

Life Offices Opportunities Trust plc

Annual Report 31 December 2006

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The investment objective of the Company is long term capital growth from a diversified portfolio of with-profits life assurance policies which have the potential for achieving enhanced capital returns, particularly through corporate change in the life assurance industry

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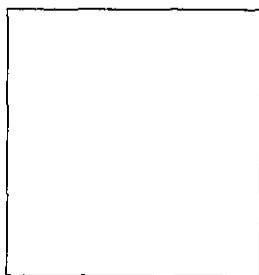
Highlights

- Net asset value ("NAV") increases by 15.7%
- Discount narrows to 6.7%
- Strong equity and property returns offset by weak bonds
- Rising terminal bonuses as life office reserves are replenished

Financial Highlights	31 December 2006	31 December 2005	% Change
Total return			
Net asset value	143.15p	123.73p	+15.7
Share price	133.50p	113.00p	+18.1
Discount	6.7%	8.7%	
Total expense ratio			
Investment management fees	0.75%	0.75%	
Policy advisory fees	0.36%	0.50%	
Other operating expenses	0.25%	0.29%	

Historical record Year to 31 December	NAV per share (p)	Share price (p)	Total Return per share (p)
2001	160.69	133.50	6.24
2002	154.86	98.00	(8.21)
2003	123.49	91.75	(29.37)
2004	117.73	98.50	(5.72)
2005	123.73	113.00	6.00
2006	143.15	133.50	19.41

Chairman's Statement



Over the year, the net asset value per share increased by 15.7 per cent to 143.15 pence. The investment objective of your Company is to achieve long term capital growth and no dividend is payable. Part of this year's performance, approximately 4.5 per cent, was the result of the flotation of Standard Life and its subsequent share price appreciation. However, the balance was due to the underlying increase in the valuation of the Company's endowment policies. This increase can itself be broken down into two components. Life offices have passed on the positive investment performance of the underlying life funds to policyholders by way of increased annual and terminal bonuses. In addition, the Company has maintained a prudent valuation policy and there have been uplifts as policies mature.

Review of 2006

There were 162 maturities in 2006 yielding approximately £5.1 million. The maturity proceeds were approximately 2.5 per cent higher than forecasted this time last year. There are just under 1,600 policies still to mature, split equally between 2007 and 2008. To date, the proceeds have been used to reduce borrowings. The Managers have estimated that borrowings, which currently stand at slightly less than £11 million, should be eliminated in July 2007. Thereafter, cash balances will be accumulated through to the end of 2008.

The 2006 annual bonus declaration season, which was announced in the first quarter of 2006, generally proved to be favourable, with bonus rates mostly being raised. Typically, the major with profit life office funds produced returns, after taxation and some reserving held back for smoothing in an above trend year, to policyholders of some 13 per cent.

Early indications are that with profit funds had another good year in 2006 and we expect the 2007 annual

Chairman's Statement

bonus season to be positive. However, returns were lower in 2006 and it is likely that, on a comparable basis, net returns to policyholders will be closer to 9 per cent. With profit funds tend to be mixed asset funds with investments spread over a variety of asset classes such as equities, property and bonds. In 2006, equity markets performed well with most markets yielding double digit returns and similarly property enjoyed another strong year. However, bond markets have been falling as yields have been rising. Although bonds have been paying their regular coupons, this has been accompanied by some capital depreciation.

It has been a stronger year for funds which remain open to new business, or for those with large surpluses. This has permitted a high degree of investment freedom and they have tended to hold a higher proportion of equities. However it has been a less exciting year for funds which are relatively thinly funded or closed and in run off and where bonds predominate.

One of the big tests of confidence is whether life offices increase rates of annual rather than terminal bonuses. As annual bonus are reversionary, they effectively form additional guarantees on policies and require sound finances for support. To date, some have increased their non-reversionary bonuses and we anticipate increases from other offices.

Standard Life

Following the flotation of Standard Life in July, the Company was allocated and still retains 442,860 ordinary shares. Since flotation, the share price of Standard Life's ordinary shares has increased by approximately 30 per cent, making it one of the best performing stocks in the FTSE 100 Share Index. The Managers are closely monitoring the position and will realise the investment as and when deemed appropriate.

Standard Life was among the last of the major mutuals to demutualise either through direct flotation or trade sale. Due to the lengthy timetables required to effect such an exercise, it is unlikely that the Company will benefit further from demutualisation although it does retain a small exposure to the two largest remaining mutuals, Royal London and Co. Operative Insurance.

Outlook

Over recent years, the Company has published projected terminal maturity values on a quarterly basis. The median projected terminal asset value based on 31 December 2006 numbers is 157.4 pence per share based on the previously indicated assumptions. Using the share price of 133 pence, this equates to a yield to maturity in excess of 9 per cent per annum. As bonuses are generally seen as having bottomed and with profits funds are generating positive returns, we believe that the Company is well placed to achieve this level at maturity.

John C H Brumwell
Chairman

5 March 2007

Managers' Review

Introduction

The Company is an investment trust quoted on the London Stock Exchange and is required to comply with the Companies Act, the UK Listing Rules and applicable accounting standards. In addition to the formal annual and interim accounts, the Company publishes quarterly asset values and factsheets.

The principal objective of the Company is to invest in with profits life assurance policies with particular emphasis on those life offices that could benefit from life assurance industry restructuring. Although the objective is for long term growth, the Managers believe that outperformance in the short term is also important for the control of the Company's discount. The performance and the level of the discount are the two primary key performance indicators for the Company and the Board assesses these on a quarterly basis. The factsheets and the website carry further information on these indicators.

The Company's investments are in traded endowment policies which, although having set maturity dates, can suffer from limited liquidity and may be seen as carrying higher degree of risk. We believe that these risks are mitigated through the Company's closed end structure, portfolio diversification, in depth analysis, the experience of the Managers and a rigorous internal control culture. Further information on the internal controls operated for the Company is detailed in the Report of the Directors on page 11.

