trust PLC
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK and Ireland Limited in accordance with the Uncertificated Securities Regulations 2001
“Directors” or “Board”	the directors of Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 15 October 2008 at 9.00 a.m. (or any adjournment thereof)
“Form of Proxy”	the form of proxy for use by Shareholders at the Extraordinary General Meeting
“Liquidators”	Colin Peter Dempster and Patrick Joseph Brazzill (both of Ernst & Young LLP) of Ten George Street, Edinburgh EH2 2DZ
“Liquidators’ Retention”	the amount of £100,000, which is to be retained by the Liquidators upon the proposed winding-up of the Company to meet any unforeseen liabilities of the Company which may emerge during the liquidation
“Liquidation Resolution”	the special resolution to be proposed at the Extraordinary General Meeting in order to sanction the formal winding-up of the Company
“London Stock Exchange”	London Stock Exchange plc
“Manager”	SVM Asset Management Limited
“Portfolio”	the Company’s investment portfolio
“Proposals”	the proposals for the voluntary winding-up of the Company, as set out in this document, to be considered at the Extraordinary General Meeting and including the special resolutions set out in the notice of EGM at the end of this document
“Register”	the register of Shareholders
“Resolutions”	the resolutions set out in the notice of EGM at the end of this document
“Shareholders”	the holders of Shares
“Shares”	ordinary share of 75 pence each in the capital of the Company
“Taxes Act”	Income and Corporation Taxes Act 1988
“UKLA”	the Financial Services Authority in its capacity as the UK Listing Authority
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“VAT”	value added tax
“Winding-Up Date”	15 October 2008

LIFE OFFICES OPPORTUNITIES TRUST PLC

*(an investment company within the meaning of section 833 of the Companies Act 2006,
incorporated in Scotland under the Companies Act 1985 with registered number SC162841)*

Directors:

John Brumwell (*Non-executive Chairman*)
Raymond Paul (*Non-executive Director*)
John Motion (*Non-executive Director*)
John Wilson (*Non-executive Director*)

Registered office:

6th Floor
7 Castle Street
Edinburgh
EH2 3AH

16 September 2008

Dear Shareholder

RECOMMENDED PROPOSAL FOR VOLUNTARY WINDING-UP OF THE COMPANY

Introduction

In my statement in the Annual Report of the Company for the year ended 31 December 2007, I reported that an Extraordinary General Meeting of the Company would be convened in the fourth quarter of 2008 in order to approve a special resolution requiring that the Company be wound up voluntarily as provided for in Article 160 of the Articles.

The purpose of this document is to provide you with the background to and reasons for the proposed winding-up of the Company and to seek your approval for the Resolutions required to implement the Proposals. The Resolutions will be proposed at an Extraordinary General Meeting of the Company to be held on 15 October 2008 at 9.00 a.m. at the offices of SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH.

Reasons for the Proposals

The Articles require the Board to convene an extraordinary general meeting of the Company to be held no later than 31 December 2008 at which a special resolution will be proposed pursuant to section 84(1)(b) of the Insolvency Act 1986 to wind-up the Company voluntarily and to fix the remuneration of the Liquidators on the basis of time spent by them. It is therefore proposed that the Company will be put into liquidation by means of a voluntary winding-up pursuant to 84(1)(b) of the Insolvency Act 1986. The winding-up will be effective immediately after the passing of the resolution 1 to be put to the Extraordinary General Meeting.

Financial implications of the Proposals

The Manager has been liquidating the Company's portfolio in preparation for the process of members' voluntary liquidation. All of the endowment policies held by the Company have matured or been sold. As at the date of this document, the Company holds around £39.1 million of cash and short-dated UK Government Securities.

The assets of the Company (after payment of liabilities and after deducting the costs of implementing the Proposals) on such winding-up will be distributed among Shareholders in accordance with the provisions of the Articles.

On a winding up, Shareholders are entitled to receive payment of any surplus assets. As at close of business on 15 September 2008 (the latest practicable date prior to the publication of this document), the net assets of the Company (after deducting the expected costs of the Proposals) were approximately £39.6 million.

It is expected that Shareholders will receive:

- (i) an initial capital distribution of approximately 165 pence per Share during the week commencing 20 October 2008. Cheques will be sent to Shareholders in respect of the initial distribution. Shareholders who hold their Shares in CREST will receive their initial distribution through the CREST system; and
- (ii) a final capital distribution of approximately 0.4 pence per Share at the conclusion of the liquidation.

Assumptions

The illustrative entitlements referred to above are based on the following assumptions:

1. the aggregate costs of the Proposals including the costs of winding-up the Company are assumed to be approximately £120,000 (including VAT); and
2. the amount of the proposed Liquidators' Retention is £100,000. The Liquidators are obliged to give creditors a specified period of time to lodge any claims in the liquidation. Although it is not anticipated that any significant claims will arise which have not already been accounted for in the accounts of the Company, in accordance with normal practice, the Liquidators will retain funds in the liquidation to meet any unforeseen costs and liabilities. The Liquidators' Retention of £100,000 will be made up of cash. The initial capital distribution payable to the Shareholders will therefore be reduced by this sum. However, assuming that no unforeseen claims arise and discounting any recovery by the Company of outstanding VAT paid by the Company to the Manager on management fees, it is anticipated that this sum, being a second and final payment to the Shareholders, will be paid at the conclusion of the liquidation.