The net asset value continued to make steady progress in the year under review rising 15.7 per cent over the year. However, shareholders are understandably much more interested in the performance of the share price. The share price increased by 18.1 per cent in the year and the discount, having started the year at 8.7 per cent, fell to 6.7 per cent as at the end of 2006. To assist the Board and Managers in their aim that the Company trades close to asset value, the Company retains the powers to buy back for cancellation should there be an opportunity to enhance shareholder value.

Although a number of the Company's policies matured in the earlier years, 2006 saw the beginning of the main bulk of portfolio realisations. This will run on until mid 2008. The Company's borrowings, which were slightly less than £11 million at the year end, are expected to be eliminated in July 2007.

With Profit Fund Performance

Overall, 2006 represented a good year for with profit funds continuing on from the recovery started in 2004. Early indications show that typical with profit funds earned around 10 per cent gross on their assets in 2006 with the better funds seeing overall returns in the region of 11-12 per cent. Much depended upon the funds' underlying asset mixes. UK equities averaged a 14 per cent total return and commercial property nearer 18 per cent with bonds losing ground during the year as yields rose.

The funds that are open to new businesses or with large surpluses tended to have had higher equity content and have generated higher overall returns. Those that are closed, in run off mode or funds that have smaller surpluses have higher bond content and will have generated lower returns.

Bonus Declarations

The returns earned on the underlying with profits funds are distributed to policyholders through annual and terminal bonuses. Annual bonus rates tend to be set by life offices by reference to long term economic benchmarks, inflation and more particularly long bond yields. Movements in annual bonus rates are not necessarily significant to the overall payout of policies, being relatively small, but they do provide an insight into the health of a with profits fund. Since annual bonuses form part of the guarantees on policies, it is a sign of a stronger fund when it commits to increases in guarantees. Generally, few offices have made such commitments to date. However, a few, namely Aviva Group and Clerical Medical have announced increases.

Managers' Review

Conversely, terminal bonuses do make up a significant part of a policy's overall maturity payment and is consequently much more important. However, they are not guaranteed and are variable. We have seen terminal bonus rates inch up, particularly for policies with full terms less than the standard 25 years where lower investment returns are required to maintain bonus rates at existing levels. For a few offices, such as Sun Alliance, whose investment mix is now highly constrained by thinner solvency margins and a stricter regulatory environment, bond performance dominates and there have been a few bonus rate cuts.

Standard Life shares and Orphan Assets

As the Chairman has stated, Standard Life completed its demutualisation with a stock market flotation in July 2006. Under the terms of the float, the Company received 442,860 shares which have to date been retained. As a founder shareholder, the Company will be entitled to loyalty bonus shares of 5 per cent on the first anniversary of flotation. It is probable that this will be the last demutualisation from which the Company will benefit.

However, the investment strategy was not only to seek to unlock value from mutuals converting to proprietary offices, but also from other sources of value such as distributions of orphan assets. Orphan assets are unclaimed life office with profits fund assets which are not required to satisfy future liabilities to policyholders.

In 2006, the Aviva Group which was formed from the merger of Norwich Union and CGU (which in itself was a merger of General Accident and Commercial Union) announced that orphan funds within the CGU fund would be shared between shareholders and policyholders. This type apportionment was last seen when AXA Sun Life carried out a similar exercise with the Equity & Law fund. At that time, the company was accused of short changing policyholders because it was difficult for them to collectively negotiate a better deal. To appear to correct this imbalance of

negotiating power, Aviva have taken the laudable step of appointing a Policyholder Advocate to negotiate on behalf of policyholders.

The Company has some exposure to funds from which a windfall gain will arise, but new taxation rules for orphan assets are encouraging life offices to carry out similar exercises and there is the possibility of flushing out a little extra value from this source.

Projected Maturity Values as at 31 December 2006

Rate of Return	No Further Bonuses	4%	8%
Final NAV per share	111.7	153.6	161.0

The estimated rate of return required to ensure bonuses remain unchanged is 6.0 per cent per annum.

'No further bonuses' assumes that the return consists only of the amount guaranteed by life offices.

The following are the main assumptions used:

- All policies are held to maturity, with no policyholders dying.
- All future premiums are paid.
- Interest rates of 6 per cent per annum on borrowings and 4 per cent per annum on deposits.
- Administrative costs increase at 2.5 per cent per annum.
- The Company continues as an investment trust and maintains its current tax position.
- The Company winds up at 31 December 2008 and incurs no additional expenses.
- No further windfall gains are received.
- No further shares are issued or bought back.

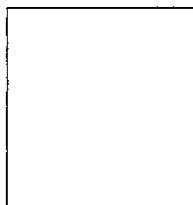
Investment Portfolio *as at 31 December 2006*

Company	Number of Policies	Cost £000	2006 Valuation £000	% of Net Assets	2005 Valuation £000
1 Standard Life	469	7,953	9,821	29.1	9,467
2 Century Life	8	2,067	6,570	19.5	5,940
3 Aviva (Norwich Union)	240	4,230	5,848	17.3	5,562
4 Scottish Provident	180	3,328	4,247	12.6	3,658
5 Prudential (Scottish Amicable)	156	2,128	4,039	12.0	3,829
6 Prudential	117	1,807	3,001	8.9	2,910
7 Legal & General	106	1,699	2,577	7.6	3,122
8 Scottish Life Assurance	96	1,730	2,292	6.8	2,046
9 Clerical Medical	39	797	1,125	3.3	1,872
10 Friends Provident	41	650	729	2.2	866
Ten largest exposures	1,452	26,389	40,249	119.3	
11 Pearl Assurance	31	459	590	1.8	604
12 Sun Life of Canada	19	356	467	1.4	486
13 AXA (Equity & Law)	17	297	403	1.2	479
14 AXA (Sun Life)	12	202	268	0.8	260
15 Royal London Mutual	10	178	256	0.8	268
16 Windsor Life (Gresham)	10	128	227	0.7	216
17 Royal & Sun Alliance (Royal)	11	154	217	0.6	217
18 Co-operative Insurance	10	130	199	0.6	262
19 Scottish Widows	5	80	106	0.3	113
20 MGM	3	65	101	0.3	109
Twenty largest exposures	1,580	28,438	43,083	127.8	
Other exposures	16	206	297	0.9	
Total exposures	1,596	28,644	43,380	128.7	
Standard Life ordinary shares	442,860	0	1,315	3.9	
Total investments			44,695	132.6	
Net current liabilities			(10,984)	(32.6)	
			33,711	100.0	

Maturity Profile (number of policies)

Board of Directors

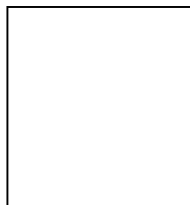
John Brumwell (Chairman) (aged 72)



John Brumwell retired in 1995 as a fund manager and company secretary of Prudential Portfolio Managers Limited. He is a Fellow of the Institute of Actuaries and is currently a consultant with FTSE

International Limited and serves on the Statistics Committee of the Association of Investment Companies. He was appointed in 1996 and is due for re-election this year.

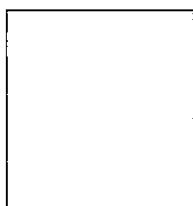
Raymond Paul (Senior non executive Director) (aged 65)



Raymond Paul is a Fellow of the Faculty of Actuaries. He has spent over 40 years in the life assurance industry and was formerly Appointed Actuary at the Life

Association of Scotland Limited. He is an independent consulting actuary and is the author of a paper on the subject of merging and reconstructing life funds. He was appointed in 1996 and is due for re-election this year.

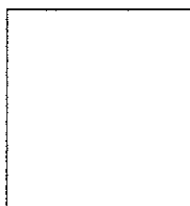
John Motion (aged 71)



John Motion worked for over 25 years as a stockbroker and retired from Merrill Lynch in 1995. He specialised in the investment trust sector, joining Kitcat & Aitken in 1969 and was joint head

of investment trusts there for 15 years. In 1986 he became director of investment trusts at Kitcat & Aitken Limited. He was a member of the London Stock Exchange for over 20 years. He is also a director of SVM Cautious Managed Fund. He was appointed in 1996 and is due for re-election this year.

John Wilson (aged 64)



John Wilson joined James Capel in 1960 and retired in 1995. He was a partner of James Capel & Co. for eight years until James Capel became part of the HSBC Group in 1986. He worked in a

variety of roles at James Capel and was a trustee of James Capel's in-house pension schemes. He was a member of the London Stock Exchange for over 25 years. He is also a director of SVM Cautious Managed Fund. He was appointed in 1996 and is due for re-election this year.

Report of the Directors

The Directors submit their Report and Accounts for the year to 31 December 2006

Principal activity and status

The Company is an Investment Company as defined in Section 266 of the Companies Act 1985. The Company is not a close company for taxation purposes. The Company has been approved by the Inland Revenue as an investment trust under Section 842 of The Income and Corporation Taxes Act 1988 for the year to 31 December 2005. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval and the Company will continue to seek approval each year.

Business review

The reviews of the business during the year are set out on pages 2 to 5.

Results

The total return for the year of £4,572,000 (2005 – £1,413,000) has been transferred to reserves. No dividend has been declared.

Directors

The Directors who held office during the year and their beneficial interests in the Ordinary Shares of the Company were:

	31 December 2006 Shares	31 December 2005 Shares
J C H Brumwell	25,000	25,000
J S H H Motion	20,000	20,000
R M Paul	30,000	30,000
J B Wilson	12,500	12,500

There have been no changes in the Directors' interests between 31 December 2006 and 5 March 2007.

No Director has a service contract with the Company.

Mr R M Paul and Mr J B Wilson retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

Mr J C H Brumwell and Mr J S H H Motion, having attained the age of 70, retire and offer themselves for re-election at the Annual General Meeting.

The Board considers that, notwithstanding having served on the Board for more than nine years, all Directors are independent. The Board is of the view

that length of service does not necessarily compromise the independence of directors of an investment trust, where continuity and experience can add significantly to the strength of the Board. The Board recommends all the Directors' re-elections to shareholders.

Disclosure of information to auditors

Each Director of the Company confirms that:

- so far as each Director is aware, there is no information needed by the Auditors in connection with preparing their report of which the Auditors are unaware, and
- the Director has taken all the steps that he ought to have taken to make himself aware of any such information and to establish that the Auditors are aware of that information.

Substantial shareholdings

As at 5 March 2007, the following interests in excess of 3% of the issued Ordinary Shares of the Company had been reported:

Name	Number of Shares	Percentage of Issued Shares
CG Asset Management Limited	3,673,500	15.6%
SVM Cautious Managed Fund	2,135,000	9.1%
Deutsche Bank AG	950,000	4.0%
Imia Investment Trust	815,000	3.5%

Management

SVM Asset Management Limited provides investment management and secretarial services to the Company. These services can be terminated by either party, without compensation, at any time by giving one year's notice or an immediate payment of a year's fee in lieu of notice. SVM Asset Management Limited receives a fee for these services, payable quarterly in arrears, equivalent to 0.75% per annum of the total assets of the Company less current liabilities plus the bank loan.

The Management and Nomination Committee assesses the Managers' performance on an ongoing basis and each year meets to conduct a formal evaluation of the Managers. It assesses the resources made available by the Managers, the results and investment performance in relation to objectives and also the additional services provided by the Managers to the Company.

The Management and Nomination Committee has reviewed the appropriateness of the Manager's

Report of the Directors

contract. In carrying out its review, the Committee considered the past investment performance and the Manager's capability and resources to deliver optimal future performance. It also considered the length of the notice period of the investment management contract and the fees payable, together with the standard of other services provided which include secretarial, accounting and marketing.

Following this review, it is the Directors' opinion that the continuing appointment of the Managers on the terms agreed is in the best interests of the shareholders as a whole.

Creditors Payment Policy

The Company's policy is to agree and make suppliers aware of payment terms prior to the transacting of business. The Company has and will continue to operate this policy. The Company did not have any trade creditors at the year end.