The amounts which may be available for distribution to Shareholders upon the liquidation of the Company are illustrative amounts only based on the assumptions set out above. The actual amounts distributed may vary significantly from those amounts if, for instance, the assumptions turn out to be incorrect, or, unforeseen liabilities come to light or the Liquidators retain assets to cover unforeseen or contingent liabilities in excess of the amount and/or for longer than indicated above.

Following the successful outcome of a case pursued by The Association of Investment Companies in the European Court of Justice (the 'ECJ') against HM Revenue & Customs ('HMRC'), it has now been accepted by HMRC that VAT should not have been charged on fund management fees. The Manager is in the process of seeking repayment of the VAT paid by the Company on fund management fees from HMRC. Should this VAT refund be received by the Liquidators after the Winding-Up Date, the Liquidators will distribute the reclaimed VAT to Shareholders with the final distribution.

Interim dividend

As a result of income earned and accrued in the current financial period and in order to ensure that the Company continues to comply with the provisions of section 842 of the Taxes Act, on 12 September 2008 the Board declared an interim dividend of 2.5 pence per share to be paid on 14 October 2008, subject to the availability of distributable reserves on the payment date.

Stock exchange dealings

The Register will be closed at 6.00 p.m. on 14 October 2008 and the Shares will be disabled in CREST at start of business on 15 October 2008. Application will be made to the UKLA for suspension of listing of the Shares on the Official List of the UKLA and application will be made to the London Stock Exchange for suspension in trading in the Shares at 7.30 a.m. on 15 October 2008. The last day for dealings in the Shares on the London Stock Exchange on a normal rolling three day settlement basis will be 14 October 2008. Transfers received after the Register has been closed will be returned to the person lodging them.

After the liquidation of the Company and the making of any final distribution, existing certificates in respect of the Shares will cease to be of value and any existing credit of the Shares in any stock account in CREST will be redundant. If the Proposals become effective, it is the Company's intention to cancel the listing of the Shares and it is expected that the listing of the Shares will be cancelled on 16 October 2008.

Management agreement

The Manager's management agreement will terminate on the Winding-Up Date without compensation other than accrued fees to the date of termination.

United Kingdom taxation

The information below, which relates only to UK taxation, summarises the advice received by the Board and is applicable to the Company and to persons who are resident or ordinarily resident in the UK and who hold Shares as an investment. It is based on current law and HM Revenue & Customs practice and is therefore subject to any subsequent changes in such law and practice. If you are in any doubt as to your tax position, or if you may be subject to taxation in a jurisdiction other than the UK, you are recommended to consult your own professional adviser.

The Company is an approved investment trust under section 842 of the Taxes Act. As such the Company is exempt from UK taxation on its capital gains but remains liable to UK corporation tax on its income (excluding dividends from UK companies). The Company has obtained approval as an investment trust for taxation purposes for the year ended 31 December 2006. The Board believes that it will also meet the necessary requirements to be eligible for that status for the periods from 1 January 2007 to 31 December 2007 and from 1 January 2008 until the Winding-Up Date.

Assuming that the Liquidation Resolution is passed at the Extraordinary General Meeting, the Company's current corporation tax accounting period will close on the Winding-Up Date and a new accounting period will commence on the Winding-Up Date.

It is envisaged that the Liquidators will make two separate distributions to Shareholders. The first distribution should be made in the 2008/2009 tax year. Accordingly, individual Shareholders should be treated as having made part disposals for the purposes of taxation of chargeable gains in the tax year to 5 April 2009. A portion of the attributable tax base cost of a holding will be available to be set against the initial distribution. The tax base cost should be apportioned between the two distributions by reference to the respective values of the initial distribution and the anticipated level of the second distribution.

Shareholders who are resident or, in the case of individuals, ordinarily resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on chargeable gains) in respect of distributions paid to them from the liquidation of the Company. In calculating any chargeable gains arising on receipt of a distribution from the Liquidators, Shareholders who are UK resident individuals may be able to benefit from an annual exempt amount, which currently exempts the first £9,600 of any gains from charge to capital gains tax.

Depending upon the price at which each Shareholder purchased their Shares, Shareholders may have suffered a capital loss on their investment in the Shares which may be offset against other taxable capital gains realised by them.

No stamp duty or stamp duty reserve tax should be payable by the Company in connection with its liquidation.

Extraordinary General Meeting

The Extraordinary General Meeting will seek the approval of the Shareholders to wind-up the Company and to appoint the Liquidators, and two special resolutions will be proposed.

(i) Resolution 1

Resolution 1 will seek Shareholder approval to put the Company into liquidation, appoint the Liquidators and fix the remuneration of the Liquidators on the basis of time spent by them. The Articles require that the vote on this Liquidation Resolution shall be by means of a poll.