Financial Instruments

The Company's financial instruments comprise the investment portfolio, cash at bank and on deposit, bank loans, overdrafts, and debtors and creditors that arise directly from operations. The main risks that the Company faces from its financial instruments are disclosed in Note 11 to the financial statements.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as the Company's auditors and a resolution proposing their reappointment will be put to the forthcoming Annual General Meeting.

Directors' Authority to Issue Shares

The Directors are currently authorised to allot ordinary shares up to an aggregate amount of £1,087,500, such authority expiring on 31 December 2008. The Directors would only issue new shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and in no circumstances would result in a dilution of net asset value per share.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 15% of the issued ordinary shares expires at the end of the Annual General Meeting and

Special Resolution 9 as set out in the Notice of the Annual General Meeting, seeks renewal of such authority until 17 July 2008 or the Annual General Meeting in 2008 (whichever is earlier). The price paid for shares will not be less than 75 pence per share nor more than 5% above the average of the market values of these shares for the five business days before the shares are purchased. This power will only be exercised if, in the opinion of the Directors, a repurchase would be in the best interests of the shareholders as a whole. Any shares purchased under this authority will be cancelled.

Statement of Directors' Responsibilities

The Directors are required by law to prepare financial statements each year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the revenue of the Company for that year. These statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In preparing these statements, the Directors are required to (a) select suitable accounting policies and then apply them consistently, (b) make judgements and estimates that are reasonable and prudent, and (c) state whether applicable accounting standards have been followed.

The Directors are also responsible for the maintenance of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

The Board, having made appropriate enquiries, has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of preparing the financial statements. An Extraordinary General Meeting will be convened in the year 2008 in order to give shareholders the opportunity to consider whether to approve a resolution to put the Company into voluntary liquidation.

Report of the Directors

Corporate Governance

The Board of Directors has in place throughout the year the procedures necessary to ensure compliance with the Financial Reporting Council Combined Code of Best Practice ("the Combined Code") except as noted below. In addition, the Company, as a member of the Association of Investment Companies ("AIC") has complied throughout the year with the provisions of the AIC Code of Corporate Governance. Therefore, those issues on which the Company does not report in detail are excluded because the Board deems them to be irrelevant to the Company as explained in the AIC Code.

The Directors confirm that the Company has complied with the requirement to be headed by an effective Board to lead and control the Company. The Company is an investment trust and not a trading company and, as such, there is no requirement for a Chief Executive Officer (Code A 2.1). Mr R M Paul has acted as the Senior non-executive Director throughout the year. As detailed on page 7, the Board comprises the four independent non-executive Directors. Although Messrs J S H Motion and J B Wilson are non-executive Directors of SVM Cautious Managed Fund Limited, we believe them to be independent of the Managers and free from all business or other relationships that could interfere with the exercise of their independent judgement. Whilst the Directors are not appointed for specific terms, as required by the Combined Code (Code A 7.2), all the Directors must submit themselves for re-election by the shareholders every three years and are not entitled to compensation if they are not re-elected to office.

Since all Directors are non-executive, the Company is not required to comply with the principles of the Combined Code in respect of executive Directors' remuneration. Directors may seek independent advice at the expense of the Company.

The Directors conduct an annual assessment of their collective and individual performances on a range of issues in order to ensure that they are acting in the best interest of the Company and its shareholders. Each Director continues to be effective and committed to the Company.

During the year, there were five Board and four Committee meetings (two Audit and two Management & Nomination). All Directors attended all the meetings.

The Managers maintain regular contact with the Company's shareholders, particularly institutional shareholders, and report regularly to the Board on shareholder relations. In addition, the Board uses the Annual General Meeting as a forum for shareholders to meet and discuss issues with the Board and the Managers.

The Board has defined the scope of the Managers' Responsibilities, including the principal operating issues such as hedging, gearing and share buy backs. Details of the limits set on the key areas of risk are set out in the Financial Instruments disclosures in Note 11 to the Financial Statements.

The Managers have adopted the statement of principles set out by the Institutional Shareholders' Committee on The Responsibilities of Institutional Shareholders and Agents.

The Board recognises that corporate, social, environmental and ethical responsibility enables good sustainable business growth and can have positive implications for shareholder value. The Board believes that encouraging companies to recognise these responsibilities is best achieved with a dialogue and actively aiming to encourage best practice.

The Company usually exercises its voting powers for general meetings of investee companies. The Company does not operate a fixed policy when voting but treats each case on merit. The Company does not have an environmental policy given the investment remit it operates.

Committees

The Board has adopted a schedule of matters specifically reserved to itself for decision and, in relation to certain matters, two committees have been established. Both committees are chaired by the Chairman of the Company. The terms of reference of both committees are available from the Managers upon request.

Management and Nomination Committee

The Management and Nomination Committee, which comprises all of the Directors and for which a quorum is any two of the Directors, meets at least once a year. Its remit includes such matters as reviewing all contracts for services delivered to the Company (e.g. by the Auditors and the Managers), reviewing and recommending new appointments to the Board and fixing the remuneration of the Directors.

Report of the Directors

Audit Committee

The Audit Committee, which comprises all of the Directors and for which a quorum is any two of the Directors, meets at least twice a year. Its remit includes the review of the Company's financial position, internal controls, scope and results of the audit and its cost effectiveness and the independence and objectivity of Auditors. The Committee must also satisfy itself that the Company's published financial statements represent a true and fair view of the position. The Company's Auditors are invited to attend the meeting reviewing the year end audit and report on the position. The Auditors do not provide any other non audit services with the exception of tax compliance services for which they are paid £1,000. The Committee has concluded that the Auditors are independent.

The Committee considers annually the need for an internal audit function. It believes such a function is unnecessary as the Company has no employees and subcontracts its business to third parties the principal one of which is SVM Asset Management Limited.

Internal Control and Financial Reporting

The Board, in conjunction with the Managers, has in place a process for identifying, evaluating and managing the significant risks faced by the Company. This process, which accords with the Turnbull guidance, has been in place for the whole year and up to the date of the approval of the financial statements. The Board is responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the company concerned and the risks to which it is exposed, and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

The principal elements of the Company's system of internal controls and the process applied by the Board in reviewing its effectiveness are:

- Clearly documented contractual arrangements with service providers
- Annual review by the Board of FRAG 21 reports of service providers
- Consideration by the Board of the latest Review of Internal Controls every six months

- Quarterly Board meetings to review performance, investment policy, strategy and shareholder relations
- Regular updating by the Managers on key risks and control developments

The Board meets every quarter to review the overall business of the Company and to consider the matters specifically reserved for it to decide upon. At these meetings, the Directors review investment performance of the Company in relation to comparable investment trusts. The Directors also review the Company's activities over the preceding quarter to ensure it adheres to its investment policy or, if it is considered appropriate, to authorise any change to that policy. The Board is satisfied that it is supplied in a timely manner with information to enable it to discharge its duties.

The Board has engaged external firms to undertake the investment management, secretarial and custodial activities of the Company. There are clearly documented contractual arrangements between the Company and these organisations which define the areas where the Board has delegated authority to them. The Board receives reports on at least an annual basis detailing the internal control objectives and procedures adopted by each organisation. Each report has been reviewed by the respective organisation's auditors. The Board's examination of these reports allows it to assess the effectiveness of the internal systems of financial control which affect the Company.

In relation to the action raised against HM Revenue and Customs regarding the charging of VAT on management fees, the Board has confirmed to the Managers that the Company will not seek to recover any irrecoverable VAT from them.

Compliance Statement

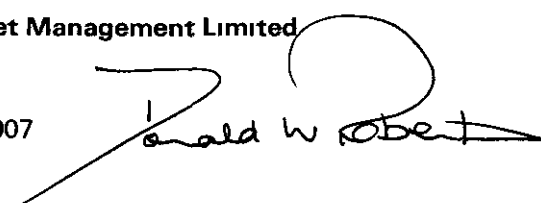
Except as noted above, the Company has complied with the applicable provisions of the Combined Code during the year and up to the date of the approval of the financial statements.

By Order of the Board,

SVM Asset Management Limited

Secretaries
Edinburgh

5 March 2007



Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 14 and 15.

Remuneration Committee

The Company has four non-executive Directors, as detailed on page 7, all of whom are regarded as independent. The Management and Nomination Committee, comprising all of the Directors, fulfils the function of a Remuneration Committee in addition to its nominations functions. The Board have appointed SVM Asset Management Limited as the Company Secretaries to provide advice when the Management and Nomination Committee considers the level of Directors' fees. The Management and Nomination Committee carries out a review of the level of Directors' fees on an annual basis. In addition SVM Asset Management Limited provides investment management and administration services to the Company.

Policy on Directors' fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure, and have similar investment objectives. It is the intention that this policy will continue in the future. The fees paid to the Directors were increased in 2006.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association and shareholder approval in a general meeting would be required to change these limits. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' service contracts

It is the Board's policy that none of the Directors has a service contract. All Directors were originally appointed at the Company's inception and their availability for re-election is detailed on page 7. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after their appointment. Directors are thereafter obliged to retire by rotation, and, if they wish, to offer themselves for re-election, at least every three years thereafter. In addition, in compliance with Article 97 of the Articles of Association of the Company and Section 293 of the Companies Act 1985, on reaching the age of 70, all such Directors will submit themselves for annual re-election. There is no notice period and no provision for compensation on early termination of appointment.

The Board's policy of tenure is to review actively whether Directors with service of nine years or more should be re-nominated, whilst ensuring that the process of refreshing the Board does not compromise a balance of experience, age, length of service and skills. The Management and Nominations Committee recommends to the Board candidates for nomination as Directors. The Committee seeks candidates with the aim of ensuring that the Board comprises a broad spread of experience and knowledge and, where appropriate, actively searches for candidates.

Directors' Remuneration Report

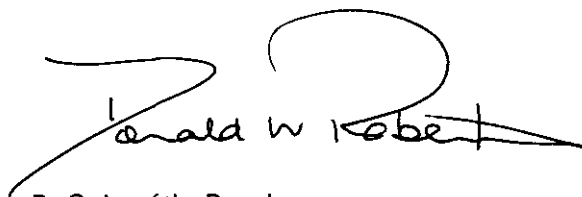
Directors' emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees

	Fees 2006 £	Fees 2005 £
J C H Brumwell (Chairman)	14,250	13,500
J S H Motion	9,500	9,000
R M Paul	9,500	9,000
J B Wilson	9,500	9,000
	42,750	40,500

Company performance

The graph opposite compares the total return (assuming any dividends are reinvested) to Ordinary Shareholders for the last five financial years to the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE All Share Index is calculated. The Index has been chosen as it represents a comparable broad equity market index.



By Order of the Board,
SVM Asset Management Limited
Secretaries
Edinburgh

5 March 2007

Independent Auditors' Report *to the Members of Life Offices Opportunities Fund plc*

We have audited the financial statements of Life Offices Opportunities Trust plc for the year ended 31 December 2006 which comprise the Income Statement, Balance Sheet, Cash Flow Statement, Reconciliation of Movement in Shareholders Funds, Accounting Policies and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Directors is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Highlights, Chairman's Statement, Managers' Review, Investment Portfolio, Shareholder Information, Board of Directors, Report of the Directors, unaudited part of Directors' Remuneration Report and Notice of Annual General Meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report *to the Members of Life Offices Opportunities Fund plc*

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom General Acceptance Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its net return for the year then ended,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Ernst & Young LLP
Registered Auditor
Edinburgh



5 March 2007

Income Statement *for the year to 31 December 2006*

	<i>Notes</i>	Revenue £000	Capital £000	Total £000
Gain on sale of investments	<i>4</i>	–	1,616	1,616
Movement in unrealised appreciation on investments	<i>4</i>	–	4,348	4,348
Gains on investments		–	5,964	5,964
Income	<i>1</i>	2	–	2
Investment management fees		–	(371)	(371)
Other expenses	<i>2</i>	(111)	(189)	(300)
Return before interest and taxation		(109)	5,404	5,295
Finance costs – Bank overdraft interest		–	(723)	(723)
Return on ordinary activities before tax		(109)	4,681	4,572
Taxation	<i>3</i>	–	–	–
Transfer from reserves		(109)	4,681	4,572
Return per Ordinary Share	<i>10</i>	(0.47p)	19.88p	19.41p

The Total column of this statement is the profit and loss account of the Company. All revenue and capital items are derived from continuing operations. No operations were acquired or discontinued in the year. A statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The Accounting Policies and the Notes on pages 21 to 25 form part of these Financial Statements.