The Articles give Shareholders "weighted" voting rights, whereby Shareholders who vote in favour of the Liquidation Resolution at the Extraordinary General Meeting on 15 October 2008 collectively have such total number of votes on a poll as is four times the number of votes which are cast against the Liquidation Resolution. The purpose of this provision of the Articles is to ensure that the Company will be wound up on the Winding-Up Date.

Shareholders should note that by virtue of the weighted voting provisions contained in the Articles of Association of the Company, the winding-up resolution to be proposed at the EGM of the Company will be passed. The "weighted" voting rights do not apply to resolution 2 to be proposed at the EGM.

(ii) Resolution 2

Resolution 2 will authorise the Liquidators to exercise those powers specified in Part I of Schedule 4 of the Insolvency Act 1986 (payment of debts, compromise of claims, etc) and directing that the Company's books and records be held to the order of the Liquidators will also be proposed at the EGM in order to give the Liquidators more flexibility in conducting the liquidation.

All Shareholders are entitled to vote on both resolutions. The notice convening the Extraordinary General Meeting is set out at the end of this document.

Action to be taken

Whether or not you propose to attend the Extraordinary General Meeting, you are asked to complete and return the Form of Proxy to SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH as soon as possible and in any event not later than 48 hours before the appointed time for the EGM. Completion and return of a Form of Proxy will not prevent Shareholders from attending and voting in person at the EGM, should they wish to do so.

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, solicitor, accountant, bank manager or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 or, in the case of recipients outside the United Kingdom, another appropriately qualified independent financial adviser.

Shareholders should not send their Share certificates in to the Company or the Manager.

Recommendation

The Board of the Company considers that the Proposals are in the best interests of the Shareholders as a whole.

Accordingly, the Board unanimously recommends all Shareholders to vote in favour of the resolutions on which they are entitled to vote as they intend to do in respect of their own beneficial holdings in the Company's share capital. The Directors' interests amount in aggregate to 87,500 Shares, representing approximately 0.37 per cent. of the current issued share capital of the Company.

Yours faithfully

John C H Brumwell
Chairman

LIFE OFFICES OPPORTUNITIES TRUST PLC

*(an investment company within the meaning of section 833 of the Companies Act 2006,
incorporated in Scotland under the Companies Act 1985 with registered number SC162841)*

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Life Offices Opportunities Trust PLC (the "**Company**") will be held at 9.00 a.m. on 15 October 2008 at the offices of SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH to consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

1. THAT

- (a) the Company be wound-up voluntarily under the provisions of the Insolvency Act 1986 and that Colin Peter Dempster and Patrick Joseph Brazzill both of Ernst & Young LLP (the "**Liquidators**"), having consented to act, be and are hereby appointed joint liquidators for the purposes of such winding-up with the power to act jointly and severally for the purpose of such winding-up of the Company's affairs and distributing its assets and any power conferred on them by law or this resolution and any act required or authorised under any enactment to be done by them may be done by them jointly or by each of them alone; and
- (b) the remuneration of the Liquidators be fixed on the basis of time spent by them and members of their staff in attending to matters arising prior to and during the winding-up of the Company and they are authorised to draw such remuneration monthly or at such longer intervals as they may determine.

2. THAT

- (a) subject to the passing of the resolution numbered 1 ("**Resolution 1**") in the notice convening the meeting in which this resolution appeared as the second resolution, the Liquidators (as defined in Resolution 1) be and hereby are authorised pursuant to section 165 of the Insolvency Act 1986 to exercise the powers specified in Part I of Schedule 4 to that Act; and
- (b) the Company's books and records be held by, or on behalf of, SVM Asset Management Limited to the order of the Liquidators, until the expiry of twelve months after the date of dissolution of the Company, when they may be disposed of with the prior consent of the Liquidators.

6th Floor
7 Castle Street
Edinburgh EH2 3AH

By Order of the Board
SVM Asset Management Limited
Secretary

16 September 2008

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed.
2. Instruments of proxy and the power of attorney or other authority, if any, under which they are signed or a notorially certified copy of that power of attorney or authority should be sent to SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH.
3. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company as at 6.00 p.m. on 13 October 2008 (or in the event that the Extraordinary General Meeting is adjourned, on the register of members 48 hours before the time of any adjourned Extraordinary General Meeting) shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after 6.00 p.m. on 13 October 2008 (or in the event that the Extraordinary General Meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned Meeting) shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.
4. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives — www.icsa.org.uk — for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
5. As at 15 September 2008, the latest practicable date prior to publication of this document, the Company's issued share capital comprised 23,550,000 ordinary shares of 75 pence each. The holders of ordinary shares are entitled to attend and vote at general meetings of the Company. On a vote on a show of hands every ordinary shareholder who is present has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote. On a vote by poll every Shareholder who is present in person or by proxy has one vote for every ordinary share held (subject to the weighted voting rights in relation to resolution 1 previously described in this document).