Income Statement *for the year to 31 December 2005*

	<i>Notes</i>	Revenue £000	Capital £000	Total £000
Gain on sale of investments	<i>4</i>	–	619	619
Movement in unrealised appreciation on investments	<i>4</i>	–	2,229	2,229
Gains on investments		–	2,848	2,848
Income	<i>1</i>	10	–	10
Investment management fees		–	(342)	(342)
Other expenses	<i>2</i>	(129)	(214)	(343)
Return before interest and taxation		(119)	2,292	2,173
Finance costs – Bank overdraft interest		–	(760)	(760)
Return on ordinary activities before tax		(119)	1,532	1,413
Taxation	<i>3</i>	–	–	–
Transfer from reserves		(119)	1,532	1,413
Return per Ordinary Share	<i>10</i>	(0.51p)	6.51p	6.00p

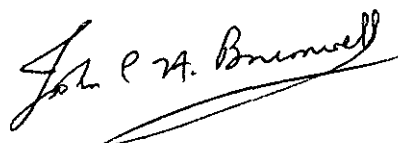
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The Accounting Policies and the Notes on pages 21 to 25 form part of these Financial Statements.

Balance Sheet *as at 31 December 2006*

	<i>Notes</i>	2006 £000	2005 £000
Fixed Assets			
Investments at fair value through profit or loss	4	44,695	42,675
Current Assets			
Bank		16	—
Debtors	5	165	198
		181	198
Creditors amounts falling due within one year	6	(11,165)	(13,734)
Net current liabilities		(10,984)	(13,536)
Total assets less current liabilities		33,711	29,139
Capital and Reserves			
Share capital	8	17,662	17,662
Special reserve		5,859	5,859
Capital redemption reserve		638	638
Capital reserve – realised		(5,572)	(5,905)
Capital reserve – unrealised		16,051	11,703
Revenue reserve		(927)	(818)
Total shareholders' funds		33,711	29,139
Net asset value per ordinary share	10	143 15p	123 73p

Approved by the Board of Directors and authorised for issue on 5 March 2007
and signed on its behalf by John Brumwell, Chairman



The Accounting Policies and the Notes on pages 21 to 25 form part of these Financial Statements

Cash Flow Statement *for the year to 31 December 2006*

	<i>Notes</i>	2006 £000	2005 £000
Reconciliation of revenue before interest and taxation to net operating cash flows			
Return before interest and taxation		5,295	2,173
Gains on investments		(5,964)	(2,848)
Movement in creditors		(35)	24
		(704)	(651)
Net cash outflow from operating activities			
Taxation			
Taxation received		1	–
Returns on investment and servicing of finance			
Interest paid		(723)	(760)
Capital expenditure and financial investment			
Purchases of fixed asset investments		(1,177)	(739)
Sales of fixed asset investments		5,153	2,042
		3,976	1,303
Increase/(decrease) in cash		2,550	(108)
Reconciliation of Net Cash Flow to Movement in Net Debt	9		
Increase/(decrease) in cash		2,550	(108)
Net debt as at 1 January		(13,389)	(13,281)
Net debt as at 31 December		(10,839)	(13,389)

The Accounting Policies and the Notes on pages 21 to 25 form part of these Financial Statements

Reconciliation of Movements in Shareholders Funds *as at 31 December 2006*

For the year to 31 December 2006

	Share capital £000	Special reserve £000	Capital redemption reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000
As at 1 January 2006	17,662	5,859	638	(5,905)	11,703	818
Realised gain on sale of investments	–	–	–	1,616	–	–
Expenses charged to capital	–	–	–	(1,283)	–	–
Movement in unrealised appreciation on investments	–	–	–	–	4,348	–
Return on ordinary activities after taxation	–	–	–	–	–	(109)
As at 31 December 2006	17,662	5,859	638	(5,572)	16,051	(927)

For the year to 31 December 2005

	Share capital £000	Special reserve £000	Capital redemption reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000
As at 1 January 2005	17,662	5,859	638	(5,208)	9,474	(699)
Realised gain on sale of investments	–	–	–	619	–	–
Expenses charged to capital	–	–	–	(1,316)	–	–
Movement in unrealised appreciation on investments	–	–	–	–	2,229	–
Return on ordinary activities after taxation	–	–	–	–	–	(119)
As at 31 December 2005	17,662	5,859	638	(5,905)	11,703	(818)

The Accounting Policies and the Notes on pages 21 to 25 form part of these Financial Statements

Accounting Policies

Basis of Preparation

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice ("GAAP") and with the 2005 Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP")

Income

Income is included in the Income Statement on an ex dividend basis. Deposit interest is included on an accruals basis.

Expenses and Interest

Expenses and interest payable are dealt with on an accruals basis.

Investment Management, Policy Advisory Fees and Finance Costs

The investment management, policy advisory fees (fees paid to the Policy Advisor for the administration and valuation of the endowment policies), and finance costs have been allocated 100 per cent to capital. The allocation is in line with the Board's expected long term return from the investment portfolio. The terms of the investment management agreement are detailed in the Report of the Directors on page 8.

Fixed Assets – Investments

The Company's investments have been categorised as "Fair value through profit or loss".

Purchases and sales of fixed asset investments are accounted for on a trade date basis and are measured initially at fair value. After initial measurement, investments are subsequently valued at fair value. Fair value is the amount at which an asset can be realised in an arm's length transaction.

Listed fixed asset investments are valued at bid prices.

Endowment policies have been valued using a method which projects an estimated maturity value for each

policy by reference to bonus rates of endowment policies prevailing at the balance sheet date. Using standard actuarial formulae, an appropriate internal rate of return is then applied to the projected maturity value and future premium liabilities to give the present value of the policies. No allowances for mortality have been made. Premiums are accounted for on a paid basis and are treated as an increase to the cost of investments.

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

Capital Reserve – Realised

Gains and losses on realisations of fixed asset investments are dealt with in this reserve. Transaction costs on purchases and sales of fixed asset investments are also dealt with in this reserve. The investment management fees, policy advisory fees and finance costs, together with any tax relief, are also taken to this reserve.

Capital Reserve – Unrealised

Increases and decreases in the valuation of fixed asset investments are dealt with in this reserve.

Notes to the Financial Statements

	2006 £000	2005 £000
1 Income		
UK investment income	1	8
Interest on short term deposits	1	2
	<u>2</u>	<u>10</u>
2 Other Expenses		
Revenue		
General expenses	49	69
Directors' fees	43	41
Auditors' remuneration – audit services	18	18
Auditors' remuneration – non audit services	1	1
	<u>111</u>	<u>129</u>
Capital		
Policy advisory fees	189	214
	<u>300</u>	<u>343</u>
3 Taxation		
Current taxation	–	–
Deferred taxation	–	–
	<u>–</u>	<u>–</u>
Total taxation charge for the year	–	–
The tax assessed for the year is different from the standard rate of corporation tax in the UK The differences are noted below		
Revenue on ordinary activities before taxation	4,572	1,413
UK corporation tax (30%)	1,372	424
Non taxable capital returns	(1,789)	(854)
Current year excess expenses	417	430
	<u>–</u>	<u>–</u>
Current taxation charge for the year	–	–

At 31 December 2006, the Company had unutilised management expenses of £11,232,000 (2005 – £9,838,000). No deferred tax asset has been recognised on the unutilised management expenses as it is unlikely that there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

Notes to the Financial Statements

	2006 £000	2005 £000
4. Fixed Assets – Investments at fair value through profit or loss		
Endowment policies	43,380	42,675
Listed investment	1,315	–
	44,695	42,675
Valuation as at 1 January	42,675	41,193
Unrealised appreciation as at 1 January	(11,703)	(9,474)
Cost as at 1 January	30,972	31,719
Additions at cost (premiums)	1,177	739
Sale proceeds	(5,121)	(2,105)
Net gain on sale of investments	1,616	619
Cost as at 31 December	28,644	30,972
Unrealised appreciation as at 31 December	16,051	11,703
Valuation as at 31 December	44,695	42,675
Net gain on sale of investments	1,616	619
Movement in unrealised appreciation	4,348	2,229
Total gains on investments	5,964	2,848
There were no transaction costs incurred either during this year or in the previous year		
5. Debtors		
Amounts due from life offices	143	159
Taxation recoverable within one year	–	1
Other debtors	22	38
	165	198
6 Creditors amounts falling due within one year		
Bank overdraft	10,855	3,389
Bank loan	–	10,000
Investment management fees	97	87
Other creditors	213	258
	11,165	13,734

The bank loan, which matured on 31 December 2006, was secured in the form of a floating charge over all the assets of the Company and incurred an interest rate of 5.82% per annum. The bank overdraft is similarly secured and incurs interest at a variable rate of 1% above base rate.

Notes to the Financial Statements

	2006 £000
7 Commitments	
Future premiums payable in respect of endowment policies held are as follows	
Due within one year	538

	Number of ordinary 75p shares	£000
8 Share Capital		
Authorised		
As at 1 January and 31 December 2006	25,000,000	18,750
Allotted, issued and fully paid		
As at 1 January and 31 December 2006	23,550,000	17,662

	As at 1 January 2006 £000	Cash Flows £000	As at 31 December 2006 £000
9 Analysis of Changes in Net Debt			
Bank overdraft	(3,389)	(7,466)	(10,855)
Bank loan	(10,000)	10,000	-
Bank account	-	16	16
	<u>(13,389)</u>	<u>2,550</u>	<u>(10,839)</u>

10. Returns per share

Return per share is based on a weighted average of 23,550,000 (2005 – 23,550,000) ordinary shares in issue during the year

Capital return per share is based on net capital gain during the year of £4,681,000 (2005 – 1,532,000) Revenue return per share is based on the revenue loss after taxation for the year of £109,000 (2005 – £119,000)

The net asset values per share are based on the net assets of the Company 2006 – £33,711,000 (2005 – £29,139,000) divided by the number of shares in issue as shown in Note 8

Notes to the Financial Statements

11 Financial Instruments

Financial Instruments

The Company's investment policy is to hold fixed asset investments in the form of with profit life assurance policies (note 4) and cash balances with gearing being provided by a bank loan and a bank overdraft. All financial instruments are denominated in Sterling. Gearing is utilised in order to enhance asset value. The Company does not invest in fixed rate securities other than where the Company has substantial cash resources. In this situation, the Company has typically held short dated UK Government Securities. There were no fixed rate securities held at 31 December 2006 (2005 – nil). Fixed asset investments are valued as detailed in the Company's accounting policies. All cash balances are held on a variable rate call account generally yielding a higher rate of interest than that available for fixed interest securities. The benchmark rate which determines the interest received on cash balances and paid on overdrafts is the bank base rate which was 5.00% as at 31 December 2006 (2005 – 4.50%). Short term gearing is undertaken through a variable rate bank overdraft (note 6) and long term gearing through a fixed interest bank loan. There are no undrawn committed borrowing facilities. The terms of the loan and the bank overdraft are detailed in note 6. Short term debtors and creditors are excluded from this disclosure. The fair value is not materially different from the carrying value of all financial assets and liabilities.

Risk Management

The major risks inherent within the Company are market risk, liquidity risk and interest rate risk. The Company has an established environment for the management of these risks which are continually monitored by the Managers. Appropriate guidelines for the management of the investments, gearing and financial instruments have been established by the Board of Directors. Specifically, gearing is forecast to be not more than 50% of total assets with the fixed rate element accounting for the majority of the total gearing. The Company does not use currency hedging or derivatives within its portfolio.

Market risk exists where bonuses change materially during the life of the fixed asset investments and the terminal value is less than originally anticipated. This risk has been mitigated by owning a diversified portfolio of policies that mature at different times. Liquidity risk exists where the Company is a forced seller of the fixed asset investments at times where there may not be sufficient demand for these assets. However, the Company maintains an overdraft facility to ensure that the Company is not a forced seller of its investments. Interest rate risk exists where the returns generated from the investments are less than the cost of borrowing. With a relative short time until maturity, this risk has been mitigated. In addition, the Company will have eliminated its gearing towards the middle of 2007.

12 Related Party Transactions

Material related party transactions have been disclosed in the Management section in the Report of the Directors. During the year, the Company paid investment management fees of £371,000 (2005 – £342,000) to SVM Management Limited. As at 31 December 2006, the Company owed SVM £97,000 (2005 – £87,000) for outstanding fees.

13 Post Balance Sheet Events

There have been no significant post balance sheet events.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Life Offices Opportunities Trust plc will be held at The Roxburghe Hotel, Edinburgh on Tuesday 17 April 2007 at 12 noon for the following purposes

Ordinary Resolutions

- 1 To receive the financial statements for the year to 31 December 2006 together with the Directors' and Auditors' Reports thereon
- 2 To re appoint Mr J C H Brumwell, who has reached the age of 70, as a Director
- 3 To re appoint Mr J S H H Motion, who has reached the age of 70, as a Director
- 4 To re appoint Mr R M Paul, who retires by rotation, as a Director
- 5 To re appoint Mr J B Wilson, who retires by rotation, as a Director
- 6 To re appoint Ernst & Young LLP as auditors and to authorise the Directors to fix their remuneration
- 7 To approve the Directors' Remuneration Report

Special Resolutions

- 8 To empower the Directors pursuant to section 95 of the Act, to allot equity securities for cash, pursuant to the authority conferred by the previous Resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited
 - (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities attributable to the interests of all shareholders are proportionate (as nearly as practicable) to their respective holdings of ordinary shares (but subject to such exclusions or other arrangements as the

Directors may consider necessary or expedient to deal with legal problems under or resulting from the application or apparent application of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever), and

- (b) other than pursuant to sub paragraph (a) above, up to an aggregate nominal amount of £1,087,500,

and shall expire on the date of the next annual general meeting of the Company after the passing of this Resolution, save that the Company may at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired

- 9 To authorise the Company generally and unconditionally pursuant to section 166 of the Act to make market purchases (within the meaning of section 163 of the Act) on the London Stock Exchange of any of its ordinary shares provided that
 - (a) the maximum number of shares hereby authorised to be purchased is less than 15% of the issued share capital of the Company as at the date of this resolution,
 - (b) the minimum price (exclusive of expenses) which may be paid for a share shall be 75 pence,
 - (c) the maximum price (exclusive of expenses) which may be paid for a share shall not be more than 5% above the average of the middle market quotation (as derived from the Daily

Notice of Annual General Meeting

Official List of the London Stock Exchange)
for the shares for the five business days
immediately preceding the date of purchase,
and

- (d) unless previously varied, revoked or renewed,
the authority hereby conferred shall expire on
17 July 2008 or at the conclusion of the next
general meeting of the Company (whichever
is the earlier) save that the Company may,
prior to such expiry, enter into a contract to
purchase shares which will or may be
completed or executed wholly or partly after
such expiry

By Order of the Board
SVM Asset Management Limited
Secretaries

5 March 2007

Only shareholders are entitled to attend and vote at the
meeting. Any shareholder may appoint one or more proxies,
who need not be shareholders, to attend and vote on a poll
instead of him or her. A form of proxy is enclosed.

Shareholder Information

Contact Information

If you have any questions or need more information on the Company, you can contact us in the following ways

SVM Asset Management
7 Castle Street
Edinburgh EH2 3AH
Tel 0131 226 7660
Web www.svmonline.co.uk

Regularly updated information including the Company share price, net asset value and quarterly factsheets are available on a dedicated page on the SVM website at www.svmonline.co.uk

If you already hold shares through SVM Investment Trust Savings Scheme
SVM Asset Management Limited
Block C, Western House,
Peterborough Business Park,
Lynchwood,
Peterborough PE2 6BP
Tel 0845 358 1108

If you own shares in your own name, the Registrar's website at www.computershare.co.uk allows you to check your holding, display its current value and amend your details. Alternatively, you may contact the Registrar on 0870 707 1120

Registrar

Computershare Investor Services plc
Lochside House, 7 Lochside Avenue,
Edinburgh Park,
Edinburgh EH12 9DI

Registered Number
162841

Stockbrokers
HSBC Securities

Policy Advisors
W L Consulting Limited

Investing in Life Offices Opportunities Trust

There are a variety of ways to invest in the Company. Shares can be easily traded on the stock market. However, regular savings can also be made through the SVM Investment Trust Savings Scheme. The minimum lump sum investment is £200 and monthly savings from £50. Investments can also be made as gifts for children or other adults.

For more information or brochures call 0131 226 7660. Alternatively, application packs can be downloaded from www.svmonline.co.uk

Duration of the Company

Under the Articles of Association, an Extraordinary General Meeting will be convened in 2008 to decide on the future of the Company.

Investment Managers and Secretaries

Registered Office
SVM Asset Management Limited
7 Castle Street
Edinburgh EH2 3AH

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Bankers

The Royal Bank of Scotland plc
Bank of New York

Notes

INVESTMENT MANAGERS AND SECRETARIES

Investment Managers and Registered Office

SVM Asset Management Limited

6th Floor, 7 Castle Street

Edinburgh EH2 3AH

Telephone +44 (0)131 226 6699

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email info@svmonline.co.uk

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